



September 24, 2026 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

9/24/2026

10 AM in the Marriott Kentucky Room

10 West River Center Blvd.

Covington, KY 41011

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



Meeting Book - September 24, 2026 Special Combined Meeting of the AR Project Committee and KYMEA Board of Directors

Agenda

A. Meeting Opening

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

Michelle Hixon

Josh Callihan

Josh Callihan

Josh Callihan

B. Previous Meeting Minutes of the KYMEA Board of Directors

Approval of Last
Month's Meeting
Minutes

Approval of July and
August Financial
Report

Heather
Overby

C. Financial Reports and Audit Presentation

D. Committee Reports

1. Executive Committee
2. BROOC Committee
3. ECI Project Committee

Josh Callihan

Brad Porter

Aaron

Sparkman

E. Administration Reports

1. CEO
2. Market Report
3. Member Communications

Doug Buresh

Rob Leesman

Michelle Hixon

F. Discussion Topics

G. AR Project Committee Meeting

Brad Porter

H. Action Items

1. 2026 ECI Completion Bond Resolution
2. Olive Hill Request to Join ECI Project.

Motion to adopt the
2026 ECI Completion
Bond Resolution

Motion to approve the
recommendation by
the ECI Committee to
allow Olive Hill to join
the project.

Charles
Musson

Doug Buresh

Josh Callihan

I. 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.

Michelle Hixon

J. Upcoming Meetings and Other Business

The next board meeting will be held as a Combined Meeting of the AR Project and Board of Directors on October 22, 2026, at 9 am Eastern/8 am Central Time at the Madisonville Electric Department.

K. Closed Session

Charlie
Musson

L. Actions Related to Matters Discussed in Closed Session

Josh Callihan

M. Adjournment

Josh Callihan

Minutes for Meeting Book - August 27, 2026 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

August 27 2026

A meeting of the Committee of KYMEA was held on August 27 2026. Persons present in-person or telephonically were:

Attending: **In Person:** Matt Belcher, Josh Callihan, Adrian Isaacs, Travis McCullar, Aaron Sparkman,

Virtual: Tiffany Brock, Ron Herd, Kevin Howard, Philip King, Christina Lewis, Steff Thomas, Jody Groves

Other attendees were: Doug Buresh, Heather Overby, Michelle Hixon, Molly Roesler, Rob Leesman, Charlie Musson, Chase Brand, Ethan Teveldal, Josh Nokes, Jeff Bayne, Tom Trauger, Brad Kushner, Brown Thornton, Fred Haddad, Maria Swafford, Hance Price, and Kim Mills.

Meeting Opening

1. Attendance: A quorum of both the Board of Directors and the AR Project Committee was noted.
2. Call to Order: Chairman Callihan called the meeting to order.
3. Guest Introductions: Chairman Callihan noted that Mayor Cotton of Madisonville sent a temporary designation for Jody Groves to act as Madisonville's Director for today's ECI Committee meeting. The Chairman also introduced his assistant, Maria Swafford, who was joining the group virtually.

Previous Meeting Minutes of the KYMEA Board of Directors

ACTION: A motion to approve the July 23, 2026, meeting minutes was made by Mayor King and seconded by Aaron Sparkman. The motion passed.

Financial Reports

Due to current audit activities, financials will be presented at the September meeting.

Committee Reports

1. Executive Committee: Chairman Callihan advised that the committee met and discussed the Compensation Benchmark Study that had been tasked to the President and CEO. The committee is recommending the board consider action later in today's meeting.
2. Energy Center I Committee: Chairman Sparkman added that Energy Center I is on time and on budget, and the committee recommends action to be taken on procurement, awards, and change orders later in the agenda.

Administration Reports

1. CEO Report: Doug updated the group on SEPA performance in planning year 25/26 and compared it to historical results. He then provided the board with industry information on ride-through capability and its relation to data center loads in PJM.
2. Market Report: Rob Leesman discussed the previous month's markets and KYMEA member load data.
3. Michelle Hixon reported upcoming events and member activities.

Discussion Topics

No other topics were discussed.

AR Project Committee Meeting

Action Items

1. Energy Center I Equipment

ACTION: A motion to recommend to the full board to approve the updated Procurement policy, the Energy Center I Procurement Procedures for Commissioning and Start-up, as well as the presented Initial Equipment and supplies list, was made by the Energy Center I Committee and seconded by Jody Groves. The motion passed.

2. Energy Center I Change Orders and Awards

ACTION: A motion to recommend to the full board to approve and award the commissioning proposal to Bluewater and to approve and award the GSU blast wall change order to Sterling Industrial was made by the ECI Project Committee and seconded by Mayor King. The motion passed.

3. Enterprise Risk Management Updates

ACTION: A motion to approve the enterprise risk management policy updates was made by Mayor King and seconded by Aaron Sparkman. The motion passed.

4. Tygarts Creek Station RFP

ACTION: A motion to approve the publication of an RFP for procurement of Tygarts Creek Station engines was made by Josh Callihan and seconded by Aaron Sparkman.

5. Compensation Benchmark

ACTION: A motion to approve the compensation benchmarks as presented was made by the Executive Committee and seconded by Travis McCullar. The motion passed.

ACTION: Motion to make a 10.1% adjustment to Michelle Hixon's salary and a 17.85% adjustment to Molly Roesler's salary to bring in line with the Compensation Benchmarks adopted, effective the beginning of the current payroll, 8/24/2026 was made by Travis McCullar and seconded by Aaron Sparkman. The motion passed.

Public Comments

No comments were made.

Upcoming Meetings and Other Business

The next board meeting will be held as a Special Combined Meeting of the AR Project Committee and Board of Directors on September 24, 2026, at 10 a.m. At the Marriott, Kentucky Room, 10 West River Center Blvd, Covington, KY.

Closed Session

ACTION: Motion to enter into closed session was made by Mayor King and seconded by Travis McCullar. The motion passed.

ACTION: Motion to exit closed session and return to open session was made by Aaron Sparkman and seconded by Travis McCullar. The motion passed.

Actions Related to Matters Discussed in Closed Session

No action was taken.

Adjournment

ACTION: Motion to adjourn was made by Mayor King and seconded by Adrian Isaacs. The motion passed, and the meeting was adjourned.

Respectfully submitted,

Chairman

Date signed:

Secretary

Date signed:



Report to the Board of Directors and Management

Kentucky Municipal Energy Agency

Results of the 2026 Financial Statement Audit, Including Required Communications

June 30, 2026

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements and supplementary information: • As of and for the year ended June 30, 2026 • Conducted in accordance with our contract dated July 9, 2026
Our Responsibilities	Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
Audit Scope & Inherent Limitations to Reasonable Assurance	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Matter	Discussion
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • Board of Directors and Management • Others within the Agency

Other Information Accompanying the Audited Financial Statements

Drafts of the annual report were not available to us as of the date we issued our auditor's report.

We have requested that management provide the document to us when available, in order to allow us to complete our required procedures on the information. We will have no obligation to reissue our report upon completion of these procedures to include the results of our procedures performed on the final document.

However, if we identify material inconsistencies that indicate that the audited financial statements were misstated, then we will be required to evaluate the nature and magnitude of the misstatement to determine if a restatement of the previously issued financial statements is warranted.

Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements are to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
 - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting
Policies**

**Unusual Policies or
Methods**

**Alternative Accounting
Treatments**

**Management Judgments
& Accounting Estimates**

**Financial Statement
Disclosures**

**Our Judgment About the
Quality of the Agency's
Accounting Principles**

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

The following accounting policies and practices are of significant importance to the Agency's financial statements:

- Recognition and deferral of revenues for rate stabilization

With respect to new accounting standards adopted during the year, we call to your attention the following topics:

- GASB Statement No. 103 - *Financial Reporting Model Improvements*
- GASB Statement No. 104 - *Disclosure of Certain Capital Assets*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Investment valuation

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Commitments

Our Judgment About the Quality of the Agency's Accounting Principles

During the course of the audit, we made the following observations regarding the Agency's application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Adjustment to accounts payable and construction work in progress to appropriately record retainage payable relating to services performed on the ECI Project during 2026

Uncorrected Misstatements

- No uncorrected misstatements to report

Other Required Communications

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachment)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

Attachment

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Attachment

Management Representation Letter

Representation of:
Kentucky Municipal Energy Agency
c/o Ms. Heather Overby
1700 Eastpoint Pkwy., Suite 220
Louisville, KY 40223

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
Union Bank Place, 1248 O Street, Suite 1040
Lincoln, NE 68508

The undersigned ("We") are providing this letter in connection with Forvis Mazars' audits of our financial statements as of and for the years ended June 30, 2026 and 2025.

Our representations are current and effective as of the date of Forvis Mazars' report: September 15, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: July 9, 2026.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of governing body meetings, if any, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have disclosed to you all instances in which artificial intelligence (AI) systems or tools were used related to financial reporting, internal controls, and other processes relevant to the financial statements. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls related to the use of AI.
5. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, deferred inflows of resources, or net position.
7. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, regulators, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

10. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of the financial statements and known facts thereafter without consideration of potential mitigating effects of management's plans and concluded substantial doubt does not exist.

Related Parties

11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

12. We understand that the term related party refers to:

- Affiliates
- Board members and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings & Regulations

13. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
14. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
15. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
16. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

18. You have provided nonattest services, including the following, during the period of this engagement:
- Preparing a draft of the financial statements, related notes, and supplementary information
19. With respect to these services:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

20. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
21. The entity has revised the 2025 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
22. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

- e. We understand that combining supplementary information is for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of each of the individual groups.
23. With regard to other information that is presented in the form of our annual report:
- a. We acknowledge we have not provided you with a draft of the annual report, as of the issuance date of your auditor's report. We will provide you with the final draft of the document that has been approved by the Board of Directors, *prior to issuance*, in order for you to be able to complete your required procedures on such documents.

Transactions, Records, & Adjustments

24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
26. We have everything we need to keep our books and records.
27. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
28. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
29. There are no uncorrected misstatements or omitted disclosures.

Governmental Accounting & Disclosure Matters

30. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
31. With regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
 - e. Risk disclosures associated with deposit and investment securities and derivative instrument transactions are presented in accordance with GASB requirements.
32. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

33. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
34. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
35. The entity has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
36. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.
37. Subscription-based information technology arrangements (SBITAs) have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
38. The government has properly measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASB Statement No. 101, *Compensated Absences*.
39. The government has appropriately considered and disclosed its vulnerabilities due to certain concentrations or constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
40. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

41. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
42. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, deferred inflows of resources, or net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

- d. Events occurring subsequent to the date of the financial statements through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
43. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

44. Adequate provisions, allowances, or other adjustments in basis have been recorded for any material losses from:
- a. Uncollectible receivables.
 - b. Excess or obsolete inventories.
 - c. Sales commitments, including those unable to be fulfilled.
 - d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

45. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
46. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to a lack of diversity related to employers, industries, inflows of resources, workforce covered by collective bargaining agreements, providers of financial resources, or suppliers of material, labor or services investments, or deposits, or constraints, which refer to a limitation imposed by an external party or by formal action of a government's highest level of decision-making authority related to limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, or mandated spending, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

47. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax-Exempt Bonds

48. Tax-exempt bonds issued have retained their tax-exempt status.
49. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

GASB Statement 103, Financial Reporting Model Improvements

50. In connection with the adoption of GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), we represent that footnotes to the financial statements appropriately describe the adoption of GASB 103 and include all disclosures required under GASB 103.



Doug Buress, President & CEO
dburess@kymea.org



Heather Overby, VP of Finance & Accounting / CFO
hoverby@kymea.org



Kentucky Municipal Energy Agency

Independent Auditor's Report, Financial Statements, and Supplementary Information

June 30, 2026 and 2025

Kentucky Municipal Energy Agency
Contents
June 30, 2026 and 2025

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Financial Statements	
Balance Sheets	7
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	12
Supplementary Information	
Combining Balance Sheet – June 30, 2026.....	26
Combining Balance Sheet – June 30, 2025.....	28
Combining Statement of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2026.....	30
Combining Statement of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2025.....	31
Combining Statement of Cash Flows – Year Ended June 30, 2026.....	32
Combining Statement of Cash Flows – Year Ended June 30, 2025.....	34

Independent Auditor's Report

Board of Directors
Kentucky Municipal Energy Agency
Louisville, Kentucky

Opinion

We have audited the financial statements of Kentucky Municipal Energy Agency (the Agency), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2026 and 2025, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Lincoln, Nebraska
September 15, 2026

**Kentucky Municipal Energy Agency
Management's Discussion and Analysis
June 30, 2026 and 2025**

This discussion and analysis of Kentucky Municipal Energy Agency's ("KYMEA" or the "Agency") financial performance provides an overview of the Agency's activities for the fiscal years ended June 30, 2026 and 2025. It should be read in conjunction with the basic financial statements and the accompanying notes.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Heather Overby, Chief Financial Officer, 1700 Eastpoint Parkway, Louisville, KY 40223, 502.640.1304.

Overview of the Financial Statements

KYMEA is a joint agency organized under the Interlocal Cooperation Act of the Commonwealth of Kentucky. KYMEA was created to allow its Members to collaborate effectively to do all things necessary or convenient to serve the current and future electric power and energy requirements of the Members and to provide assistance to the Members related to their electric power and energy utility systems.

In April 2025, KYMEA began construction of a natural gas electric generating facility in Madisonville, Kentucky with a capacity of approximately 75 net megawatts ("Energy Center I" or the "ECI Project"). The ECI Project will include four Wärtsilä W18V50SG reciprocating internal combustion engine ("RICE") generators operating on natural gas. Each RICE generator will have a nominal capacity of 18.8 MW. The ECI Project will be designed for both continuous and peaking service with the capability of multiple quick starts and stops per day. Site development is currently ongoing, with a proposed in-service date for the Project of June 2027. The Project is expected to have an operating life of no less than 30 years.

KYMEA was created in 2015 and began supplying power to Members beginning on May 1, 2019. The Agency also incurred costs for administration, which were billed to the Members.

The financial statements, related notes to the financial statements, and management's discussion and analysis provide information about KYMEA's financial position and activities.

Management's Discussion and Analysis – provides an objective and easily readable analysis of the financial activities of KYMEA based on currently known facts, decisions, or conditions.

Balance Sheet – provides a summary of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of KYMEA, as of the Agency's fiscal year end.

Statement of Revenues, Expenses, and Changes in Net Position – presents the operating results of KYMEA into various categories of operating revenues and expenses, and nonoperating revenues and expenses.

Statement of Cash Flows – reports the cash provided by and used for operating activities, as well as other cash sources and uses.

Notes to the Financial Statements – provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

**Kentucky Municipal Energy Agency
Management's Discussion and Analysis
June 30, 2026 and 2025**

Financial Summary and Detailed Analyses

The following comparative condensed financial information summarizes the Agency's financial position, operating results and cash flows for the years ended June 30, 2026, 2025, and 2024.

Condensed Balance Sheets

	<u>2026</u>	<u>2025</u>	<u>2024</u>
ASSETS			
Current assets	\$ 81,571,037	\$ 69,864,157	\$ 50,407,681
Other noncurrent assets	36,743,233	105,989,074	8,379,051
Capital, lease, and subscription assets	<u>99,897,964</u>	<u>35,384,567</u>	<u>3,728,958</u>
Total Assets	<u>\$ 218,212,234</u>	<u>\$ 211,237,798</u>	<u>\$ 62,515,690</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities	\$ 21,666,327	\$ 16,677,524	\$ 10,323,740
Noncurrent liabilities	<u>130,239,913</u>	<u>130,641,326</u>	<u>1,807,494</u>
Total Liabilities	<u>151,906,240</u>	<u>147,318,850</u>	<u>12,131,234</u>
Deferred Inflows of Resources	<u>31,312,828</u>	<u>28,192,919</u>	<u>14,204,381</u>
Net Position			
Net investment in capital assets	(6,064,998)	(1,269,016)	1,805,322
Restricted for debt service	336,221	113,557	-
Unrestricted	<u>40,721,943</u>	<u>36,881,488</u>	<u>34,374,753</u>
Total Net Position	<u>34,993,166</u>	<u>35,726,029</u>	<u>36,180,075</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 218,212,234</u>	<u>\$ 211,237,798</u>	<u>\$ 62,515,690</u>

Current assets increased \$11.7 million from the fiscal year ended June 30, 2025, to the fiscal year ended June 30, 2026. This increase resulted from an increase in cash and cash equivalents from normal operations during the year due to the increase in the deferred inflows of resources from both the rate stabilization fund and depancaking fund. Noncurrent assets decreased by \$69.2 million during the same period primarily due to a reduction in investments held in the project reserve fund as those funds were utilized for construction expenditures related to the ECI project during the year. Capital, lease, and subscription assets increased \$64.5 million during the same period primarily due to costs capitalized related to the ECI Project.

Current liabilities increased \$5.0 million from the fiscal year ended June 30, 2025, to the fiscal year ended June 30, 2026. This increase was related to the timing of purchased power expenses to serve the electricity needs of KYMEA's members and accrued construction costs related to the ECI Project.

**Kentucky Municipal Energy Agency
Management's Discussion and Analysis
June 30, 2026 and 2025**

Current assets increased \$19.5 million from the fiscal year ended June 30, 2024, to the fiscal year ended June 30, 2025. This increase resulted from an increase in cash and cash equivalents from normal operations during the year due to the increase in the deferred inflows of resources from both the rate stabilization fund and depancaking fund. Noncurrent assets increased by \$97.6 million during the same period primarily due to issuance of the Power System Revenue Bonds (Energy Center I Project), Series 2025 that will be used to finance the Energy Center I (ECI) Project. Capital, lease, and subscription assets increased \$31.7 million during the same period primarily due to costs capitalized related to the ECI Project.

Current liabilities increased \$6.4 million from the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2025. This increase was related to the timing of purchased power expenses to serve the electricity needs of KYMEA's members and accrued construction costs related to the ECI Project. Noncurrent liabilities increased \$128.8 million during the same period primarily due to the issuance of the Power System Revenue Bonds (Energy Center I Project), Series 2025.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2026	2025	2024*
Operating Revenues	\$ 127,764,129	\$ 110,167,084	\$ 85,517,795
Operating Expenses	126,004,236	110,064,650	81,171,510
Operating Income	1,759,893	102,434	4,346,285
Net Nonoperating Revenues (Expenses)	(2,492,756)	(556,480)	3,772,584
Changes in Net Position	(732,863)	(454,046)	8,118,869
Net Position - Beginning of Year	35,726,029	36,180,075	28,061,206
Net Position - End of Year	<u>\$ 34,993,166</u>	<u>\$ 35,726,029</u>	<u>\$ 36,180,075</u>

* During fiscal year 2026, the Agency adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The condensed financial statement figures for fiscal year 2024 were not restated to align with the changes brought by this adoption.

Operating revenues increased \$17.6 million from the fiscal year ended June 30, 2025, to the fiscal year ended June 30, 2026. This increase is a result of KYMEA's increased long position where it is able to sell electricity through its power purchase agreements in excess of its load. KYMEA sells this electricity in the Midcontinent Independent System Operator open market (off-system sales). Both KYMEA's long position and the sales price per MWh increased during the fiscal year ended June 30, 2026.

Operating expenses increased \$15.9 million from the fiscal year ended June 30, 2025, to the fiscal year ended June 30, 2026. The increase in KYMEA's long position discussed above resulted in a corresponding increase in purchased power expenses.

Operating revenues increased \$24.6 million from the fiscal year ended June 30, 2024, to the fiscal year ended June 30, 2025. This increase is a result of KYMEA's increased long position where it is able to sell electricity through its power purchase agreements in excess of its load. KYMEA sells this electricity in the Midcontinent Independent System Operator open market (off-system sales). Both KYMEA's long position and the sales price per MWh increased during the fiscal year ended June 30, 2025.

**Kentucky Municipal Energy Agency
Management's Discussion and Analysis
June 30, 2026 and 2025**

Operating expenses increased \$28.9 million from the fiscal year ended June 30, 2024, to the fiscal year ended June 30, 2025. The increase in KYMEA's long position discussed above resulted in a corresponding increase in purchased power expenses.

Significant Capital Asset and Long-Term Financing Activity

The Agency's investment in capital assets at June 30, 2026, 2025, and 2024 totaled \$99,897,964, \$35,384,567, and \$3,728,958, respectively (net of accumulated depreciation and amortization).

Major capital additions during 2026 and 2025 included work related to the ECI Project.

Additional information on the Agency's capital assets can be found in Note 4 of the notes to the financial statements.

In February 2022, the Agency executed a revolving line of credit agreement for advances up to \$45,000,000. During the 2026 fiscal year, the maximum borrowing capacity was reduced to \$25,000,000. Advances under this agreement bear interest at the daily Secured Overnight Financing Rate (SOFR) plus forty-five basis points, and interest is payable semi-annually. There were no amounts outstanding under this line of credit as of June 30, 2026, 2025, or 2024.

In March 2025, the Agency executed an additional revolving line of credit agreement for advances up to \$50,000,000. Advances under this agreement bear interest at the daily SOFR, and interest is payable monthly. There were no outstanding amounts under this line of credit as of June 30, 2026 or 2025.

In March 2025, the Agency issued \$121,980,000 of Power System Revenue Bonds (Energy Center I Project), Series 2025. Principal maturity will begin January 1, 2029, and continues until 2055. Proceeds from the issuance of these bonds were issued for the purpose of financing a portion of the costs of acquisition, construction and equipping the ECI Project. The bonds are secured by the net revenues available for debt service of the ECI project.

Additional information on the Agency's lines of credit and long-term obligations can be found in Notes 5 and 6, respectively, of the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

KYMEA will continue to search for additional power and energy resources for its Members, which may include purchased power agreements, investments in power projects and other sources. KYMEA's goal is to establish a portfolio with renewable, coal and natural gas resources to provide more flexibility in response to market changes and future regulations.

Kentucky Municipal Energy Agency
Balance Sheets
June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 67,400,678	\$ 58,085,593
Inventory	3,865	-
Accounts receivable	14,161,553	11,774,452
Prepaid expenses and other assets	4,941	4,112
	<u>81,571,037</u>	<u>69,864,157</u>
Total Current Assets		
Noncurrent Assets		
Cash and cash equivalents - restricted	11,304,324	8,268,018
Investments - restricted	15,042,149	87,377,064
Collateral deposit	8,616,989	8,502,849
Capital assets, net of accumulated depreciation and amortization	99,897,964	35,384,567
Costs recoverable in future periods	1,779,771	1,841,143
	<u>136,641,197</u>	<u>141,373,641</u>
Total Noncurrent Assets		
Total Assets	<u><u>\$ 218,212,234</u></u>	<u><u>\$ 211,237,798</u></u>

Kentucky Municipal Energy Agency
Balance Sheets
June 30, 2026 and 2025

(Continued)

	2026	2025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 18,037,705	\$ 14,247,380
Accrued liabilities	58,967	45,363
Accrued interest payable	3,110,767	1,961,434
Compensated absences	215,861	188,874
Current portion of lease liabilities	132,775	126,337
Current portion of subscription liabilities	110,252	108,136
Total Current Liabilities	21,666,327	16,677,524
Noncurrent Liabilities		
Compensated absences, net	224,176	162,180
Long-term debt	128,910,235	129,149,209
Lease liabilities, net	997,547	1,130,322
Subscription liabilities, net	107,955	199,615
Total Noncurrent Liabilities	130,239,913	130,641,326
Deferred Inflows of Resources		
Deferred inflows from rate stabilization	31,312,828	28,192,919
Net Position		
Net investment in capital assets	(6,064,998)	(1,269,016)
Restricted for debt service	336,221	113,557
Unrestricted	40,721,943	36,881,488
Total Net Position	34,993,166	35,726,029
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 218,212,234	\$ 211,237,798

Kentucky Municipal Energy Agency
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Revenues		
Billings	\$ 127,764,129	\$ 110,167,084
Total Operating Revenues	<u>127,764,129</u>	<u>110,167,084</u>
Operating Expenses		
Production and purchased power	109,425,572	95,258,091
Transmission	13,297,571	11,957,776
Depreciation and amortization	562,221	515,217
Other operating expenses	<u>2,718,872</u>	<u>2,333,566</u>
Total Operating Expenses	<u>126,004,236</u>	<u>110,064,650</u>
Operating Income	<u>1,759,893</u>	<u>102,434</u>
Nonoperating Revenues (Expenses)		
Interest and other financing expenses	(6,347,368)	(2,448,124)
Investment income	<u>3,854,612</u>	<u>1,891,644</u>
Net Nonoperating Expenses	<u>(2,492,756)</u>	<u>(556,480)</u>
Change in Net Position	<u>(732,863)</u>	<u>(454,046)</u>
Net Position, Beginning of Year	<u>35,726,029</u>	<u>36,180,075</u>
Net Position, End of Year	<u><u>\$ 34,993,166</u></u>	<u><u>\$ 35,726,029</u></u>

Kentucky Municipal Energy Agency
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash Flows From Operating Activities		
Receipts from members	\$ 129,824,384	\$ 111,274,321
Payments to service providers and others	(121,253,572)	(91,167,480)
Payments to employees	(1,795,822)	(1,490,901)
Collateral deposit remittances	(114,140)	(123,798)
	<u>6,660,850</u>	<u>18,492,142</u>
Net Cash Provided by Operating Activities		
Cash Flows From Capital and Related Financing Activities		
Advances from lines of credit	-	21,731,684
Payments on lines of credit	-	(21,731,684)
Payment of bond issuance costs	-	(1,871,857)
Proceeds from issuance of revenue bonds	-	129,228,867
Interest payments	(5,375,637)	(545,165)
Principal paid on lease liability	(126,337)	(116,457)
Principal paid on subscription liability	(89,544)	(87,160)
Purchase of capital assets	(64,921,639)	(30,699,337)
	<u>(70,513,157)</u>	<u>95,908,891</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities		
Cash Flows From Investing Activities		
Purchases of investments	(119,091,684)	(278,453,702)
Proceeds from sales and maturities of investments	191,135,025	191,327,007
Interest received	4,160,357	1,641,275
	<u>76,203,698</u>	<u>(85,485,420)</u>
Net Cash Provided by (Used in) Investing Activities		
Increase in Cash and Cash Equivalents	12,351,391	28,915,613
Cash and Cash Equivalents, Beginning of Year	<u>66,353,611</u>	<u>37,437,998</u>
Cash and Cash Equivalents, End of Year	<u>\$ 78,705,002</u>	<u>\$ 66,353,611</u>

Kentucky Municipal Energy Agency
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

(Continued)

	<u>2026</u>	<u>2025</u>
Reconciliation to Cash and Cash Equivalents on the Balance Sheets		
Cash and cash equivalents	\$ 67,400,678	\$ 58,085,593
Cash and cash equivalents - restricted	<u>11,304,324</u>	<u>8,268,018</u>
Total Cash and Cash Equivalents	<u><u>\$ 78,705,002</u></u>	<u><u>\$ 66,353,611</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 1,759,893	\$ 102,434
Depreciation and amortization	562,221	515,217
Changes in operating assets and liabilities		
Accounts receivable	2,139,417	1,102,072
Prepaid expenses and other assets	(829)	-
Inventories	(3,865)	-
Collateral deposit	(114,140)	(123,798)
Accounts payable	(904,343)	2,805,469
Accrued liabilities	21,500	11,908
Compensated absences	81,087	90,302
Deferred inflows of resources	<u>3,119,909</u>	<u>13,988,538</u>
Net Cash Provided by Operating Activities	<u><u>\$ 6,660,850</u></u>	<u><u>\$ 18,492,142</u></u>
Supplemental Noncash Activities		
Accounts payable incurred for capital assets	\$ 6,086,995	\$ 1,471,489
Amortization of bond issuance premium	238,974	79,658
Tariff receivable related to capital asset purchase	4,461,527	-

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Kentucky Municipal Energy Agency ("KYMEA" or the "Agency") is a joint agency organized under the Interlocal Cooperation Act of the Commonwealth of Kentucky. KYMEA was formed in 2015 to allow its Members to collaborate effectively to do all things necessary or convenient to serve the current and future electric power and energy requirements of the Members and to provide assistance to the Members related to their electric power and energy utility systems. The Agency's Members currently consist of the following Kentucky municipalities: Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Frankfort, Madisonville, Olive Hill, Paris, and Providence (the "Members").

As of June 30, 2026, all participants have entered into All Requirements Power Sales Contracts ("Contracts"). Under the Contracts, these eleven members purchase all power and energy needed to meet their respective retail requirements, and the Contracts also obligate these members to provide revenue sufficient to allow the Agency to meet its obligations, including those related to power purchases, administration and prospective debt issuance.

In April 2025, KYMEA began construction of a natural gas electric generating facility in Madisonville, Kentucky with a capacity of approximately 75 net megawatts ("Energy Center I" or the "ECI Project"). The ECI Project will include four Wärtsilä W18V50SG reciprocating internal combustion engine ("RICE") generators operating on natural gas. Each RICE generator will have a nominal capacity of 18.8 MW. The ECI Project will be designed for both continuous and peaking service with the capability of multiple quick starts and stops per day. Site development is currently ongoing, with a proposed in-service date for the ECI Project of June 2027. The ECI Project is expected to have an operating life of no less than 30 years.

KYMEA's Board of Directors (the "Board") is comprised of representatives from each of the Members. The Board directs and makes all significant decisions relating to the operations of the Agency.

Reporting Entity

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency, and (3) the entity's fiscal dependency on the Agency. Based upon the above criteria, KYMEA has determined that it has no reportable component units.

Basis of Presentation

KYMEA's activities are accounted for on the economic resources measurement focus and use the accrual basis of accounting. KYMEA's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). KYMEA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). KYMEA first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported balance sheet amounts and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. At June 30, 2026 and 2025, cash equivalents consisted primarily of insured cash sweep funds and money market mutual funds.

Investments and Investment Income

Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in U.S. Treasury obligations, U.S. agency obligations, commercial paper, and corporate bonds are carried at fair value. Fair value is determined using quoted market prices, or yields currently available, on comparable securities of issuers with similar credit ratings.

Investment income consists of interest income and the net change for the year in the fair value of investments.

Accounts Receivable

Accounts receivable are stated at the amount billed to the Members. Accounts receivable are due immediately upon issuance of the invoice, which is ordinarily 20 days after the end of the prior month. Management does not believe an allowance for doubtful accounts is necessary at June 30, 2026 and 2025.

Collateral Deposit

KYMEA is a transmission dependent utility of both the Midcontinent Independent System Operator (MISO) and PJM Interconnection LLC (PJM), regional transmission organizations whose purpose is to ensure the reliability of their respective integrated, regional electrical transmission systems, to facilitate a regional wholesale marketplace, to provide non-discriminatory access to the transmission system, and to maintain and improve electric system reliability.

The collateral deposit represents funds remitted to these organizations as a form of financial assurance to secure the Agency's performance under the terms and conditions of the respective MISO or PJM Tariffs related to the purchase of transmission service, market services, ancillary services, and related products or services.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. The following estimated useful lives are being used by the Agency:

Equipment	5 to 10 years
Building improvements	15 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the lease asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

KYMEA evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, or subscription asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation or amortization is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended June 30, 2026 and 2025.

Costs Recoverable in Future Periods

Certain income and expense items which would be recognized during the current period are not included in the determination of the change in net position until such costs are expected to be recovered through rates, in accordance with the provisions of GASB Codification Section Re10, *Regulated Operations*. Costs recoverable from future billings are comprised of charges incurred in relation to the Agency's bond issuance.

Compensated Absences

Agency policies permit employees to accumulate vacation, personal time, and sick leave benefits that may be realized as paid time off or as a cash payment upon retirement. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absences are computed using the regular pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

The following is a summary of compensated absence transactions of the Agency for the years ended June 30, 2026 and 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2026	<u>\$ 351,054</u>	<u>\$ 88,893</u>	<u>\$ -</u>	<u>\$ 440,037</u>	<u>\$ 215,861</u>
2025	<u>\$ 260,752</u>	<u>\$ 90,302</u>	<u>\$ -</u>	<u>\$ 351,054</u>	<u>\$ 188,874</u>

The change in compensated absences liability is presented as a net amount.

Deferred Inflows for Rate Stabilization

Rates for the Agency's regulated operations are established and approved by the Board of Directors. The Agency applies the provisions of GASB Codification Section Re10, *Regulated Operations*, which provide for reductions in earnings to cover future expenditures (deferred inflows from rate stabilization). Deferred inflows from rate stabilization are comprised of the Board approved amounts collected for rate stabilization.

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital, lease, and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

Classification of Revenues and Expenses

The Agency distinguishes operating revenue and expenses from nonoperating revenue and expenses according to the following criteria. Nonoperating revenues and expenses are any finance-related revenues and expenses, investment income and expenses, resources from the disposal of capital assets and inventory, and subsidies received and provided.

A subsidy represents amounts received from or provided to another party which the Agency does not provide or receive goods or services in exchange. Amounts received from another party are considered a subsidy if it keeps the current or future fees and charges lower than they would otherwise be if the subsidy was not received. Amounts provided to another party are considered a subsidy if it is recoverable through current or future pricing policies.

Income Taxes

KYMEA, as a unit of local government of the Commonwealth of Kentucky, is exempt from federal and state income taxes.

Change in Accounting Principle

In April of 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to enhance the financial reporting model's effectiveness in providing information essential to decision-making and assessing a government's accountability. This statement had no impact on beginning net position or the change in net position.

Revisions

Certain immaterial revisions have been made to the 2025 financial statements for the classification of net position. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2. Deposits, Investments, and Investment Income

Deposits

The Federal Deposit Insurance Corporation (FDIC) insures transaction accounts for government deposits up to \$250,000 per official custodian at each covered institution. Additionally, the Agency's deposits at June 30, 2026 are invested through the Insured Cash Sweep® (ICS) service, whereby funds are placed with other ICS Network members by the Agency's primary financial institution in increments less than \$250,000.

At June 30, 2026, KYMEA's cash accounts exceeded federally insured limits by approximately \$2.2 million.

Investments

KYMEA may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, commercial paper, and equity securities.

At June 30, 2026 and 2025, KYMEA had the following investments:

Type	June 30, 2026					Credit Ratings S & P
	Fair Value	Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 11,304,324	\$ 11,304,324	\$ -	\$ -	\$ -	AAA
U.S. Treasury obligations	15,042,149	8,216,168	3,499,491	3,326,490	-	AA+
	<u>\$ 26,346,473</u>	<u>\$ 19,520,492</u>	<u>\$ 3,499,491</u>	<u>\$ 3,326,490</u>	<u>\$ -</u>	
Type	June 30, 2025					Credit Ratings S & P
	Fair Value	Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 8,268,018	\$ 8,268,018	\$ -	\$ -	\$ -	AAA
U.S. Treasury obligations	63,061,716	48,517,736	10,335,425	4,208,555	-	AA+
U.S. agency obligations	13,093,428	13,093,428	-	-	-	AA+
Commercial paper	11,097,687	11,097,687	-	-	-	A-1, A-1+
Corporate bonds	124,233	124,333	-	-	-	AA+
	<u>\$ 95,645,082</u>	<u>\$ 81,101,202</u>	<u>\$ 10,335,425</u>	<u>\$ 4,208,555</u>	<u>\$ -</u>	

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, KYMEA's investment policy limits authorized investments to certain asset classes. The money market mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As a means of limiting its exposure to credit risk, KYMEA's investment policy limits authorized investments to certain asset classes. KYMEA is limited to investing into federally backed securities, certificates of deposits rated Aa2/AAA or higher, commercial paper rated A-1 or higher, and municipal bonds rated Aa2/AAA or higher. KYMEA does not have a policy regarding credit risk of investments in mutual funds.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, KYMEA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

KYMEA places no limit on the amount that may be invested in any one issuer. At June 30, 2026 and 2025, no individual investments exceeded 5% or more of total investments.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2026</u>	<u>2025</u>
Carrying value		
Deposits	\$ 67,400,678	\$ 58,085,593
Investments	<u>26,346,473</u>	<u>95,645,082</u>
	<u>\$ 93,747,151</u>	<u>\$ 153,730,675</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 67,400,678	\$ 58,085,593
Cash and cash equivalents - restricted	11,304,324	8,268,018
Investments - restricted	<u>15,042,149</u>	<u>87,377,064</u>
	<u>\$ 93,747,151</u>	<u>\$ 153,730,675</u>

Note 3. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Kentucky Municipal Energy Agency
Notes to Financial Statements
June 30, 2026 and 2025

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2026				
Investments				
U.S. Treasury obligations	\$ 15,042,149	\$ 15,042,149	\$ -	\$ -
Total investments	\$ 15,042,149	\$ 15,042,149	\$ -	\$ -
June 30, 2025				
Investments				
U.S. Treasury obligations	\$ 63,061,716	\$ 63,061,716	\$ -	\$ -
U.S. agency obligations	13,093,428	-	13,093,428	-
Commercial paper	11,097,687	-	11,097,687	-
Corporate bonds	124,233	124,233	-	-
Total investments	\$ 87,377,064	\$ 63,185,949	\$ 24,191,115	\$ -

The Agency's investments in money market mutual funds are carried at cost and thus are not included within the fair value hierarchy.

Kentucky Municipal Energy Agency
Notes to Financial Statements
June 30, 2026 and 2025

Note 4. Capital Assets

Capital asset activity for the years ended June 30, 2026 and 2025 was as follows:

	July 1, 2025	Increase	Decrease	Transfers	June 30, 2026
Work in progress	\$ 32,014,872	\$ 64,990,198	\$ -	\$ (254,503)	\$ 96,750,567
Equipment	1,762,915	64,065	-	254,503	2,081,483
Building improvements	260,238	-	-	-	260,238
Lease asset - building	1,698,510	-	-	-	1,698,510
Subscription asset - software	595,598	-	-	-	595,598
Land	1,257,992	21,355	-	-	1,279,347
Accumulated depreciation	(1,287,485)	(294,263)	-	-	(1,581,748)
Accumulated lease amortization	(554,538)	(138,654)	-	-	(693,192)
Accumulated subscription amortization	(363,535)	(129,304)	-	-	(492,839)
Totals	\$ 35,384,567	\$ 64,513,397	\$ -	\$ -	\$ 99,897,964

	July 1, 2024	Increase	Decrease	Transfers	June 30, 2025
Work in progress	\$ 1,159,824	\$ 32,170,826	\$ -	\$ (1,315,778)	\$ 32,014,872
Equipment	1,705,129	-	-	57,786	1,762,915
Building improvements	260,238	-	-	-	260,238
Lease asset - building	1,698,510	-	-	-	1,698,510
Subscription asset - software	595,598	-	-	-	595,598
Land	-	-	-	1,257,992	1,257,992
Accumulated depreciation	(1,040,226)	(247,259)	-	-	(1,287,485)
Accumulated lease amortization	(415,884)	(138,654)	-	-	(554,538)
Accumulated subscription amortization	(234,231)	(129,304)	-	-	(363,535)
Totals	\$ 3,728,958	\$ 31,655,609	\$ -	\$ -	\$ 35,384,567

Note 5. Line of Credit

In March 2019, the Agency executed a revolving line of credit agreement that has subsequently been extended to February 1, 2027 with the maximum advance amount decreasing to \$25,000,000. Advances under this agreement bear interest at the daily Secured Overnight Financing Rate (SOFR) plus forty-five basis points, and interest is payable semi-annually. There were no amounts outstanding under this line of credit as of June 30, 2026 and 2025. This agreement is collateralized by substantially all assets of the Agency and secured by a pledge of the revenues from the Agency's Contracts with the Members. On September 26, 2025, the Agency issued a letter of credit in the amount of \$25,000,000. The commitment fee on this letter of credit is 0.65% per annum, payable quarterly, and this letter of credit remained outstanding as of June 30, 2026.

In March 2025, the Agency executed a revolving line of credit agreement expiring March 5, 2027 for advances up to \$50,000,000. Advances under this agreement bear interest at the daily Secured Overnight Financing Rate (SOFR) and interest is payable monthly. There were no amounts outstanding under this line of credit agreement as of June 30, 2026 and 2025. This agreement is secured by a pledge of revenues from the Energy Center I Project which are derived from the Agency's Contracts with the Members.

Kentucky Municipal Energy Agency
Notes to Financial Statements
June 30, 2026 and 2025

Note 6. Long-Term Obligations

The following is a schedule of long-term obligation transactions for the Agency for the years ended June 30, 2026 and 2025:

	<u>July 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2026</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 121,980,000	\$ -	\$ -	\$ 121,980,000	\$ -
Bond issuance premiums	7,169,209	-	(238,974)	6,930,235	-
Lease liability	1,256,659	-	(126,337)	1,130,322	132,775
Subscription liability	307,751	-	(89,544)	218,207	110,252
Totals	<u>\$ 130,713,619</u>	<u>\$ -</u>	<u>\$ (454,855)</u>	<u>\$ 130,258,764</u>	<u>\$ 243,027</u>

	<u>July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
Revenue bonds	\$ -	\$ 121,980,000	\$ -	\$ 121,980,000	\$ -
Bond issuance premiums	-	7,248,867	(79,658)	7,169,209	-
Lease liability	1,373,116	-	(116,457)	1,256,659	126,337
Subscription liability	394,911	-	(87,160)	307,751	108,136
Totals	<u>\$ 1,768,027</u>	<u>\$ 129,228,867</u>	<u>\$ (283,275)</u>	<u>\$ 130,713,619</u>	<u>\$ 234,473</u>

The following table summarizes the future principal and interest payments required to be made as of June 30, 2026:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2027	\$ -	\$ 6,099,000	\$ 6,099,000
2028	-	6,099,000	6,099,000
2029	1,115,000	6,099,000	7,214,000
2030	2,365,000	6,043,250	8,408,250
2031	2,485,000	5,925,000	8,410,000
2032-2036	14,410,000	27,633,250	42,043,250
2037-2041	18,385,000	23,652,500	42,037,500
2042-2046	23,460,000	18,573,250	42,033,250
2047-2051	29,950,000	12,091,250	42,041,250
2052-2055	29,810,000	3,817,000	33,627,000
	<u>\$ 121,980,000</u>	<u>\$ 116,032,500</u>	<u>\$ 238,012,500</u>

Power System Revenue Bonds - Series 2025

On March 6, 2025, KYMEA issued \$121,980,000 of Power System Revenue Bonds, Series 2025. The Bonds bear interest payable semiannually at 5.00%. Principal maturity will begin January 1, 2029, and continues until 2055. Proceeds from the issuance of these bonds were issued for the purpose of financing a portion of the costs of acquisition, construction and equipping the ECI Project, paying capitalized interest, funding a debt service reserve, and paying the costs of issuance of the bonds. The bonds are secured by the net revenues available for debt service of the ECI Project. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

Revenue Bonds – Events of Default, Termination Events, and Acceleration Clauses

The Bonds are secured by a pledge of revenues under All Requirements Power Sales Contracts (“AR Contracts”) with participating members and are subject to the terms of a Trust Indenture (the “Indenture”).

Events of Default

The Indenture and related agreements define events of default that include, but are not limited to:

- Failure to pay principal or interest on the Bonds or parity indebtedness when due;
- Failure by KYMEA to observe or perform any covenant, agreement, or condition, continuing for 90 days after written notice;
- Insolvency or bankruptcy of KYMEA, including the appointment of a receiver or commencement of bankruptcy or similar proceedings not dismissed within specified periods.

Upon the occurrence of an event of default, the Trustee may, and in certain cases must, declare the principal and interest on all outstanding Bonds immediately due and payable (acceleration). The Trustee may also pursue other remedies, including mandamus, suit upon the Bonds, or appointment of a receiver.

Subjective Acceleration Clauses

The Indenture provides that, upon certain events of default (including payment default, covenant breach, or insolvency), the Trustee may declare all principal and interest on the Bonds immediately due and payable at its discretion. This constitutes a subjective acceleration clause.

Intercreditor and Cross-Default Provisions

The Bonds are secured on a parity basis with certain credit facilities. The Intercreditor Agreement provides that a default under the Bonds or related credit facilities may trigger enforcement actions against shared collateral (revenues and contract rights).

Note 7. Lease Liabilities

The Agency leases office space, the terms of which expire in September 2028 with one additional 60-month renewal option. The total amount of the lease asset was \$1,698,510 with associated accumulated amortization of \$693,192 and \$554,538 as of June 30, 2026 and 2025, respectively. The lease asset is being amortized on a straight-line basis over the remaining lease term. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contracts, and no lease impairments as of June 30, 2026 and 2025. Lease payments made during 2026 and 2025 totaled \$186,061 (\$126,337 principal and \$59,724 interest at 4.98%) and \$182,275 (\$116,457 principal and \$65,818 interest at 4.98%), respectively.

Kentucky Municipal Energy Agency
Notes to Financial Statements
June 30, 2026 and 2025

The following table summarizes the future lease principal and interest payments as of June 30, 2026:

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 186,062	\$ 132,775	\$ 53,287
2028	186,061	139,540	46,521
2029	186,062	146,650	39,412
2030	186,061	154,122	31,939
2031	186,061	161,975	24,086
2032-2034	418,637	395,260	23,377
	<u>\$ 1,348,944</u>	<u>\$ 1,130,322</u>	<u>\$ 218,622</u>

Note 8. Subscription Liabilities

The Agency has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. The total amount of subscription assets were \$595,598 with associated accumulated amortization of \$492,839 and \$363,535 as of June 30, 2026 and 2025, respectively. The subscription assets are being amortized over the remaining terms of the agreements. There were no payments recorded in the current period that were not included in the measurement of the subscription liability, no commitments prior to the commencement of the contracts, and no impairments as of June 30, 2026 and 2025. Subscription payments made during 2026 and 2025 totaled \$94,108 (\$89,544 principal and \$4,564 interest at 1.94%) and \$93,796 (\$87,160 principal and \$6,636 interest at 1.94%), respectively.

The following is a schedule by year of payments under the SBITAs as of June 30, 2026:

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 112,699	\$ 110,252	\$ 2,447
2028	108,404	107,955	449
	<u>\$ 221,103</u>	<u>\$ 218,207</u>	<u>\$ 2,896</u>

Note 9. Retirement Plans

The Agency offers all employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457 ("457 Plan"). The 457 Plan permits employees to defer a portion of their salary until termination, retirement or death.

The Agency also sponsors a defined contribution retirement savings plan, created in accordance with Internal Revenue Code Section 401(a). All full-time employees are eligible to participate in this plan. The Agency contributes 14% of base wages to eligible employees. Eligible employees are those that contribute a minimum of 3% to the 457 Plan. Employer contributions of \$207,228 and \$112,929 were made for the fiscal years ended June 30, 2026 and 2025, respectively.

Assets and liabilities of the retirement plans are not included in the Agency's financial statements as all assets are held and managed by a third-party administrator and the retirement plans are not considered to be component units of the Agency under the applicable accounting guidance.

Note 10. Commitments

Purchased Power Agreements

KYMEA expects to supply nearly all of its power requirements through a portfolio of purchased power agreements. The Agency currently has four purchased power agreements in effect, with varying terms, to supply its power requirements beginning May 1, 2019. The first agreement is a 10-year arrangement with Big Rivers Electric Corporation (BREC) for 100 megawatts (MW) of firm base load capacity from BREC's portfolio of owned resources. The second agreement is a five-year contract with Duke Energy Indiana, LLC for an initial nomination of 30 MW, with a one-time increase to 60 MW, of capacity from Duke Energy Indiana's system. The third agreement provides for an initial nomination of 90 MW of peaking capacity from Paducah Power System. The final agreement provides for an initial nomination of 35 MW for the period from June 1, 2024 through May 31, 2027, with a one-time increase to 100 MW beginning June 1, 2027 through May 31, 2029 from Hallador Power Company, LLC.

In 2018, KYMEA negotiated a power purchase agreement with Ashwood Solar I LLC for 86 MW of capacity and energy to be generated by a project in Lyon County, Kentucky (the "Ashwood Solar I Project"). The Ashwood Solar I Project is developed and owned by RWE Clean Energy ("RWE"), a subsidiary of RWE AG, and was originally scheduled to achieve commercial operation on December 1, 2022. Due to supply chain disruptions and other delays, the guaranteed commercial operation date was extended to June 1, 2024; however, the facility did not achieve commercial operation until August 25, 2025. KYMEA purchases 100% of the energy produced by the Ashwood Solar I Project pursuant to a long-term power purchase agreement extending through May 31, 2044.

Note 11. Risk Management

KYMEA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to agents and others; and natural disasters. The Agency carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

Kentucky Municipal Energy Agency
Notes to Financial Statements
June 30, 2026 and 2025

Note 12. Segment Information

The Agency has issued revenue bonds to finance capital projects for the ECI Project. Summary financial information for this project for the year ended June 30, 2026 is presented as follows:

CONDENSED BALANCE SHEET - ENERGY CENTER I PROJECT

ASSETS

Current Assets	\$ 7,175,432
Noncurrent Assets	28,126,244
Capital Assets	<u>98,010,167</u>

Total Assets	<u><u>\$ 133,311,843</u></u>
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LIABILITIES

Current Liabilities	\$ 9,224,640
Noncurrent Liabilities	<u>128,910,235</u>

Total Liabilities	<u>138,134,875</u>
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NET POSITION

Net Investment in Capital Assets	(6,604,266)
Restricted for Debt Service	336,221
Unrestricted	<u>1,445,013</u>

Total Net Position	<u>(4,823,032)</u>
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Total Liabilities and Net Position	<u><u>\$ 133,311,843</u></u>
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**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ENERGY
CENTER I PROJECT**

Operating Revenues	\$ -
Operating Expenses	<u>83,382</u>
Operating Loss	<u>(83,382)</u>
Interest and Other Financing Expenses	(6,245,051)
Investment Income	<u>2,961,168</u>
Net Nonoperating Expenses	<u>(3,283,883)</u>
Change in Net Position	(3,367,265)
Net Position - Beginning of Year	<u>(1,455,767)</u>
Net Position - End of Year	<u><u>\$ (4,823,032)</u></u>

CONDENSED STATEMENT OF CASH FLOWS - ENERGY CENTER I PROJECT

Cash Flows from Operating Activities	\$ (413,412)
Cash Flows from Capital and Related Financing Activities	(70,092,723)
Cash Flows from Investing Activities	<u>75,296,083</u>
Net Change in Cash and Cash Equivalents	4,789,948
Cash and Cash Equivalents - Beginning of Year	<u>9,217,351</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 14,007,299</u></u>

Supplementary Information

Kentucky Municipal Energy Agency
Combining Balance Sheet
June 30, 2026

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 64,697,703	\$ 2,702,975	\$ -	\$ 67,400,678
Inventory	-	3,865	-	3,865
Accounts receivable	9,702,846	4,468,592	(9,885)	14,161,553
Prepaid expenses and other assets	4,941	-	-	4,941
Total Current Assets	<u>74,405,490</u>	<u>7,175,432</u>	<u>(9,885)</u>	<u>81,571,037</u>
Noncurrent Assets				
Cash and cash equivalents - restricted	-	11,304,324	-	11,304,324
Investments - restricted	-	15,042,149	-	15,042,149
Collateral deposit	8,616,989	-	-	8,616,989
Capital assets, net of accumulated depreciation and amortization	1,887,797	98,010,167	-	99,897,964
Costs recoverable in future periods	-	1,779,771	-	1,779,771
Total Noncurrent Assets	<u>10,504,786</u>	<u>126,136,411</u>	<u>-</u>	<u>136,641,197</u>
Total Assets	<u>\$ 84,910,276</u>	<u>\$ 133,311,843</u>	<u>\$ (9,885)</u>	<u>\$ 218,212,234</u>

Kentucky Municipal Energy Agency
Combining Balance Sheet
June 30, 2026

(Continued)

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 11,936,318	\$ 6,111,272	\$ (9,885)	\$ 18,037,705
Accrued liabilities	58,967	-	-	58,967
Accrued interest payable	5,295	3,105,472	-	3,110,767
Compensated absences	207,965	7,896	-	215,861
Current portion of lease liabilities	132,775	-	-	132,775
Current portion of subscription liabilities	110,252	-	-	110,252
Total Current Liabilities	<u>12,451,572</u>	<u>9,224,640</u>	<u>(9,885)</u>	<u>21,666,327</u>
Noncurrent Liabilities				
Compensated absences, net	224,176	-	-	224,176
Long-term debt	-	128,910,235	-	128,910,235
Lease liabilities, net	997,547	-	-	997,547
Subscription liabilities, net	107,955	-	-	107,955
Total Noncurrent Liabilities	<u>1,329,678</u>	<u>128,910,235</u>	<u>-</u>	<u>130,239,913</u>
Deferred Inflows of Resources				
Deferred inflows from rate stabilization	31,312,828	-	-	31,312,828
Net Position				
Net investment in capital assets	539,268	(6,604,266)	-	(6,064,998)
Restricted for debt service	-	336,221	-	336,221
Unrestricted	39,276,930	1,445,013	-	40,721,943
Total Net Position	<u>39,816,198</u>	<u>(4,823,032)</u>	<u>-</u>	<u>34,993,166</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 84,910,276</u>	<u>\$ 133,311,843</u>	<u>\$ (9,885)</u>	<u>\$ 218,212,234</u>

Kentucky Municipal Energy Agency
Combining Balance Sheet
June 30, 2025

	All Requirements	Energy Center I Project	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 57,136,260	\$ 949,333	\$ -	\$ 58,085,593
Accounts receivable	11,858,334	5,165	(89,047)	11,774,452
Prepaid expenses and other assets	4,112	-	-	4,112
Total Current Assets	68,998,706	954,498	(89,047)	69,864,157
Noncurrent Assets				
Cash and cash equivalents - restricted	-	8,268,018	-	8,268,018
Investments - restricted	-	87,377,064	-	87,377,064
Collateral deposit	8,502,849	-	-	8,502,849
Capital assets, net of accumulated depreciation and amortization	2,347,574	33,036,993	-	35,384,567
Costs recoverable in future periods	-	1,841,143	-	1,841,143
Total Noncurrent Assets	10,850,423	130,523,218	-	141,373,641
Total Assets	\$ 79,849,129	\$ 131,477,716	\$ (89,047)	\$ 211,237,798

Kentucky Municipal Energy Agency
Combining Balance Sheet
June 30, 2025

(Continued)

	All Requirements	Energy Center I Project	Eliminations	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 12,504,056	\$ 1,832,371	\$ (89,047)	\$ 14,247,380
Accrued liabilities	45,363	-	-	45,363
Accrued interest payable	9,531	1,951,903	-	1,961,434
Compensated absences	188,874	-	-	188,874
Current portion of lease liabilities	126,337	-	-	126,337
Current portion of subscription liabilities	108,136	-	-	108,136
Total Current Liabilities	12,982,297	3,784,274	(89,047)	16,677,524
Noncurrent Liabilities				
Compensated absences, net	162,180	-	-	162,180
Long-term debt	-	129,149,209	-	129,149,209
Lease liabilities, net	1,130,322	-	-	1,130,322
Subscription liabilities, net	199,615	-	-	199,615
Total Noncurrent Liabilities	1,492,117	129,149,209	-	130,641,326
Deferred Inflows of Resources				
Deferred inflows from rate stabilization	28,192,919	-	-	28,192,919
Net Position				
Net investment in capital assets	783,164	(2,052,180)	-	(1,269,016)
Restricted for debt service	-	113,557	-	113,557
Unrestricted	36,398,632	482,856	-	36,881,488
Total Net Position	37,181,796	(1,455,767)	-	35,726,029
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 79,849,129	\$ 131,477,716	\$ (89,047)	\$ 211,237,798

Kentucky Municipal Energy Agency
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2026

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Total</u>
Operating Revenues			
Billings	<u>\$ 127,764,129</u>	<u>\$ -</u>	<u>\$ 127,764,129</u>
Total Operating Revenues	<u>127,764,129</u>	<u>-</u>	<u>127,764,129</u>
Operating Expenses			
Production and purchased power	109,425,572	-	109,425,572
Transmission	13,297,571	-	13,297,571
Depreciation and amortization	557,777	4,444	562,221
Other operating expenses	<u>2,639,934</u>	<u>78,938</u>	<u>2,718,872</u>
Total Operating Expenses	<u>125,920,854</u>	<u>83,382</u>	<u>126,004,236</u>
Operating Income (Loss)	<u>1,843,275</u>	<u>(83,382)</u>	<u>1,759,893</u>
Nonoperating Revenues (Expenses)			
Interest and other financing expenses	(102,317)	(6,245,051)	(6,347,368)
Investment income	<u>893,444</u>	<u>2,961,168</u>	<u>3,854,612</u>
Net Nonoperating Revenues (Expenses)	<u>791,127</u>	<u>(3,283,883)</u>	<u>(2,492,756)</u>
Change in Net Position	<u>2,634,402</u>	<u>(3,367,265)</u>	<u>(732,863)</u>
Net Position, Beginning of Year	<u>37,181,796</u>	<u>(1,455,767)</u>	<u>35,726,029</u>
Net Position, End of Year	<u>\$ 39,816,198</u>	<u>\$ (4,823,032)</u>	<u>\$ 34,993,166</u>

Kentucky Municipal Energy Agency
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Total</u>
Operating Revenues			
Billings	<u>\$ 110,167,084</u>	<u>\$ -</u>	<u>\$ 110,167,084</u>
Total Operating Revenues	<u>110,167,084</u>	<u>-</u>	<u>110,167,084</u>
Operating Expenses			
Production and purchased power	95,258,091	-	95,258,091
Transmission	11,957,776	-	11,957,776
Depreciation and amortization	515,217	-	515,217
Other operating expenses	<u>2,326,386</u>	<u>7,180</u>	<u>2,333,566</u>
Total Operating Expenses	<u>110,057,470</u>	<u>7,180</u>	<u>110,064,650</u>
Operating Income (Loss)	<u>109,614</u>	<u>(7,180)</u>	<u>102,434</u>
Nonoperating Revenues (Expenses)			
Interest and other financing expenses	(118,741)	(2,329,383)	(2,448,124)
Investment income	<u>1,010,848</u>	<u>880,796</u>	<u>1,891,644</u>
Net Nonoperating Revenues (Expenses)	<u>892,107</u>	<u>(1,448,587)</u>	<u>(556,480)</u>
Change in Net Position	<u>1,001,721</u>	<u>(1,455,767)</u>	<u>(454,046)</u>
Net Position, Beginning of Year	<u>36,180,075</u>	<u>-</u>	<u>36,180,075</u>
Net Position, End of Year	<u>\$ 37,181,796</u>	<u>\$ (1,455,767)</u>	<u>\$ 35,726,029</u>

Kentucky Municipal Energy Agency
Combining Statement of Cash Flows
Year Ended June 30, 2026

	All Requirements	Energy Center I Project	Total
Cash Flows From Operating Activities			
Receipts from members	\$ 129,824,384	\$ -	\$ 129,824,384
Payments to service providers and others	(120,915,226)	(338,346)	(121,253,572)
Payments to employees	(1,803,718)	7,896	(1,795,822)
Collateral deposit remittances	(114,140)	-	(114,140)
Receipts from (payments to) other projects	82,962	(82,962)	-
Net Cash Provided by (Used in) Operating Activities	7,074,262	(413,412)	6,660,850
Cash Flows From Capital and Related Financing Activities			
Interest payments	(106,553)	(5,269,084)	(5,375,637)
Principal paid on lease liability	(126,337)	-	(126,337)
Principal paid on subscription liability	(89,544)	-	(89,544)
Transfer of capital projects between funds	6,311	(6,311)	-
Purchase of capital assets	(104,311)	(64,817,328)	(64,921,639)
Net Cash Used in Capital and Related Financing Activities	(420,434)	(70,092,723)	(70,513,157)
Cash Flows From Investing Activities			
Purchases of investments	-	(119,091,684)	(119,091,684)
Proceeds from sales and maturities of investments	-	191,135,025	191,135,025
Interest received	907,615	3,252,742	4,160,357
Net Cash Provided by Investing Activities	907,615	75,296,083	76,203,698
Increase in Cash and Cash Equivalents	7,561,443	4,789,948	12,351,391
Cash and Cash Equivalents, Beginning of Year	57,136,260	9,217,351	66,353,611
Cash and Cash Equivalents, End of Year	\$ 64,697,703	\$ 14,007,299	\$ 78,705,002

Kentucky Municipal Energy Agency
Combining Statement of Cash Flows
Year Ended June 30, 2026

(Continued)

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Total</u>
Reconciliation to Cash and Cash Equivalents on the Balance Sheets			
Cash and cash equivalents	\$ 64,697,703	\$ 2,702,975	\$ 67,400,678
Cash and cash equivalents - restricted	-	11,304,324	11,304,324
Total Cash and Cash Equivalents	<u>\$ 64,697,703</u>	<u>\$ 14,007,299</u>	<u>\$ 78,705,002</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ 1,843,275	\$ (83,382)	\$ 1,759,893
Depreciation and amortization	557,777	4,444	562,221
Changes in operating assets and liabilities			
Accounts receivable	2,141,317	(1,900)	2,139,417
Prepaid expenses and other assets	(829)	-	(829)
Inventories	-	(3,865)	(3,865)
Collateral deposit	(114,140)	-	(114,140)
Accounts payable	(567,738)	(336,605)	(904,343)
Accrued liabilities	13,604	7,896	21,500
Compensated absences	81,087	-	81,087
Deferred inflows of resources	3,119,909	-	3,119,909
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,074,262</u>	<u>\$ (413,412)</u>	<u>\$ 6,660,850</u>
Supplemental Noncash Activities			
Accounts payable incurred for capital assets	\$ -	\$ 6,086,995	\$ 6,086,995
Amortization of bond issuance premium	-	238,974	238,974
Tariff receivable related to capital asset purchase	-	4,461,527	4,461,527

Kentucky Municipal Energy Agency
Combining Statement of Cash Flows
Year Ended June 30, 2025

	All Requirements	Energy Center I Project	Total
Cash Flows From Operating Activities			
Receipts from members	\$ 111,274,321	\$ -	\$ 111,274,321
Payments to service providers and others	(91,516,017)	348,537	(91,167,480)
Payments to employees	(1,490,901)	-	(1,490,901)
Collateral deposit remittances	(123,798)	-	(123,798)
Net Cash Provided by Operating Activities	18,143,605	348,537	18,492,142
Cash Flows From Capital and Related Financing Activities			
Advances from line of credit	-	21,731,684	21,731,684
Payments on lines of credit	-	(21,731,684)	(21,731,684)
Payment of bond issuance costs	-	(1,871,857)	(1,871,857)
Proceeds from issuance of revenue bonds	-	129,228,867	129,228,867
Interest payments	(118,741)	(426,424)	(545,165)
Principal paid on lease liability	(116,457)	-	(116,457)
Principal paid on subscription liability	(87,160)	-	(87,160)
Transfer of capital projects between funds	894,604	(894,604)	-
Purchase of capital assets	(28,437)	(30,670,900)	(30,699,337)
Net Cash Provided by Capital and Related Financing Activities	543,809	95,365,082	95,908,891
Cash Flows From Investing Activities			
Purchases of investments	-	(278,453,702)	(278,453,702)
Proceeds from sales and maturities of investments	-	191,327,007	191,327,007
Interest received	1,010,848	630,427	1,641,275
Net Cash Provided by (Used in) Investing Activities	1,010,848	(86,496,268)	(85,485,420)
Increase in Cash and Cash Equivalents	19,698,262	9,217,351	28,915,613
Cash and Cash Equivalents, Beginning of Year	37,437,998	-	37,437,998
Cash and Cash Equivalents, End of Year	\$ 57,136,260	\$ 9,217,351	\$ 66,353,611

Kentucky Municipal Energy Agency
Combining Statement of Cash Flows
Year Ended June 30, 2025

(Continued)

	<u>All Requirements</u>	<u>Energy Center I Project</u>	<u>Total</u>
Reconciliation to Cash and Cash Equivalents on the Balance Sheets			
Cash and cash equivalents	\$ 57,136,260	\$ 949,333	\$ 58,085,593
Cash and cash equivalents - restricted	<u>-</u>	<u>8,268,018</u>	<u>8,268,018</u>
Total Cash and Cash Equivalents	<u><u>\$ 57,136,260</u></u>	<u><u>\$ 9,217,351</u></u>	<u><u>\$ 66,353,611</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 109,614	\$ (7,180)	\$ 102,434
Depreciation and amortization	515,217	-	515,217
Changes in operating assets and liabilities			
Accounts receivable	1,107,237	(5,165)	1,102,072
Collateral deposit	(123,798)	-	(123,798)
Accounts payable	2,444,587	360,882	2,805,469
Accrued liabilities	11,908	-	11,908
Compensated absences	90,302	-	90,302
Deferred inflows of resources	<u>13,988,538</u>	<u>-</u>	<u>13,988,538</u>
Net Cash Provided by Operating Activities	<u><u>\$ 18,143,605</u></u>	<u><u>\$ 348,537</u></u>	<u><u>\$ 18,492,142</u></u>
Supplemental Noncash Activities			
Accounts payable incurred for capital assets	\$ -	\$ 1,471,489	\$ 1,471,489
Amortization of bond issuance premium	-	79,568	79,568



KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

September 24, 2026

Heather Overby

Statement of Net Position – July 2026

CURRENT ASSETS

	Jul 2026	
Cash And Investments	\$40,124,267	(1)
Depancaking Reserve Fund	\$27,001,191	(2)
Other Receivables	\$11,677,420	(3)
Interest Receivable	\$51,377	
Total Current Assets	\$78,854,256	

- 1) Checking and Rate Stabilization Fund cash
- 2) Depancaking Reserve
- 3) Billing to AR

Statement of Net Position – July 2026

NON-CURRENT ASSETS

	Jul 2026
Restricted Assets	
Pledged Collateral	\$8,625,740 (4)
Total Restricted Assets	\$8,625,740
Unrestricted Assets	
Investment In Sedc	\$4,941
Total Unrestricted Assets	\$4,941
Capital Assets	
Fixed Asset Clearing Account	\$85,678
Office Buildout	\$260,238
Meters - Ar Project	\$246,096
Meter Comm Equipment	\$465,001
General Plant	\$3,594,117
Less Accumulated Depreciation	(\$2,801,520)
Total Capital Assets	\$1,849,609
Total Non-Current Assets	\$10,480,291
Total Assets	\$89,334,546

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
Total Deferred Outflows	\$0
Total Assets & Deferred Outflows of Resources	\$89,334,546

4) Collateral represents \$5.7m at MISO, \$2.9m at PJM.

Statement of Net Position – July 2026

LIABILITIES

	Jul 2026	
Accounts Payable	\$13,942,872	(5)
Accrued Interest Payable	\$8,160	
Total Current Liabilities	\$13,951,032	
Accrued Employee Benefits	\$459,701	
Deferred Liabilities	\$1,331,459	(6)
Total Non-Current Liabilities	\$1,791,161	
Total Liabilities	\$15,742,192	

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$31,912,098
Total Deferred Inflows	\$31,912,098
Total Liabilities & Deferred Inflows	\$47,654,290

NET POSITION

Invested In Capital Assets, Net of Related Debt	\$1,849,609	
Restricted	\$8,625,740	
Unrestricted	\$31,204,907	
Total Net Position	\$41,680,256	(7)

- 5) AP represents purchased power
- 6) Deferred Liabilities represents the present value of remaining office lease and software contract payments
- 7) Positive net position - LTD

Statement Revenue, Expenses, and Changes in Net Position – July 2026

OPERATING REVENUE

	Jul 2026	YTD FY2027	
Sales To Members	\$9,910,013	\$9,910,013	(8)
Rto Market Revenue	\$4,664,997	\$4,664,997	(9)
Service Fees	\$0	\$0	(10)
Miscellaneous Revenue	(\$2,596)	(\$2,596)	
Total Operating Revenue	\$14,572,414	\$14,572,414	

OPERATING EXPENSES

Transmission	\$1,198,005	\$1,198,005	(11)
Production	\$11,339,000	\$11,339,000	(12)
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	
Administrative And General	\$237,781	\$237,781	
Depreciation Expense	\$38,188	\$38,188	
Total Operating Expenses	\$12,812,975	\$12,812,975	
Operating Income	\$1,759,439	\$1,759,439	

NON-OPERATING REVENUE

Interest Expense On Debt	(\$7,879)	(\$7,879)	
Interest Income	\$112,498	\$112,498	
Other Non-Operating Income (Expense)	\$0	\$0	
Total Non-Operating Revenue (Expenses)	\$104,620	\$104,620	

NET POSITION CHANGES

Changes in Net Position	\$1,864,059	\$1,864,059	(13)
Net Position at Beginning of Period	\$39,816,198	\$39,816,198	
Net Position at End of Period	\$41,680,256	\$41,680,256	

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

Indirect Statement of Cash Flows – July 2026

CASH FROM OPERATING ACTIVITIES

	Jul 2026	YTD FY2027	
Net Income	\$1,864,059	\$1,864,059	(14)
Depreciation Monthly	\$38,188	\$38,188	
Changes in Current & Deferred Items			
Accounts Receivable	(\$2,009,987)	(\$2,009,987)	(15)
Prepayments	\$0	\$0	
Interest Receivable	(\$15,964)	(\$15,964)	
Accounts Payable	\$1,944,720	\$1,944,720	(15)
Taxes & Interest Accrued	\$5,730	\$5,730	
Other Current Liabilities	\$27,560	\$27,560	
Deferred Credits	\$582,201	\$582,201	
Net Cash Provided by (Used in) Operations	\$2,436,507	\$2,436,507	

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	\$0	\$0	
Depreciation Reserve	(\$921,812)	(\$921,812)	
Net Change in Other Prop & Invest	(\$8,751)	(\$8,751)	
Net Cash Provided by (Used in) Investing	(\$930,563)	(\$930,563)	

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

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

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Incr (Decr) in Cash & Temp Investments	\$1,505,944	\$1,505,944	
Cash & Temp Investment Beginning of Period	\$38,618,323	\$38,618,323	
Cash & Temp Investment End of Period	\$40,124,267	\$40,124,267	(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 and Rate Stabilization Fund

Direct Statement of Cash Flows – July 2026

Cash Flows Provided By Operating Activities	Jul 2026	YTD FY2027
Cash Receipts from Members	\$8,030,539	\$8,030,539
Cash Receipts from Miscellaneous	\$4,663,430	\$4,663,430
Cash Payments for Production	(\$8,802,707)	(\$8,802,707)
Cash Payments for Transmission	(\$1,034,153)	(\$1,034,153)
Cash Payments for A&G and Utilities	(\$1,020,554)	(\$1,020,554)
Cash Payments for Routine Maintenance	(\$229)	(\$229)
Cash Payments for Taxes	(\$10,005)	(\$10,005)
Cash Payments for Collateral Deposits	(\$8,751)	(\$8,751)
Net Cash Flows Provided By Operating Activities	\$1,817,570	\$1,817,570
Cash Flows Provided By Non Capital Financing Activities		
Extraordinary Proceeds	\$0	\$0
Net Cash Flows Provided By Non Capital Financing Activities	\$0	\$0
Cash Flows Provided By Investing Activities		
Depancaking Reserve	(\$386,877)	(\$386,877)
Other Investments	\$0	\$0
Interest Income	\$96,534	\$96,534
Net Cash Flows Provided By Investing Activities	(\$290,342)	(\$290,342)
Cash Flows Used In Capital and Financing Activities		
Additions to Plant	\$0	\$0
Debt Principal	\$0	\$0
Cash Payments for Lease Liability	(\$10,814)	(\$10,814)
Cash Payments for Subscription Liability	(\$6,250)	(\$6,250)
Cash Payments for Interest	(\$5,019)	(\$5,019)
Net Cash Flows Used In Capital and Financing Activities	(\$22,083)	(\$22,083)
Change In Cash and Cash Equivalents	\$1,505,144	\$1,505,144
Cash & Temp Investment Beg of Period	\$38,618,323	\$38,618,323
Cash & Temp Investment End of Period	\$40,124,267	\$40,124,267



KEY FINANCIAL METRICS

Days Cash on Hand

110.10

▼ -2.1%

Leverage

6.27

Coverage of Full Obligation

1.07

Debt Service Coverage

1.07

Financial Metrics – July 2026

Days Cash On Hand

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

\$40.1M

Unrestricted Cash

÷

\$364,430

Adjusted Operating Expenses per Day

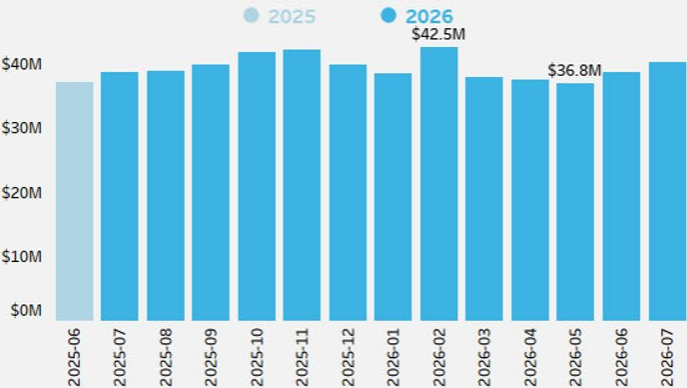
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110.10

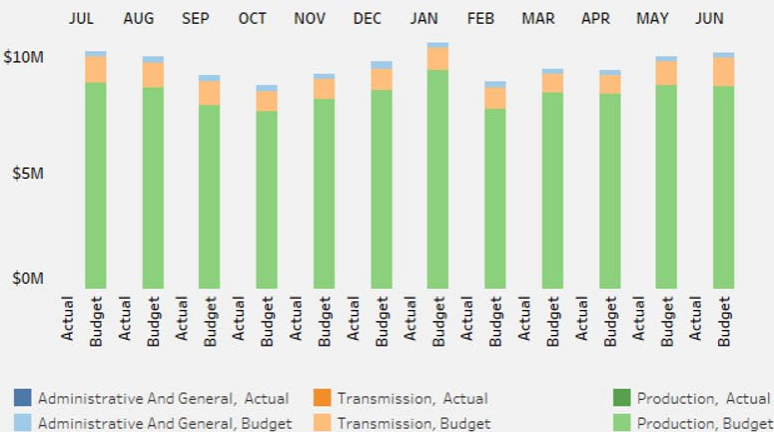
Days Cash on Hand

\$110.44M/365 days

Cash on Hand Through Current Month



Operating Expenses



Days Cash on Hand Detail

Working Capital

\$23.225M

Rate Stabilization

\$16.899M

Working Capital Days

63.73

**Rate Stabilization
Fund Days**

46.37

Depancaking Reserve

\$27.001M

Financial Metrics – July 2026

Leverage

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

6.27

Net Adjusted Debt

Imputed Debt

\$364.57M

Cash On Hand EOY

-\$40.12M

Administrative & General

+\$3.50M

Net Adjusted Debt

\$327.94M

Adjusted Funds Available for Debt Service

Imputed Debt
Payment

\$45.57M

Administrative and
General

\$3.50M

Funds Available for
Debt Service

\$3.23M

Adj Funds Avail for
Debt Service

\$52.29M

Financial Metrics – July 2026

Coverage of Full Obligations 1.07

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..

\$45.57M

Administrative &
General Expense

\$3.50M

EBITDA &
Interest Income

\$3.23M

Debt Service Coverage 1.07

The funds available from operations to cover current debt service.

Funds Available
for Debt Service



Total Debt
Service

Imputed Debt..

\$45.57M

EBITDA &
Interest Income

\$3.23M

Statement of Net Position – August 2026

CURRENT ASSETS

Aug 2026

Cash And Investments	\$42,351,301	(1)
Depancaking Reserve Fund	\$27,548,694	(2)
Other Receivables	\$10,881,256	(3)
Interest Receivable	\$58,960	
Total Current Assets	\$80,840,211	

- 1) Checking and Rate Stabilization Fund cash
- 2) Depancaking Reserve
- 3) Billing to AR

Statement of Net Position – August 2026

NON-CURRENT ASSETS

	Aug 2026
Restricted Assets	
Pledged Collateral	\$8,634,810 ⁽⁴⁾
Total Restricted Assets	\$8,634,810
Unrestricted Assets	
Investment In Sedc	\$4,941
Total Unrestricted Assets	\$4,941
Capital Assets	
Fixed Asset Clearing Account	\$85,678
Office Buildout	\$260,238
Meters - Ar Project	\$246,096
Meter Comm Equipment	\$465,001
General Plant	\$3,594,117
Less Accumulated Depreciation	(\$2,839,708)
Total Capital Assets	\$1,811,421
Total Non-Current Assets	\$10,451,172
Total Assets	\$91,291,383
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	\$0
Total Deferred Outflows	\$0
Total Assets & Deferred Outflows of Resources	\$91,291,383

4) Collateral represents \$5.7m at MISO, \$2.9m at PJM.

Statement of Net Position – August 2026

LIABILITIES

	Aug 2026	
Accounts Payable	\$14,121,521	(5)
Accrued Interest Payable	\$2,691	
Total Current Liabilities	\$14,124,212	
Accrued Employee Benefits	\$465,081	
Deferred Liabilities	\$1,314,301	(6)
Total Non-Current Liabilities	\$1,779,382	
Total Liabilities	\$15,903,593	

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$32,513,089
Total Deferred Inflows	\$32,513,089
Total Liabilities & Deferred Inflows	\$48,416,682

NET POSITION

Invested In Capital Assets, Net of Related Debt	\$1,811,421	
Restricted	\$8,634,810	
Unrestricted	\$32,428,470	
Total Net Position	\$42,874,701	(7)

- 5) AP represents purchased power
- 6) Deferred Liabilities represents the present value of remaining office lease and software contract payments
- 7) Positive net position - LTD

Statement Revenue, Expenses, and Changes in Net Position – August 2026

OPERATING REVENUE

	Aug 2026	YTD FY2027
Sales To Members	\$9,813,035	\$19,723,049
Rto Market Revenue	\$2,343,198	\$7,008,195
Service Fees	\$0	\$0
Miscellaneous Revenue	(\$2,092)	(\$4,688)
Total Operating Revenue	\$12,154,142	\$26,726,555

OPERATING EXPENSES

Transmission	\$1,163,240	\$2,361,245
Production	\$9,566,331	\$20,905,332
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0
Administrative And General	\$252,352	\$490,133
Depreciation Expense	\$38,188	\$76,376
Total Operating Expenses	\$11,020,111	\$23,833,086
Operating Income	\$1,134,031	\$2,893,470

NON-OPERATING REVENUE

Interest Expense On Debt	(\$7,616)	(\$15,495)
Interest Income	\$68,030	\$180,528
Other Non-Operating Income (Expense)	\$0	\$0
Total Non-Operating Revenue (Expenses)	\$60,414	\$165,034

NET POSITION CHANGES

Changes in Net Position	\$1,194,445	\$3,058,503
Net Position at Beginning of Period	\$41,680,256	\$39,816,198
Net Position at End of Period	\$42,874,701	\$42,874,701

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

Indirect Statement of Cash Flows – August 2026

CASH FROM OPERATING ACTIVITIES

	Aug 2026	YTD FY2027
Net Income	\$1,194,445	\$3,058,503 (14)
Depreciation Monthly	\$38,188	\$76,376
Changes in Current & Deferred Items		
Accounts Receivable	\$796,164	(\$1,213,823) (15)
Prepayments	\$0	\$0
Interest Receivable	(\$7,583)	(\$23,547)
Accounts Payable	\$177,015	\$2,121,735 (15)
Taxes & Interest Accrued	(\$3,836)	\$1,895
Other Current Liabilities	\$5,379	\$32,940
Deferred Credits	\$583,833	\$1,166,034
Net Cash Provided by (Used in) Operations	\$2,783,606	\$5,220,113

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	\$0	\$0
Deprecating Reserve	(\$547,503)	(\$1,469,314)
Net Change in Other Prop & Invest	(\$9,070)	(\$17,821)
Net Cash Provided by (Used in) Investing	(\$556,572)	(\$1,487,135)

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

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

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Incr (Decr) in Cash & Temp Investments	\$2,227,033	\$3,732,978
Cash & Temp Investment Beginning of Period	\$40,124,267	\$38,618,323
Cash & Temp Investment End of Period	\$42,351,301	\$42,351,301 (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 and Rate Stabilization Fund

Direct Statement of Cash Flows – August 2026

Cash Flows Provided By Operating Activities	Aug 2026	YTD FY2027
Cash Receipts from Members	\$8,658,226	\$16,688,766
Cash Receipts from Miscellaneous	\$2,341,631	\$7,005,060
Cash Payments for Production	(\$7,250,567)	(\$16,053,274)
Cash Payments for Transmission	(\$1,219,787)	(\$2,253,941)
Cash Payments for A&G and Utilities	(\$326,173)	(\$1,346,727)
Cash Payments for Routine Maintenance	\$694	\$465
Cash Payments for Taxes	(\$5,758)	(\$15,763)
Cash Payments for Collateral Deposits	(\$9,070)	(\$17,821)
Net Cash Flows Provided By Operating Activities	\$2,189,195	\$4,006,765
Cash Flows Provided By Non Capital Financing Activities		
Extraordinary Proceeds	\$0	\$0
Net Cash Flows Provided By Non Capital Financing Activities	\$0	\$0
Cash Flows Provided By Investing Activities		
Depreciating Reserve	\$0	(\$386,877)
Other Investments	\$0	\$0
Interest Income	\$60,447	\$156,981
Net Cash Flows Provided By Investing Activities	\$60,447	(\$229,895)
Cash Flows Used In Capital and Financing Activities		
Additions to Plant	\$0	\$0
Debt Principal	\$0	\$0
Cash Payments for Lease Liability	(\$10,859)	(\$21,673)
Cash Payments for Subscription Liability	\$0	(\$6,250)
Cash Payments for Interest	(\$12,806)	(\$17,824)
Net Cash Flows Used In Capital and Financing Activities	(\$23,665)	(\$45,748)
Change In Cash and Cash Equivalents	\$2,225,977	\$3,731,122
Cash & Temp Investment Beg of Period	\$40,124,267	\$38,618,323
Cash & Temp Investment End of Period	\$42,351,301	\$42,351,301



KEY FINANCIAL METRICS

Days Cash on Hand

116.85

▲ 6.1%

Leverage

6.33

▲ 0.9%

Coverage of Full Obligation

1.05

▼ -1.4%

Debt Service Coverage

1.05

▼ -1.6%

Financial Metrics – August 2026

Days Cash On Hand

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

\$42.4M

Unrestricted Cash

÷

\$362,435

Adjusted Operating Expenses per Day

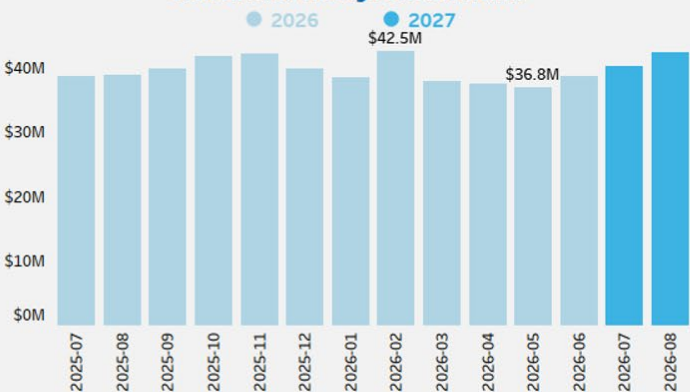
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116.85

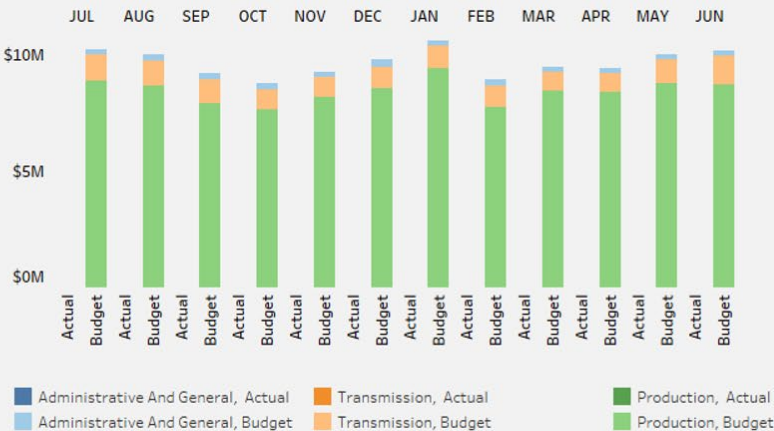
Days Cash on Hand

\$110.44M/365 days

Cash on Hand Through Current Month



Operating Expenses



Days Cash on Hand Detail

Working Capital

\$25.399M

Rate Stabilization

\$16.953M

Working Capital Days

70.08

**Rate Stabilization
Fund Days**

46.77

Depancaking Reserve

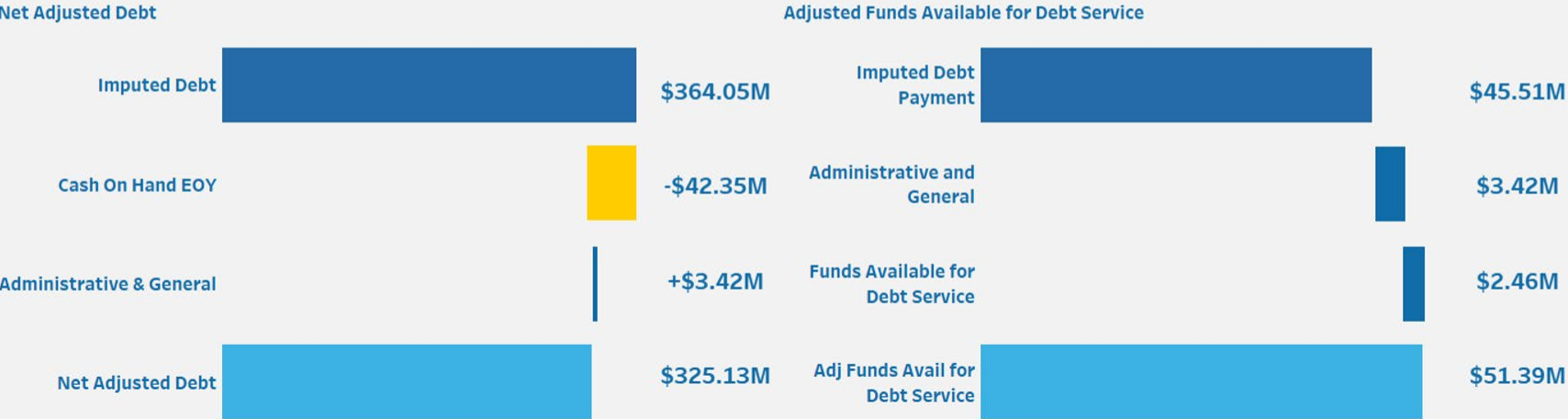
\$27.549M

Financial Metrics – August 2026

Leverage

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

6.33



Financial Metrics – August 2026

Coverage of Full Obligations 1.05

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..

\$45.51M

Administrative &
General Expense

\$3.42M

EBITDA &
Interest Income

\$2.46M

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..

\$45.51M

EBITDA &
Interest Income

\$2.46M

FY2027 Actuals as of July 2026
KYMEA AR Project



Statement of Net Position

CURRENT ASSETS	Jul 2026
Cash And Investments	\$40,124,267
Depancaking Reserve Fund	\$27,001,191
Other Receivables	\$11,677,420
Interest Receivable	\$51,377
Total Current Assets	\$78,854,256
NON-CURRENT ASSETS	
Restricted Assets	
Pledged Collateral	\$8,625,740
Total Restricted Assets	\$8,625,740
Unrestricted Assets	
Investment In Sdc	\$4,941
Total Unrestricted Assets	\$4,941
Capital Assets	
Fixed Asset Clearing Account	\$85,678
Office Buildout	\$260,238
Meters - Ar Project	\$246,096
Meter Comm Equipment	\$465,001
General Plant	\$3,594,117
Less Accumulated Depreciation	(\$2,801,520)
Net Capital Assets	\$1,849,609
Total Non-Current Assets	\$10,480,291
Total Assets	\$89,334,546
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	\$0
Total Deferred Outflows	\$0
Total Assets & Deferred Outflows of Resources	\$89,334,546
LIABILITIES	
Current Liabilities	
Accounts Payable	\$13,942,872
Accrued Interest Payable	\$8,160
Total Current Liabilities	\$13,951,032
Non-Current Liabilities	
Accrued Employee Benefits	\$459,701
Deferred Liabilities	\$1,331,459
Total Non-Current Liabilities	\$1,791,161
Total Liabilities	\$15,742,192
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows	\$31,912,098
Total Deferred Inflows	\$31,912,098
Total Liabilities & Deferred Inflows	\$47,654,290
NET POSITION	
Invested In Capital Assets, Net of Related Debt	\$1,849,609
Restricted	\$8,625,740
Unrestricted	\$31,204,907
Total Net Position	\$41,680,256

Statement of Revenue, Expenses, and
Changes in Net Position

OPERATING REVENUE	Jul 2026	YTD FY2027
Sales To Members	\$9,910,013	\$9,910,013
Rto Market Revenue	\$4,664,997	\$4,664,997
Service Fees	\$0	\$0
Miscellaneous Revenue	(\$2,596)	(\$2,596)
Total Operating Revenue	\$14,572,414	\$14,572,414
OPERATING EXPENSES		
Transmission	\$1,198,005	\$1,198,005
Production	\$11,339,000	\$11,339,000
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0
Administrative And General	\$237,781	\$237,781
Depreciation Expense	\$38,188	\$38,188
Total Operating Expenses	\$12,812,975	\$12,812,975
Operating Income	\$1,759,439	\$1,759,439
NON-OPERATING REVENUE		
Interest Expense On Debt	(\$7,879)	(\$7,879)
Interest Income	\$112,498	\$112,498
Other Non-Operating Income (Expense)	\$0	\$0
Total Non-Operating Revenue (Expenses)	\$104,620	\$104,620
NET POSITION CHANGES		
Changes in Net Position	\$1,864,059	\$1,864,059
Net Position at Beginning of Period	\$39,816,198	\$39,816,198
Net Position at End of Period	\$41,680,256	\$41,680,256

Indirect Statement of Cash Flows

CASH FROM OPERATING ACTIVITIES	Jul 2026	YTD FY2027
Net Income	\$1,864,059	\$1,864,059
Depreciation Monthly	\$38,188	\$38,188
Changes in Current & Deferred Items		
Accounts Receivable	(\$2,009,987)	(\$2,009,987)
Prepayments	\$0	\$0
Interest Receivable	(\$15,964)	(\$15,964)
Accounts Payable	\$1,944,720	\$1,944,720
Taxes & Interest Accrued	\$5,730	\$5,730
Other Current Liabilities	\$27,560	\$27,560
Deferred Credits	\$582,201	\$582,201
Net Cash Provided by (Used in) Operations	\$2,436,507	\$2,436,507
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to Plant	\$0	\$0
Depancaking Reserve	(\$921,812)	(\$921,812)
Net Change in Other Prop & Invest	(\$8,751)	(\$8,751)
Net Cash Provided by (Used in) Investing	(\$930,563)	(\$930,563)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long Term Borrowings	\$0	\$0
Net Cash Provided by (Used in) Financing	\$0	\$0
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS		
Net Incr (Decr) in Cash & Temp Investments	\$1,505,944	\$1,505,944
Cash & Temp Investment Beg of Period	\$38,618,323	\$38,618,323
Cash & Temp Investment End of Period	\$40,124,267	\$40,124,267

FY2027 Actuals as of July 2026 with YoY Compare
KYMEA AR Project



Statement of Net Position

CURRENT ASSETS	Jul 2025	Jul 2026	YoY Δ
Cash And Investments	\$38,651,997	\$40,124,267	\$1,472,270
Depancaking Reserve Fund	\$21,156,482	\$27,001,191	\$5,844,710
Other Receivables	\$11,875,869	\$11,677,420	(\$198,449)
Interest Receivable	\$47,191	\$51,377	\$4,187
Total Current Assets	\$71,731,539	\$78,854,256	\$7,122,717
NON-CURRENT ASSETS			
Restricted Assets			
Pledged Collateral	\$8,512,639	\$8,625,740	\$113,101
Total Restricted Assets	\$8,512,639	\$8,625,740	\$113,101
Unrestricted Assets			
Investment In Sedc	\$4,112	\$4,941	\$829
Total Unrestricted Assets	\$4,112	\$4,941	\$829
Capital Assets			
Fixed Asset Clearing Account	\$273,886	\$85,678	(\$188,209)
Office Buildout	\$260,238	\$260,238	\$0
Meters - Ar Project	\$246,096	\$246,096	\$0
Meter Comm Equipment	\$426,984	\$465,001	\$38,017
General Plant	\$3,383,942	\$3,594,117	\$210,176
Less Accumulated Depreciation	(\$2,249,152)	(\$2,801,520)	(\$552,368)
Net Capital Assets	\$2,341,994	\$1,849,609	(\$492,385)
Total Non-Current Assets	\$10,858,745	\$10,480,291	(\$378,454)
Total Assets	\$82,590,284	\$89,334,546	\$6,744,262
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	\$0	\$0	\$0
Total Deferred Outflows	\$0	\$0	\$0
Total Assets & Deferred Outflows of Resources	\$82,590,284	\$89,334,546	\$6,744,262
LIABILITIES			
Current Liabilities			
Accounts Payable	\$14,060,496	\$13,942,872	(\$117,623)
Accrued Interest Payable	\$14,375	\$8,160	(\$6,215)
Total Current Liabilities	\$14,074,871	\$13,951,032	(\$123,839)
Non-Current Liabilities			
Accrued Employee Benefits	\$373,180	\$459,701	\$86,521
Deferred Liabilities	\$1,548,010	\$1,331,459	(\$216,551)
Total Non-Current Liabilities	\$1,921,190	\$1,791,161	(\$130,030)
Total Liabilities	\$15,996,061	\$15,742,192	(\$253,868)
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	\$28,813,596	\$31,912,098	\$3,098,502
Total Deferred Inflows	\$28,813,596	\$31,912,098	\$3,098,502
Total Liabilities & Deferred Inflows	\$44,809,657	\$47,654,290	\$2,844,633
NET POSITION			
Invested In Capital Assets, Net of Related Debt	\$2,341,994	\$1,849,609	(\$492,385)
Restricted	\$8,512,639	\$8,625,740	\$113,101
Unrestricted	\$26,925,994	\$31,204,907	\$4,278,913
Total Net Position	\$37,780,627	\$41,680,256	\$3,899,629



Statement of Revenue, Expenses, and Changes in Net Position

OPERATING REVENUE	Jul 2025	Jul 2026	YTD FY2026	YTD FY2027	YoY Δ	YTD YoY Δ
Sales To Members	\$9,620,030	\$9,910,013	\$9,620,030	\$9,910,013	\$289,983	\$289,983
Rto Market Revenue	\$2,661,465	\$4,664,997	\$2,661,465	\$4,664,997	\$2,003,532	\$2,003,532
Service Fees	\$17,534	\$0	\$17,534	\$0	(\$17,534)	(\$17,534)
Miscellaneous Revenue	(\$2,000)	(\$2,596)	(\$2,000)	(\$2,596)	(\$596)	(\$596)
Total Operating Revenue	\$12,297,029	\$14,572,414	\$12,297,029	\$14,572,414	\$2,275,385	\$2,275,385
OPERATING EXPENSES						
Transmission	\$1,224,581	\$1,198,005	\$1,224,581	\$1,198,005	(\$26,576)	(\$26,576)
Production	\$10,338,061	\$11,339,000	\$10,338,061	\$11,339,000	\$1,000,939	\$1,000,939
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	\$0	\$0	\$0	\$0
Administrative And General	\$199,272	\$237,781	\$199,272	\$237,781	\$38,509	\$38,509
Depreciation Expense	\$43,597	\$38,188	\$43,597	\$38,188	(\$5,409)	(\$5,409)
Total Operating Expenses	\$11,805,512	\$12,812,975	\$11,805,512	\$12,812,975	\$1,007,463	\$1,007,463
Operating Income	\$491,517	\$1,759,439	\$491,517	\$1,759,439	\$1,267,922	\$1,267,922
NON-OPERATING REVENUE						
Interest Expense On Debt	(\$10,527)	(\$7,879)	(\$10,527)	(\$7,879)	\$2,648	\$2,648
Interest Income	\$117,844	\$112,498	\$117,844	\$112,498	(\$5,346)	(\$5,346)
Other Non-Operating Income (Expense)	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Revenue (Expenses)	\$107,317	\$104,620	\$107,317	\$104,620	(\$2,698)	(\$2,698)
NET POSITION CHANGES						
Changes in Net Position	\$598,834	\$1,864,059	\$598,834	\$1,864,059	\$1,265,224	\$1,265,224
Net Position at Beginning of Period	\$37,181,793	\$39,816,198	\$37,181,793	\$39,816,198	\$2,634,405	\$2,634,405
Net Position at End of Period	\$37,780,627	\$41,680,256	\$37,780,627	\$41,680,256	\$3,899,629	\$3,899,629

**FY2027 Actuals as of August 2026
KYMEA AR Project**



Statement of Net Position

CURRENT ASSETS	Aug 2026
Cash And Investments	\$42,351,301
Depancaking Reserve Fund	\$27,548,694
Other Receivables	\$10,881,256
Interest Receivable	\$58,960
Total Current Assets	\$80,840,211
NON-CURRENT ASSETS	
Restricted Assets	
Pledged Collateral	\$8,634,810
Total Restricted Assets	\$8,634,810
Unrestricted Assets	
Investment In Sdc	\$4,941
Total Unrestricted Assets	\$4,941
Capital Assets	
Fixed Asset Clearing Account	\$85,678
Office Buildout	\$260,238
Meters - Ar Project	\$246,096
Meter Comm Equipment	\$465,001
General Plant	\$3,594,117
Less Accumulated Depreciation	(\$2,839,708)
Net Capital Assets	\$1,811,421
Total Non-Current Assets	\$10,451,172
Total Assets	\$91,291,383
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	\$0
Total Deferred Outflows	\$0
Total Assets & Deferred Outflows of Resources	\$91,291,383
LIABILITIES	
Current Liabilities	
Accounts Payable	\$14,121,521
Accrued Interest Payable	\$2,691
Total Current Liabilities	\$14,124,212
Non-Current Liabilities	
Accrued Employee Benefits	\$465,081
Deferred Liabilities	\$1,314,301
Total Non-Current Liabilities	\$1,779,382
Total Liabilities	\$15,903,593
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows	\$32,513,089
Total Deferred Inflows	\$32,513,089
Total Liabilities & Deferred Inflows	\$48,416,682
NET POSITION	
Invested In Capital Assets, Net of Related Debt	\$1,811,421
Restricted	\$8,634,810
Unrestricted	\$32,428,470
Total Net Position	\$42,874,701

**Statement of Revenue, Expenses, and
Changes in Net Position**

OPERATING REVENUE	Aug 2026	YTD FY2027
Sales To Members	\$9,813,035	\$19,723,049
Rto Market Revenue	\$2,343,198	\$7,008,195
Service Fees	\$0	\$0
Miscellaneous Revenue	(\$2,092)	(\$4,688)
Total Operating Revenue	\$12,154,142	\$26,726,555
OPERATING EXPENSES		
Transmission	\$1,163,240	\$2,361,245
Production	\$9,566,331	\$20,905,332
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0
Administrative And General	\$252,352	\$490,133
Depreciation Expense	\$38,188	\$76,376
Total Operating Expenses	\$11,020,111	\$23,833,086
Operating Income	\$1,134,031	\$2,893,470
NON-OPERATING REVENUE		
Interest Expense On Debt	(\$7,616)	(\$15,495)
Interest Income	\$68,030	\$180,528
Other Non-Operating Income (Expense)	\$0	\$0
Total Non-Operating Revenue (Expenses)	\$60,414	\$165,034
NET POSITION CHANGES		
Changes in Net Position	\$1,194,445	\$3,058,503
Net Position at Beginning of Period	\$41,680,256	\$39,816,198
Net Position at End of Period	\$42,874,701	\$42,874,701

Indirect Statement of Cash Flows

CASH FROM OPERATING ACTIVITIES	Aug 2026	YTD FY2027
Net Income	\$1,194,445	\$3,058,503
Depreciation Monthly	\$38,188	\$76,376
Changes in Current & Deferred Items		
Accounts Receivable	\$796,164	(\$1,213,823)
Prepayments	\$0	\$0
Interest Receivable	(\$7,583)	(\$23,547)
Accounts Payable	\$177,015	\$2,121,735
Taxes & Interest Accrued	(\$3,836)	\$1,895
Other Current Liabilities	\$5,379	\$32,940
Deferred Credits	\$583,833	\$1,166,034
Net Cash Provided by (Used in) Operations	\$2,783,606	\$5,220,113
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to Plant	\$0	\$0
Depancaking Reserve	(\$547,503)	(\$1,469,314)
Net Change in Other Prop & Invest	(\$9,070)	(\$17,821)
Net Cash Provided by (Used in) Investing	(\$556,572)	(\$1,487,135)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long Term Borrowings	\$0	\$0
Net Cash Provided by (Used in) Financing	\$0	\$0
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS		
Net Incr (Decr) in Cash & Temp Investments	\$2,227,033	\$3,732,978
Cash & Temp Investment Beg of Period	\$40,124,267	\$38,618,323
Cash & Temp Investment End of Period	\$42,351,301	\$42,351,301

FY2027 Actuals as of August 2026 with YoY Compare
KYMEA AR Project



Statement of Net Position

CURRENT ASSETS	Aug 2025	Aug 2026	YoY Δ
Cash And Investments	\$38,852,962	\$42,351,301	\$3,498,338
Depancaking Reserve Fund	\$21,708,088	\$27,548,694	\$5,840,606
Other Receivables	\$12,027,524	\$10,881,256	(\$1,146,268)
Interest Receivable	\$51,786	\$58,960	\$7,174
Total Current Assets	\$72,640,361	\$80,840,211	\$8,199,850
NON-CURRENT ASSETS			
Restricted Assets			
Pledged Collateral	\$8,522,792	\$8,634,810	\$112,018
Total Restricted Assets	\$8,522,792	\$8,634,810	\$112,018
Unrestricted Assets			
Investment In Sedc	\$4,112	\$4,941	\$829
Total Unrestricted Assets	\$4,112	\$4,941	\$829
Capital Assets			
Fixed Asset Clearing Account	\$273,886	\$85,678	(\$188,209)
Office Buildout	\$260,238	\$260,238	\$0
Meters - Ar Project	\$246,096	\$246,096	\$0
Meter Comm Equipment	\$426,984	\$465,001	\$38,017
General Plant	\$3,383,942	\$3,594,117	\$210,176
Less Accumulated Depreciation	(\$2,292,700)	(\$2,839,708)	(\$547,008)
Net Capital Assets	\$2,298,445	\$1,811,421	(\$487,024)
Total Non-Current Assets	\$10,825,349	\$10,451,172	(\$374,177)
Total Assets	\$83,465,710	\$91,291,383	\$7,825,673
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	\$0	\$0	\$0
Total Deferred Outflows	\$0	\$0	\$0
Total Assets & Deferred Outflows of Resources	\$83,465,710	\$91,291,383	\$7,825,673
LIABILITIES			
Current Liabilities			
Accounts Payable	\$13,352,683	\$14,121,521	\$768,838
Accrued Interest Payable	\$4,844	\$2,691	(\$2,153)
Total Current Liabilities	\$13,357,526	\$14,124,212	\$766,686
Non-Current Liabilities			
Accrued Employee Benefits	\$380,812	\$465,081	\$84,269
Deferred Liabilities	\$1,534,305	\$1,314,301	(\$220,004)
Total Non-Current Liabilities	\$1,915,117	\$1,779,382	(\$135,735)
Total Liabilities	\$15,272,643	\$15,903,593	\$630,950
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	\$29,431,661	\$32,513,089	\$3,081,428
Total Deferred Inflows	\$29,431,661	\$32,513,089	\$3,081,428
Total Liabilities & Deferred Inflows	\$44,704,304	\$48,416,682	\$3,712,378
NET POSITION			
Invested In Capital Assets, Net of Related Debt	\$2,298,445	\$1,811,421	(\$487,024)
Restricted	\$8,522,792	\$8,634,810	\$112,018
Unrestricted	\$27,940,169	\$32,428,470	\$4,488,301
Total Net Position	\$38,761,406	\$42,874,701	\$4,113,295



**Statement of Revenue, Expenses, and
Changes in Net Position**

OPERATING REVENUE	Aug 2025	Aug 2026	YTD FY2026	YTD FY2027	YoY Δ	YTD YoY Δ
Sales To Members	\$9,308,888	\$9,813,035	\$18,928,918	\$19,723,049	\$504,147	\$794,131
Rto Market Revenue	\$1,925,994	\$2,343,198	\$4,587,459	\$7,008,195	\$417,204	\$2,420,737
Service Fees	\$0	\$0	\$17,534	\$0	\$0	(\$17,534)
Miscellaneous Revenue	(\$2,000)	(\$2,092)	(\$4,000)	(\$4,688)	(\$92)	(\$688)
Total Operating Revenue	\$11,232,882	\$12,154,142	\$23,529,911	\$26,726,555	\$921,260	\$3,196,645
OPERATING EXPENSES						
Transmission	\$1,271,481	\$1,163,240	\$2,496,062	\$2,361,245	(\$108,242)	(\$134,817)
Production	\$8,766,059	\$9,566,331	\$19,104,121	\$20,905,332	\$800,272	\$1,801,211
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	\$0	\$0	\$0	\$0
Administrative And General	\$222,811	\$252,352	\$422,083	\$490,133	\$29,541	\$68,050
Depreciation Expense	\$43,548	\$38,188	\$87,145	\$76,376	(\$5,360)	(\$10,769)
Total Operating Expenses	\$10,303,900	\$11,020,111	\$22,109,412	\$23,833,086	\$716,211	\$1,723,674
Operating Income	\$928,982	\$1,134,031	\$1,420,499	\$2,893,470	\$205,048	\$1,472,971
NON-OPERATING REVENUE						
Interest Expense On Debt	(\$10,172)	(\$7,616)	(\$20,699)	(\$15,495)	\$2,556	\$5,204
Interest Income	\$61,969	\$68,030	\$179,813	\$180,528	\$6,061	\$715
Other Non-Operating Income (Expense)	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Revenue (Expenses)	\$51,797	\$60,414	\$159,114	\$165,034	\$8,617	\$5,919
NET POSITION CHANGES						
Changes in Net Position	\$980,779	\$1,194,445	\$1,579,614	\$3,058,503	\$213,665	\$1,478,890
Net Position at Beginning of Period	\$37,780,627	\$41,680,256	\$37,181,793	\$39,816,198	\$3,899,629	\$2,634,405
Net Position at End of Period	\$38,761,406	\$42,874,701	\$38,761,406	\$42,874,701	\$4,113,295	\$4,113,295



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

September 24, 2026

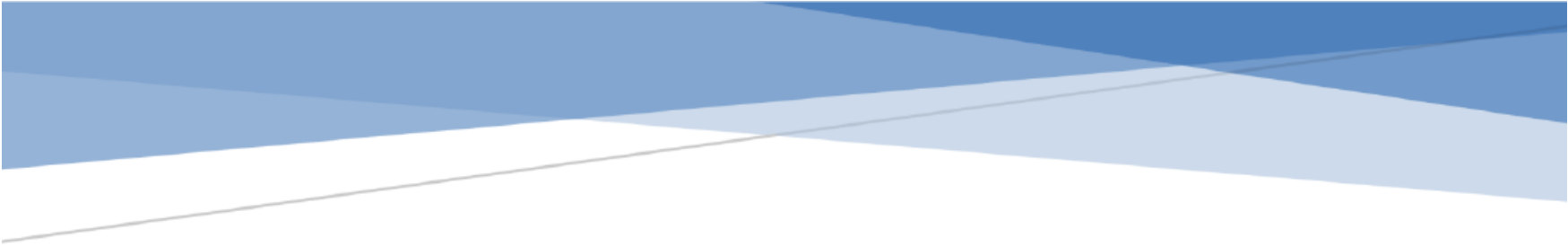
9/22/2026

www.KYMEA.org

KYMEA_Board_Presentation_September_2026_CEO_09-24-2026.pptx

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Page 97 of 152



REQUEST FOR PROPOSALS (“RFP”)

**KYMEA SUPPLY OF RECIPROCATING INTERNAL
COMBUSTION ENGINE-GENERATOR SETS, OUTDOOR
ENCLOSURES, SWITCHGEAR, CONTROLS, AND
AUXILIARIES**

**RFP No. 2026-1
TYGARTS CREEK STATION
GENERATOR EQUIPMENT PROCUREMENT**

Tygarts Creek RFP Schedule

Milestone	Due Date
Release of RFP by KYMEA	September 14, 2026
Last date by which Proposers may submit questions regarding the RFP By Email to: rleesman@KYMEDIA.org	2:00 p.m. Eastern, October 2, 2026
KYMEA issues responses to Proposer questions and any resulting addenda	October 7, 2026
Proposal Submission (Include, as part of the Proposal, Forms 1 through 5, a completed copy of Attachment 2, all technical information required by Attachment 1, and all other required supporting data and information.) By Email to rleesman@KYMEDIA.org	2:00 p.m. Eastern October 23, 2026

Heather Overby and Michelle Hixon represented KYMEA at the APPA Business & Finance Conference

Making Financial Statements Meaningful for Non-Financial Audiences

Heather Overby, CFO, KYMEA

Chris Lindner, Managing Partner, Forvis Mazars



Focused on translating financial statements into governance—quality decisions.



Emphasized a simple framework: What changed? Why? Why does it matter? What decision follows?



Shared practical ways to make capital planning, rate consideration, and financial reporting clearer for non-financial leaders.



Beyond the Insurance Policy: Financial Resilience for Public Power

Michelle Hixon, Director, Administrative Services & Communications, KYMEA

Scott McNea, Public Power & Water Utilities Team Lead, Alliant Insurance Services



Used Energy Center I as a case study in public power risk management.



Highlighted early broker engagement, contract-and-coverage alignment, and risk transfer at key handoffs.



Reinforced that resilience is not eliminating every risk—it is understanding risk, making deliberate choices, and being prepared to respond.





KENTUCKY MUNICIPAL ENERGY AGENCY

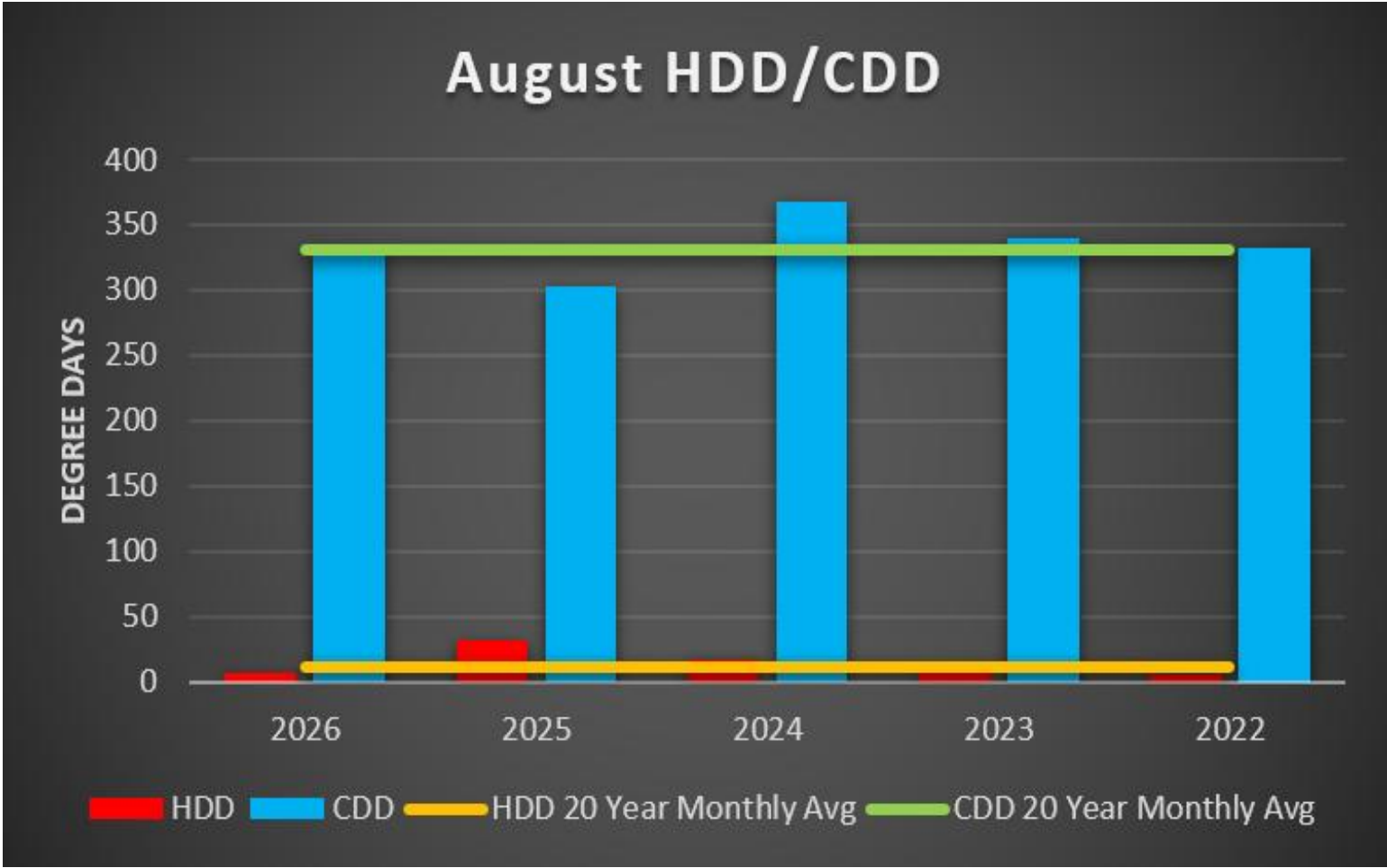


August 2026 Market Report

Rob Leesman

September 24, 2026

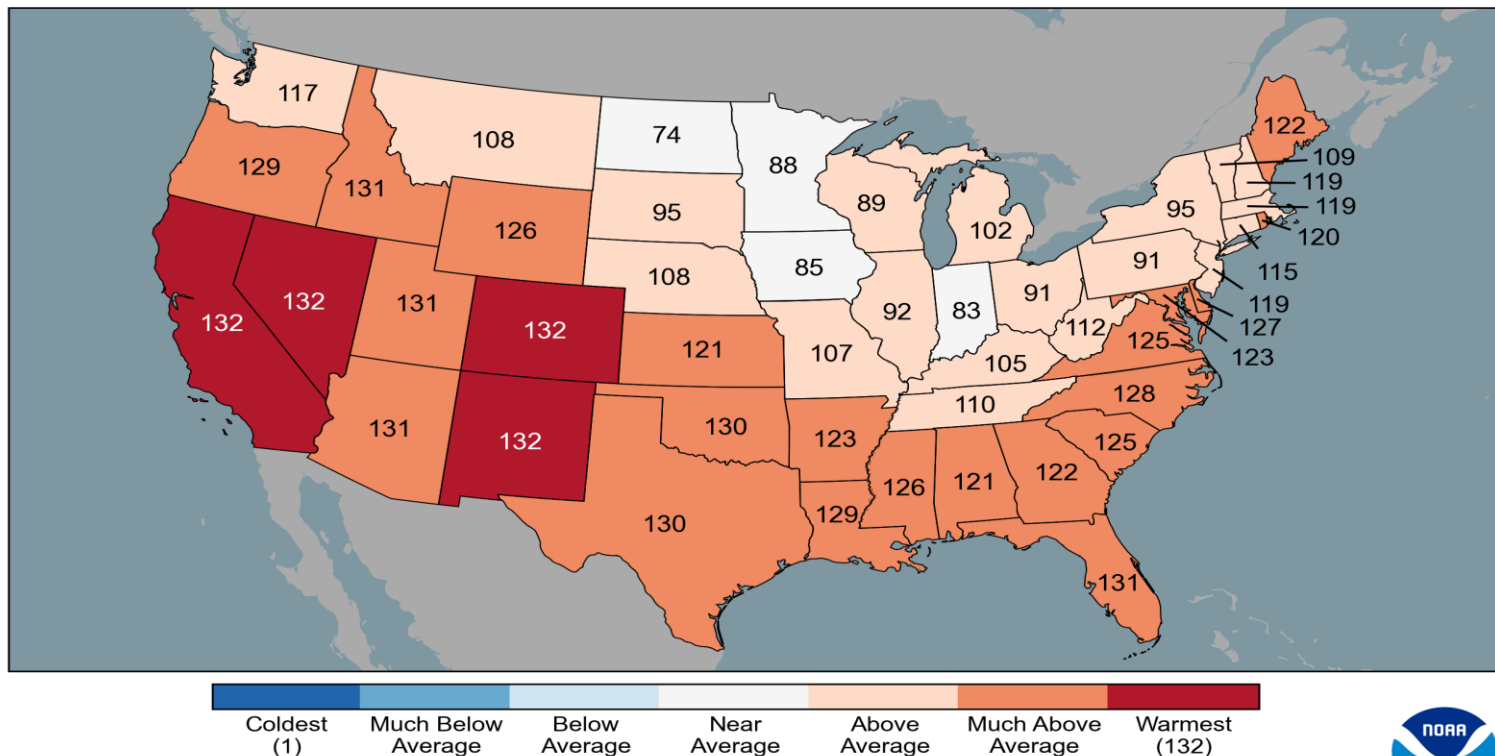
Degree Days



Statewide Average Temperature Percentiles and Ranks August 2026

Ranking Period: 1895–2026

NOAA's National Centers for Environmental Information



Created: Sep 04 2026
Source: nClimDiv-Monthly



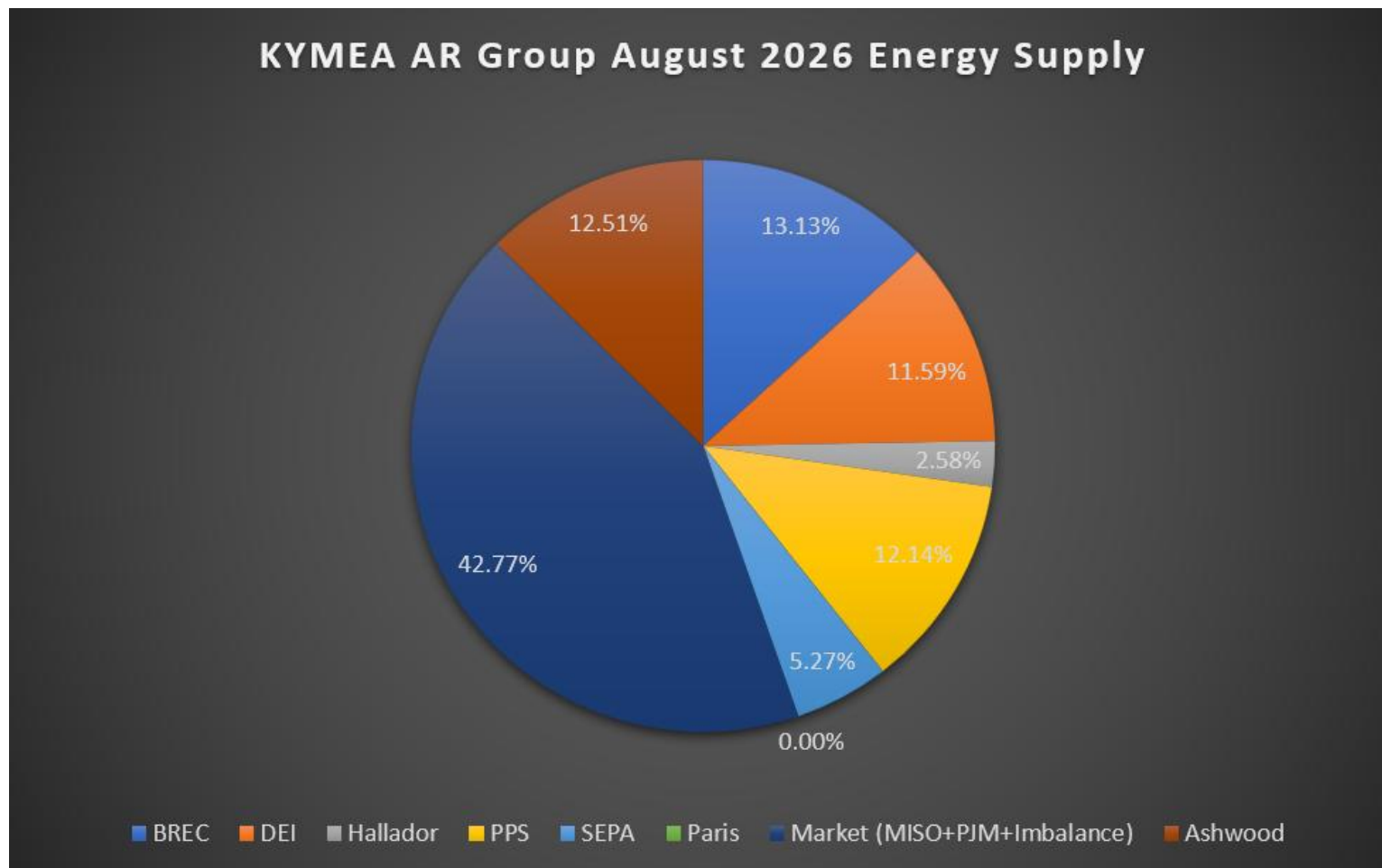
AR Load August 2026



August 2026 Snapshot

Aug-26							
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	8,667	8,734	101%	18.79	18.77	100%	8/14/2026 3:00:00 PM
Bardwell	909	903	99%	2.09	2.02	97%	8/16/2026 6:00:00 PM
Benham	431	410	95%	0.97	0.95	98%	8/16/2026 5:00:00 PM
Berea	11,405	12,158	107%	23.44	25.07	107%	8/16/2026 5:00:00 PM
Corbin	8,283	8,485	102%	18.70	18.22	97%	8/14/2026 4:00:00 PM
Falmouth	1,853	1,972	106%	4.23	4.36	103%	8/10/2026 5:00:00 PM
Frankfort	68,947	65,776	95%	140.28	133.81	95%	8/11/2026 3:00:00 PM
Madisonville	34,785	28,426	82%	72.23	56.69	78%	8/11/2026 4:00:00 PM
Olive Hill	1,834	1,928	105%	4.06	4.26	105%	8/16/2026 5:00:00 PM
Paris	5,601	5,542	99%	13.31	12.42	93%	8/31/2026 4:00:00 PM
Providence	2,937	2,709	92%	6.62	6.00	91%	8/14/2026 5:00:00 PM
Total	145,652	137,042	94%	304.72	282.56	93%	

KYMEA LG&E/KU AR Group Energy Supply



Working Gas in Storage (8-28-2026)

Working natural gas in storage (Lower 48 states)
billion cubic feet (Bcf)

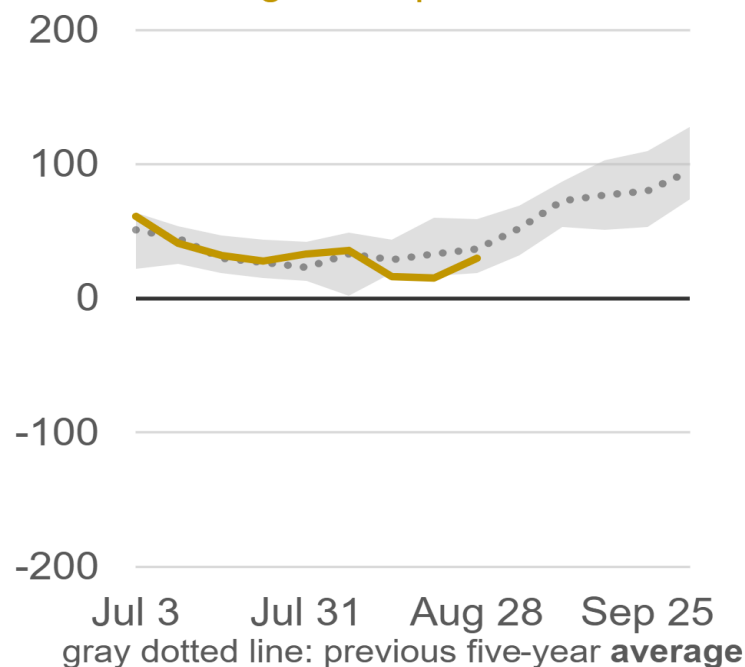
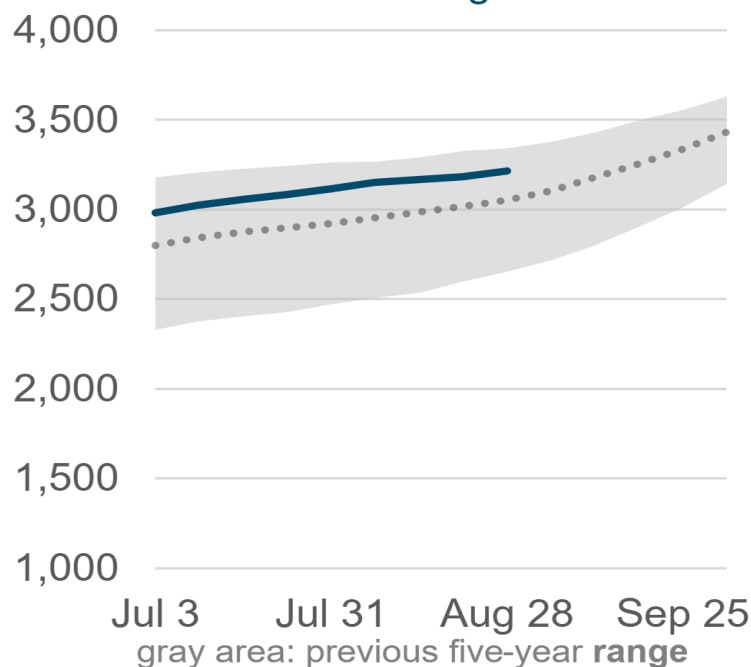


3,214 Bcf

as of Aug 28

+30 Bcf

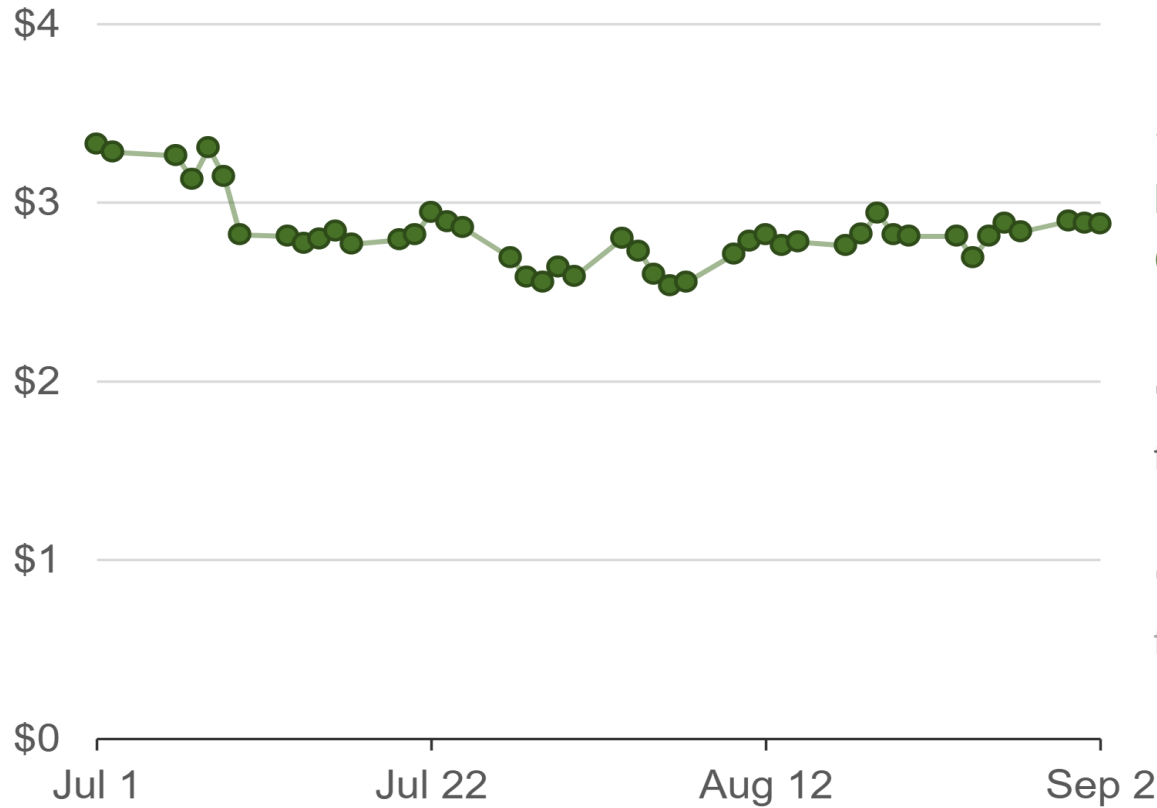
change from previous week



Natural Gas Spot Prices



Henry Hub natural gas spot price dollars per million British thermal units (MMBtu)



\$2.88

latest price
(Sep 2)

+\$0.07

from **one week** ago

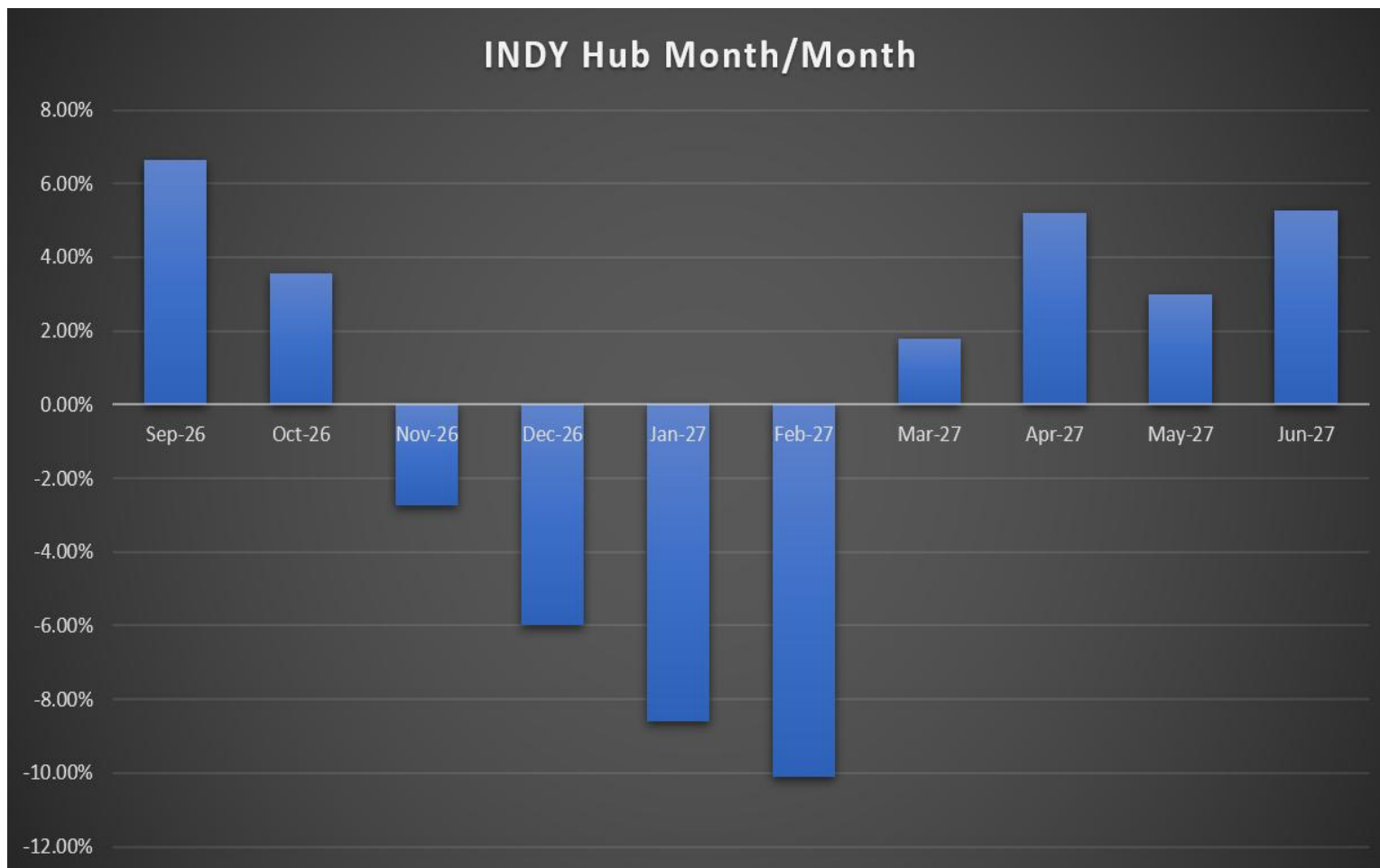
+\$0.15

from **one year** ago

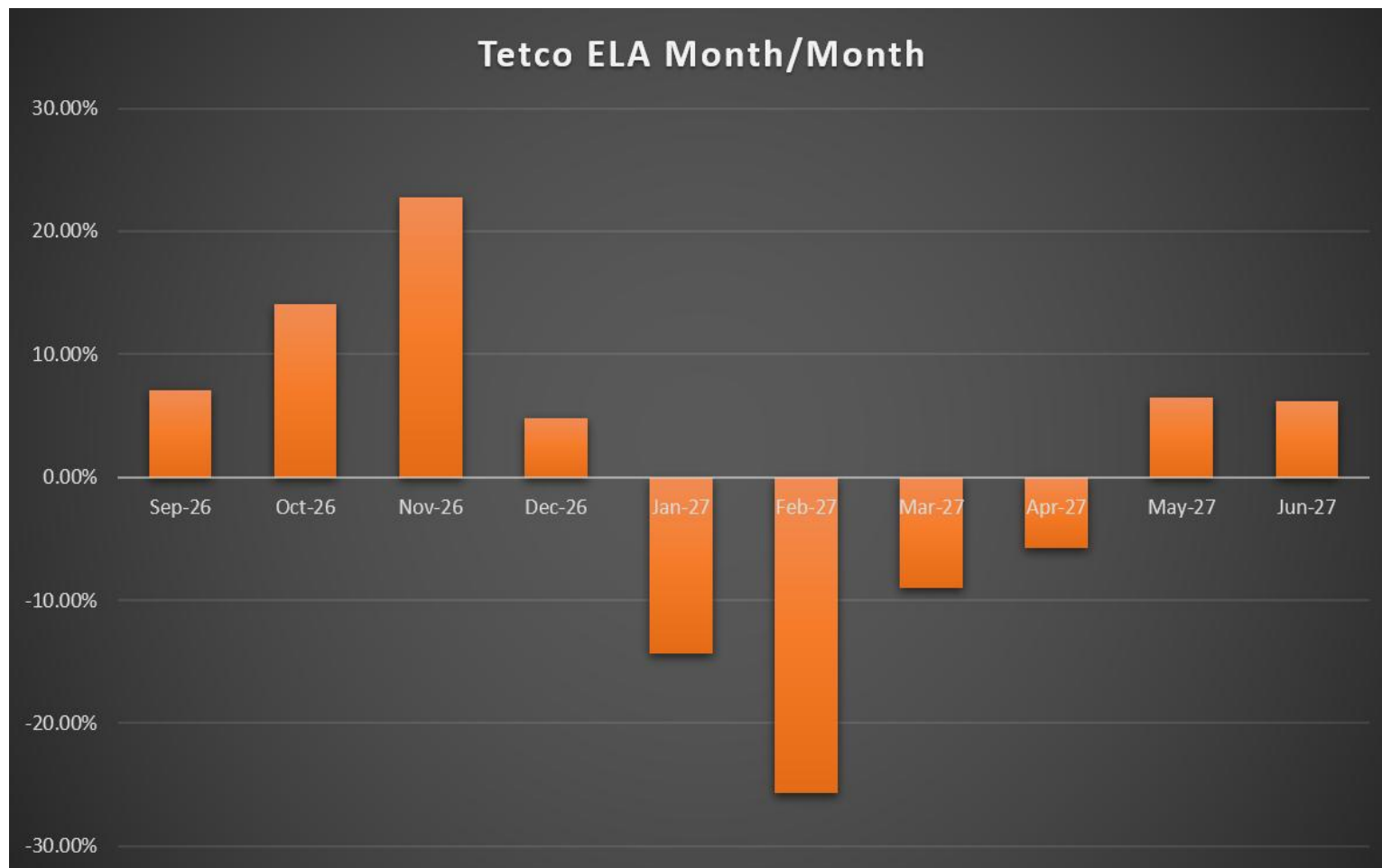
Total Rig Count

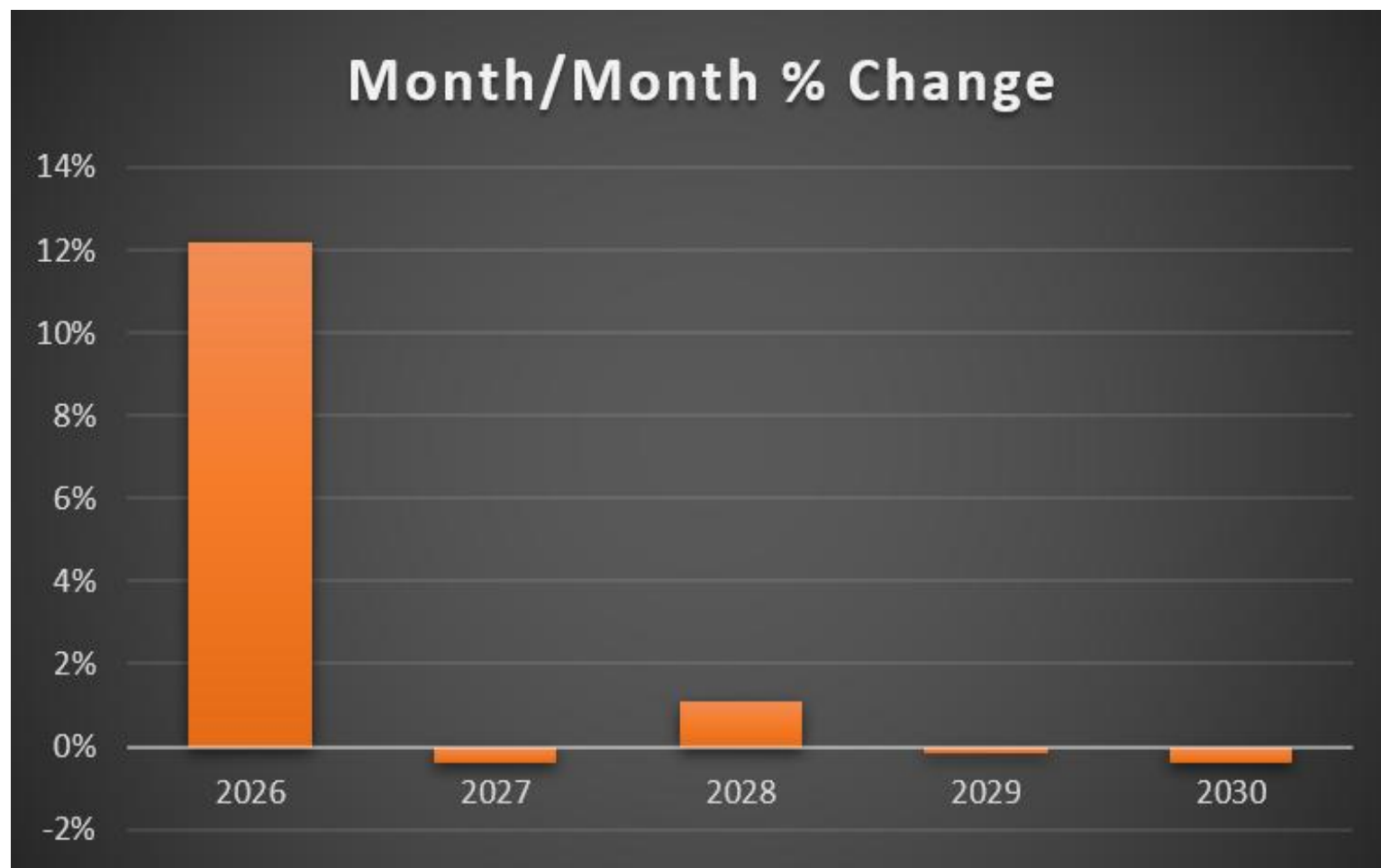
Baker Hughes reported that the number of active US nat-gas drilling rigs in the week ending September 4, 2026, fell to 130 rigs.

Indiana Hub ATC

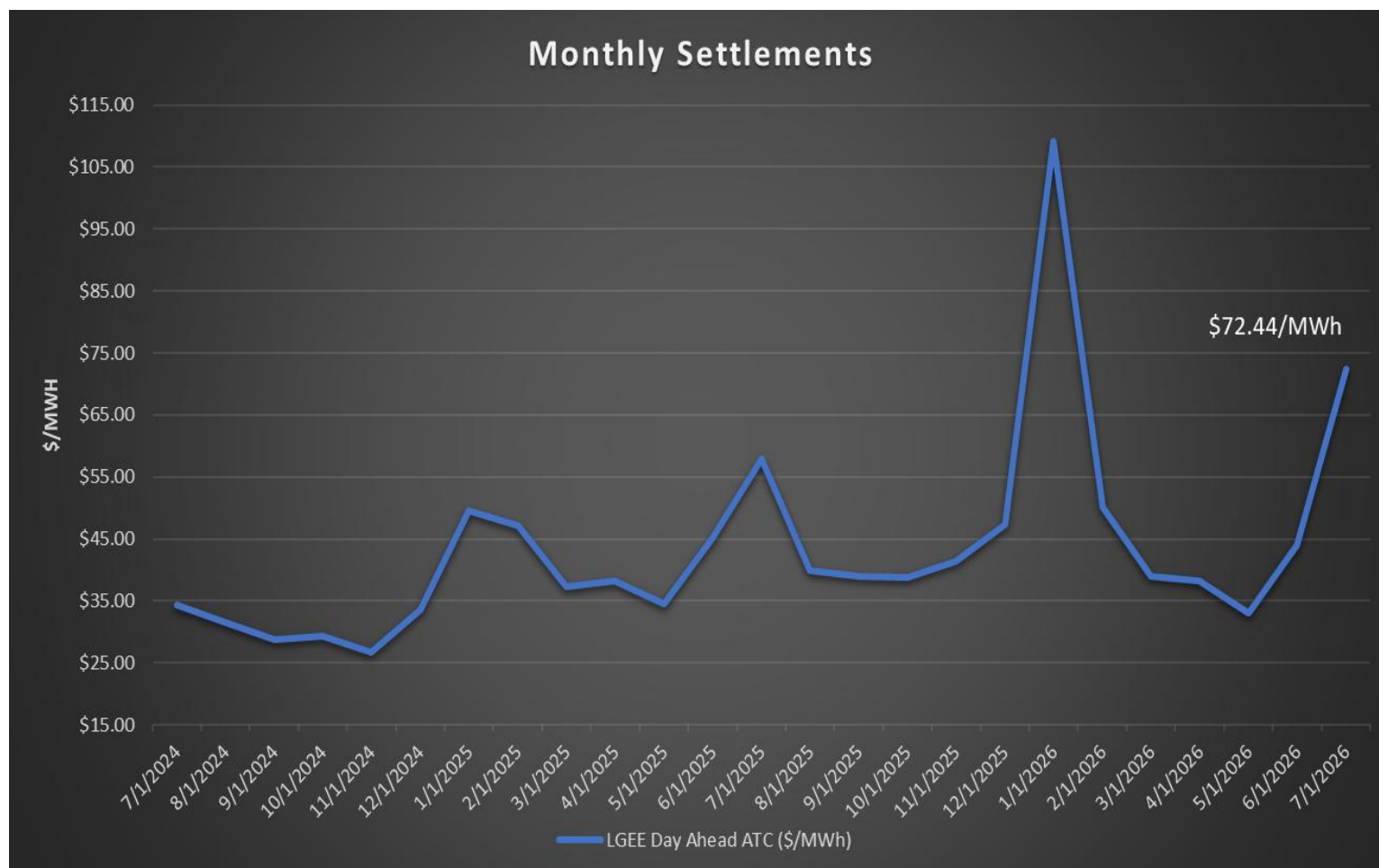


Texas Eastern Transmission East Louisiana Zone





Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

Michelle Hixon

Sep 24, 2026

Dates to Remember

October

22 nd at 9 AM (8 AM Central)	Combined Mtg of the AR Project Committee and KYMEA Board of Directors (Madisonville)
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November

18 th at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors
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December

15 th at 2 PM	Budget Committee Meeting
16 th at 9 AM	BROC Committee Meeting
16 th at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors

October Board Meeting

Wednesday, October 21, 2026

ECI Plant Tour: 3 PM Central Time (1757 AC Slaton Rd., Madisonville, KY 42431)

Dinner: 7 PM, (details will be sent in October)

October 22, 2026

Time: 9 AM Eastern Time/8 AM Central Time

Virtual Participation: A TEAMS meeting will be available for those who wish to participate virtually.

Location: Madisonville Electric Department
755 Nebo Rd, Madisonville, KY 42431

Parking: Enter and park at the main front entrance.

Lunch: Not provided, as we expect folks to want to head home early.

Holiday Inn Express & Suites
Madisonville
234 Midtown Blvd
Madisonville, KY 42431

Call Emily at 270-561-6618 to make your reservation and ask
for the KYMEA rate.



September 2026 Newsletter



Look for the September 2026 Newsletter is in your mailbox. Visit www.kymea.org to read the electronic version.

Public Power Week 2026

OCTOBER 4-10



Download free resources [here](#).

Public Power Week Resources

Public Power Week 2026 is October 4-10! Public power utilities across the U.S. celebrate Public Power Week during the first full week of October every year to help customers and stakeholders understand how they can better engage with their community-owned utility and benefit from all its offerings. Resources are updated annually, July-September. We encourage you to use the sample resources and templates to spread the word and help celebrate in your community.

The 2025 theme was "2,000 utilities. One purpose" and the resources for last year are still available below for you to update and customize to fit your needs. We will start to upload resources for 2026 in July and August. We also encourage you to use the evergreen resources in the Videos section below.

We appreciate the efforts of all our members to promote public power during Public Power Week and all year long!

- **2026 logos** (zip file)
- Fact Sheet - About Public Power: Powering Strong Communities (updated 2026 - PDF): [APPA logo](#) | [No APPA logo](#)
- Animated video "Public Power: 2,000 Utilities. One Purpose.": [with APPA logo \(1:13\)](#) | [no logo version \(1:08\)](#)
- Social media reel "Public Power: 2,000 Communities. One Purpose.": [with APPA logo \(1:13\)](#) | [no logo version \(1:08\)](#)
- **Social media graphics** for Facebook, Instagram, LinkedIn, and X (zip file)
- **Sample social media posts** (PDF)
- Fact Sheet - Public Power: Better Service Saves (PDF): [APPA logo](#) | [No APPA logo](#)
- **Ad template - half page** (PDF)
- **Coloring sheet: 2,000 utilities. One purpose.** (PDF)
- **Coloring sheet: happy transmission tower** (PDF)
- **Coloring sheet: community-powered town** (PDF)
- **Coloring sheet: powering strong communities** (PDF)
- **Coloring sheet: greetings from a public power community** (PDF)
- Coloring sheets featuring Monster Detective Collective (PDF): [Celebrate #PublicPower!](#) | [Public Power Pride](#) | [I Love Public Power](#)
- Sample Public Power Week news release ([Word](#) | [PDF](#))
- Sample newspaper guest column or speech about Public Power Week ([Word](#) | [PDF](#))
- Sample Public Power Week employee recognition ([Word](#) | [PDF](#))
- Sample Public Power Week proclamation ([Word](#) | [PDF](#))
- Sample Public Power Week letter to business customers ([Word](#) | [PDF](#))
- Sample Public Power Week letter to public officials ([Word](#) | [PDF](#))
- **Social media animated stickers** featuring Monster Detective Collective (Also see the [instructions PDF](#))
- Social media reels featuring Monster Detective Collective: [You Are Public Power \(15 seconds\)](#) | [Public Power Pride \(15 seconds\)](#) | [Public Power Pride \(7 seconds\)](#)

RESOLUTION

RESOLUTION OF THE BOARD OF DIRECTORS OF THE KENTUCKY MUNICIPAL ENERGY AGENCY AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF KENTUCKY MUNICIPAL ENERGY AGENCY POWER SYSTEM REVENUE BONDS (ENERGY CENTER I PROJECT), SERIES 2026.

WHEREAS, the Kentucky Municipal Energy Agency (the "Issuer") is a public agency duly organized under provisions of Chapter 65 of the Kentucky Revised Statutes; and

WHEREAS, the Issuer pursuant to Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, is authorized and empowered to issue bonds to defray the costs of acquiring, constructing and equipping public projects including but not limited to electric generation facilities; and

WHEREAS, at the request of a portion of its members, who are municipal electric utilities located in the Commonwealth of Kentucky (the "ECI Members"), the Issuer is developing a natural gas reciprocating internal combustion engine electric generation facility on a site in Madisonville, Kentucky to be known as the KYMEA Energy Center I (the "Project"); and

WHEREAS, the Issuer will own the Project and will assign the Attributes of the Project to the ECI Members as tenants in common pursuant to a Participation Agreement by and between the Issuer and the ECI Members; and

WHEREAS, on March 6, 2025 the Issuer issued its (i) Kentucky Municipal Energy Agency Power System Revenue Bonds (ECI Project), Series 2025 in the aggregate principal amount of \$121,980,000 (the "Series 2025 Bonds") and (ii) Tax-Exempt Line of Credit Note and the Taxable Line of Credit Note (the "Notes"), each in favor of Bank of America, N.A. ("BANA") for the purpose of financing a portion of the costs of the acquisition, construction and equipping of the Project; and

WHEREAS, the Issuer has determined that it is necessary to issue bonds for the purpose of providing sufficient funds for the completion of the acquisition, construction and equipping of the Project;

WHEREAS, the Issuer has determined that it is necessary to issue its Kentucky Municipal Energy Agency Power System Revenue Bonds (Energy Center I Project) Series 2026 (the "Series 2026 Bonds") for the purpose of (i) providing sufficient funds for the completion of the acquisition, construction and equipping of the Project; (ii) funding interest during construction; (iii) funding a deposit to the debt service reserve; and (iv) paying the costs of issuance of the Series 2026 Bonds;

BE IT RESOLVED BY THE KENTUCKY MUNICIPAL ENERGY AGENCY:

1. **Authorization of Series 2026 Bonds.** For the purpose of paying the costs, not otherwise provided, of (i) providing sufficient funds for the completion of the acquisition, construction and equipping of the Project; (ii) funding interest during construction; (iii) funding a

deposit to the debt service reserve; and (iv) paying the costs of issuance of the Series 2026 Bonds the Issuer hereby authorizes and approves the issuance of its Kentucky Municipal Energy Agency Power System Revenue Bonds (Energy Center I Project), Series 2026, in the aggregate principal amount not to exceed \$60,000,000 (the "Series 2026 Bonds"), which amount shall be the maximum amount of such Series 2026 Bonds to be outstanding at any one time, which Series 2026 Bonds shall be issued as fully registered bonds, as more fully provided for in the Trust Indenture (the "Indenture") hereinafter approved.

The Series 2026 Bonds shall be issued on a parity basis with the Series 2025 Bonds and the Notes and shall bear interest from their dated date at such rates and shall be payable in such amounts and at such times as specified in the Indenture, all as agreed upon by the Issuer and Old National Wealth Management, as trustee (the "Trustee") and the interest rates on the Series 2026 Bonds shall be set at the rates set out in the Bond Purchase Agreement hereinafter approved (the "Bond Purchase Agreement") between the Issuer and BofA Securities, Inc. as the representative of the Underwriters (collectively the "Underwriter") of the Series 2026 Bonds as said interest rates shall be approved in writing by the Issuer's President and CEO and its Chief Financial Officer, without the necessity of any further action by the Issuer's Board of Directors fixing said rates, provided, however, that the true interest cost on the Series 2026 Bonds shall not exceed 7% per annum.

2. Approval and Authorization of Execution of Documents. The documents listed on and defined in Exhibit A attached hereto and incorporated herein (the "Bond Documents") are hereby authorized and approved, such approval to be conclusively evidenced by the execution of said Bond Documents, in order to effectuate the purposes of this Resolution; and the President and CEO is hereby authorized to execute and acknowledge same for and on behalf of the Issuer. Said Bond Documents once executed are hereby ordered to be filed in the official records of the Issuer. The Bond Documents shall include such other documents and certifications executed by the officers of the Issuer to effectuate the purposes of this Resolution as may be required by the Underwriter, its counsel, or Rubin & Hays, as Bond Counsel ("Bond Counsel").

3. Disbursement of Proceeds of Series 2026 Bonds. The Issuer and the Trustee are authorized to carry out the procedures specified in the Indenture for the disbursement of the proceeds of the Series 2026 Bonds to acquire, construct, develop and equip the Project.

4. Revenues of the Project. The Revenues (as defined in the Indenture) of the Project, including the payments to be received by the Issuer under the terms of the ECI Power Purchase Agreement and the AR Contracts (each as defined in the Indenture and collectively hereinafter referred to as the "Power Agreements"), are determined to be sufficient to pay the principal of and interest on the Series 2025 Bonds, the Series 2026 Bonds and the Notes, together with the operating and administrative costs of the Project, as the same become due and payable; and all of said payments and any and all other payments, revenues and proceeds received under the Power Agreements are hereby pledged to secure the debt service on the Series 2025 Bonds, the Series 2026 Bonds and the Notes as are more fully specified and defined in the Indenture.

Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the President and CEO, the Chief Financial Officer, any Vice-President, the Chairman, any Vice-Chairman, the Treasurer, the Secretary and all other appropriate officials of the Issuer are hereby authorized and directed to take any and all further actions and to execute and deliver all other documents as may be reasonably necessary to provide for payments, revenues and proceeds received under the Power Agreements to secure the debt service on the Series 2025 Bonds, the Series 2026 Bonds and the Notes as are more fully specified and defined in the Indenture.

5. Designation of Financing Team. The following entities are hereby appointed and designated as the Issuer's Financing Team:

(a) Old National Wealth Management is hereby appointed and designated as the corporate trustee under the Indenture and also as the paying agent and bond registrar for the Series 2026 Bonds;

(b) Robert W. Baird & Co. Incorporated shall serve and is hereby appointed and designated as the Issuer's Financial Advisor pursuant to the terms of the Financial Advisor Engagement Contract that is hereby confirmed; and

(c) BofA Securities, Inc. shall serve and hereby is appointed and designated by the Issuer as the Underwriter of the Series 2026 Bonds.

6. Execution of Series 2026 Bonds. The Series 2026 Bonds shall be executed in the manner provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery by the Trustee to the Underwriter, with instructions to that effect, as provided in the Indenture.

7. Issuer Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the President and CEO, the Chief Financial Officer, the Chairman, any Vice-Chairman, the Treasurer, the Secretary and all other appropriate officials of the Issuer are hereby authorized and directed to take any and all further actions and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Series 2026 Bonds, including such documents as may be necessary to effect the issuance of a bond insurance policy insuring payment of the principal of and interest on the Series 2026 Bonds, or any portion thereof, or the issuance of a surety reserve, if same is deemed by the President and CEO to be in the best interest of the Issuer.

8. Limited Obligation. The Series 2026 Bonds shall not be a general obligation of the Issuer but a limited obligation payable solely from the Trust Estate (as defined in the Indenture) including the amounts payable under the Power Agreements and the Issuer's revenues of the Project. Neither the Issuer, the Commonwealth of Kentucky nor any Member of the Issuer or any other political subdivision of the Commonwealth of Kentucky shall be obligated to pay the principal of or interest on such Series 2026 Bonds or other costs incident thereto except from the amounts payable under the Power Agreements, and from other revenues and property interests of the Project pledged therefor as part of the Trust Estate. Neither the faith and credit nor the taxing power of the Issuer, the Commonwealth of Kentucky or any Member of the Issuer or any political

subdivision of the Commonwealth of Kentucky is pledged to the payment of the principal of, or premium, if any, on or interest on the Series 2026 Bonds or other costs incident thereto.

9. Compliance with Federal Arbitrage Requirements. The Issuer has approved the covenant in the Indenture that sums derived from the proceeds of the Series 2026 Bonds shall not be invested in investments in a manner which would cause the Series 2026 Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code and the applicable regulations of the Department of Treasury promulgated thereunder.

10. Defined Terms. Capitalized terms not otherwise defined herein bear the definitions contained in the Indenture authorized herein by between the Issuer and the Trustee.

11. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

12. Captions of Clauses. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

13. 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.

14. Statutory Authorization. All actions undertaken by Issuer or authorized to be undertaken by Issuer by virtue of this Resolution are undertaken by Issuer pursuant to the provisions of KRS 65.210 to 65.300.

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

Introduced, read and adopted on September 24, 2026.

KENTUCKY MUNICIPAL ENERGY
AGENCY

By _____
Chairman

Attest:

Secretary

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Kentucky Municipal Energy Agency, that the foregoing Resolution is a true copy of a Resolution introduced, read and adopted at a properly convened meeting of said Issuer's Board of Directors on September 24, 2026, signed by the Chairman of said Issuer, and attested by me as Secretary, at a properly convened meeting of said Board of Directors held on September 24, 2026, 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 61.810, 61.815, 61.820 and 61.823, that a quorum was present at said meeting, 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 the Issuer this 24th day of September, 2026.

Secretary

EXHIBIT A

List of Documents

1. The Trust Indenture by and between the Issuer and the Trustee.
2. The Supplemental Trust Indenture No. 3 by and between the Issuer and the Trustee.
3. The Series 2026 Bonds.
4. The Preliminary Official Statement and the Official Statement used for the marketing of the Series 2026 Bonds.
5. The Bond Purchase Agreement by and between the Issuer and BofA Securities, Inc. for itself and as representative of the underwriting group.
6. The Continuing Disclosure Agreement of Issuer relating to the Series 2026 Bonds.

Amendment No. 1
to the
Participation Agreement~~Agreement for the Purchase and Sale of Renewable Energy and Related Products~~
among between
Ashwood Solar I, LLC and Kentucky Municipal Energy Agency and the Participants (defined below)
September December 19, 2026

This Amendment No. 1 ("Amendment No. 1") to the Participation Agreement~~Agreement~~ relating to the development by the Kentucky Municipal Energy Agency of a 75 MW natural gas reciprocating internal combustion engine power generation facility known as Energy Center I (the "Project" or "ECI Project") on a site in Hopkins County, Kentucky (the "Project Site"), as well as ancillary facilities, not located on the Project Site, including certain transmission facilities, for the benefit of the Participants who will hold interests in the Attributes of the Project as tenants in common~~for the Purchase and Sale of Renewable Energy and Related Products~~, dated as of January 1, 2025~~August 23, 2018,~~ as it may be amended from time to time (the "Agreement~~Participation Agreement~~"), by which the Parties hereto agree to amend the Agreement~~Participation Agreement~~ ~~is entered into as of September~~ December 19, 2026 by and among between Ashwood Solar I, LLC ("Seller") and Kentucky Municipal Energy Agency ("Buyer KYMEA") and the Participants, as defined below. Capitalized terms used but not defined in this Amendment No. 1 shall have the meanings set forth in the Agreement~~Participation Agreement~~ except as otherwise indicated herein.

WHEREAS, the City of Olive Hill, Kentucky ("Olive Hill") desires to be an Additional Participant in the Project.

WHEREAS, the Seller and Buyer are Parties to the Agreement~~Participation Agreement~~, effective as of January 1, 2025~~August 23, 2018; and~~

WHEREAS, Seller and Buyer wish to amend the Agreement~~Participation Agreement~~ to add Olive Hill as an Additional Participant to the Project as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Buyer KYMEA and the Participants ~~Seller~~ agree as follows:

1) Amendments.

Section 1. The Agreement~~Participation Agreement~~ is amended by adding the following new definitions to the list of definitions in Section 1.1. Where the new definitions refer to existing sections that are being amended by this Amendment No. 1, the references are to the sections as so amended.

"Abandonment" means:

"Participation Agreement" means this Participation Agreement, as amended and supplemented from time to time, dated as of the date hereof, by and among KYMEA, the Participants and the Additional Participants that acquire an Ownership Interest pursuant to the Participation Agreement.

"Olive Hill" means the City of Olive Hill, Kentucky, a body corporate and politic and a political subdivision of the Commonwealth of Kentucky, and its permitted successors and assigns.

"Participants" collectively include Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Madisonville, Olive Hill, Paris, and Providence, in each case it may also be referred to as a "Participant" and to the extent that it has not ceased to be a party hereto.

Section 2. Section 3.1.2 of the Participation Agreement titled "Ownership of Attributes" is hereby amended as follows:

"The Attributes shall be owned by the Participants as tenants-in-common. Each Participant shall own and have title to its Ownership Interest set forth on Exhibit C attached to this Amendment No. 1. The (i) Prior to the Commercial Operation Date: either (x) Seller notifies Buyer that Seller does not intend to achieve Commercial Operation for the Facility; or (y) a final decision is rendered either pursuant to the voluntary arbitration provisions of Section 15.3 or by a court of competent jurisdiction that the Seller has actually or constructively abandoned the Facility.

(ii) After the Commercial Operation Date: Seller notifies Buyer that Seller does not intend to continue to operate the Facility in accordance with its obligations under this Agreement.

"Abandons" shall be construed accordingly.

"Amendment No. 1" has the meaning set forth in the preamble.

"Amendment No. 1 Effective Date" is the date specified in Part 4 of this Amendment No. 1.

"Cost of Cover" means the amount, if any, by which (x) Buyer's reasonable costs to replace the Products to which Buyer would have been entitled under this Agreement had Commercial Operation been achieved by the Guaranteed COD, including additional transmission charges, if any, reasonably incurred by Buyer to deliver such replacement Products to an interconnection point with the transmission system of LGE/KU, or its successor in interest, exceed (y) the sum of charges that Buyer would have paid for such Products under this Agreement. The Parties agree that it may be reasonable for Buyer to procure such replacement Products and/or the associated transmission in annual increments (such as a MISO Planning Year) irrespective of the duration of the Delay Period.

"Domestic Content Adder" has the meaning set forth in Section 4.8(a).

"Energy Community Adder" has the meaning set forth in Section 4.8(a).

"Final IRA Determination" has the meaning set forth in Section 4.8(b).

"First Milestone" means December 30, 2022, the date by which Seller must submit to Buyer a binding purchase order or other duly executed contract, with delivery date to the Facility site noted thereon, but which otherwise may be redacted as necessary to

~~reasonably protect any proprietary or confidential information, for purchase of the transformer required for operation of the Facility.~~

~~“IRA Benefits” has the meaning set forth in Section 4.8(a).~~

~~“IRA” means the Inflation Reduction Act of 2022.~~

~~“MISO Planning Year” has the meaning set forth in the Midcontinent Independent System Operator tariff.~~

~~“Proposed Transferee” has the meaning set forth in Section 3.4.~~

~~“Second Milestone” means February 1, 2023, the date by which Seller must submit to Buyer a purchase order or other duly executed contract for purchase and delivery to the Facility site of the photovoltaic panels required to meet Design Capacity for the Facility with delivery date noted thereon, but which otherwise may be redacted as necessary to reasonably protect any proprietary or confidential information.~~

~~“Supplemental ROFR” has the meaning set forth in Section 3.4.~~

~~“Termination Payment” has the meaning set forth in Section 11.5(b).~~

~~“Third Milestone” means December 1, 2023, the date by which (i) physical construction of the interconnection upgrades and other work required by the Interconnection Agreement has commenced and is in progress or completed; (ii) physical construction of the Facility’s photovoltaic arrays has commenced and is in progress; and (iii) at least ninety (90) percent of the photovoltaic modules necessary to achieve the Design Capacity have been delivered to the Facility site.~~

~~The following definitions in Section 1.1 of the Agreement are amended and reinstated in their entirety as follows:~~

~~“Contract Capacity” means 100% of the Facility Nameplate Capacity, which is expected to be 86 MW.~~

~~“Contract Energy” means 100% of the Energy that the Facility is capable of generating at a given time.~~

~~“Delay Period” means the period starting with the Guaranteed COD and ending with (i) the actual COD; or (ii) the date that is nine (9) months after the Guaranteed COD, if COD has not occurred and Buyer has elected to receive Capacity Damages pursuant to Section 3.3(b); or (iii) the date of termination of this Agreement, if COD has not occurred and Buyer has exercised the right to terminate this Agreement pursuant to Section 3.3(b).~~

~~“Delivered Energy” means 100% of the Energy (other than Test Energy) actually produced by the Facility and delivered by Seller at the Delivery Point in the relevant time period, to which Buyer is entitled and which Buyer is obligated to purchase hereunder, as metered pursuant to Section 5.5 and expressed in MWhs. Delivered Energy shall be net of all electrical losses associated with the transmission or transformation (from direct current to AC) of the Energy to the Delivery Point, including, if applicable, any losses between Seller’s metering facilities and the Delivery Point.~~

~~“Guaranteed COD” means June 1, 2024; provided, however, that such date shall be extended by one day for each day of delay of construction of the Facility that was due directly and solely to Force Majeure or action or inaction of Buyer.~~

~~“Guaranteed Energy Price” means \$38.45 per MWh during the first twelve months following the Service Commencement Date and escalating each year thereafter on the~~

~~anniversary of the Service Commencement Date by one-half of one percent (0.5%) during the remainder of the Contract Term. This price is not subject to modification.~~

~~“Service Commencement Date” means the later of June 1, 2024 or the Commercial Operation Date.~~

~~Section 3.3(b) of the Agreement is amended and restated in its entirety as follows:~~

~~(b) If, as of the date that is nine (9) months following the Guaranteed COD, Seller has not provided the Commercial Operation certificate in the form of Exhibit F establishing that the aggregate nameplate Capacity of the Facility that has achieved commercial operation is at least ninety-five percent (95%) of the Design Capacity, Buyer may terminate this Agreement, receive Capacity Damages, or continue the Agreement without any changes to its terms. Buyer shall provide written notice of its election hereunder no later than thirty (30) days following the date that is nine (9) months following the Guaranteed COD. If Buyer elects to terminate pursuant to this Section 3.3(b), the termination shall be without penalty or further liability on the part of Seller or Buyer, and shall be effective as of the date of the notice. If Buyer elects to receive Capacity Damages, (i) Seller shall make payment within ten (10) days of receipt of Buyer's notice, (ii) the Commercial Operation Date shall be deemed to be the date of Buyer's notice, (iii) the initial Facility Nameplate Capacity shall be the commercially available Capacity at the time of Buyer's notice; and (iv) Seller's payment of Capacity Damages shall be Buyer's sole and exclusive remedy for the Facility Nameplate Capacity being less than the Design Capacity. If Buyer elects neither to terminate this Agreement pursuant to this Section 3.3(b) nor to receive Capacity Damages, Seller shall continue its efforts to achieve Commercial Operation for a period of one hundred eighty (180) days, and Buyer and Seller each retain all their rights and obligations under this Agreement.~~

~~A Section 3.4 is added to Article III of the Agreement as follows:~~

~~Section 3.4. Right of First Refusal to Purchase Facility.~~

~~(a) If at any time during the Contract Term, Seller or any Affiliate of Seller desires to sell or otherwise transfer ownership of the Facility or any part of the Facility if after transfer of such part Seller would own less than fifty percent (50%), to another Person (the “Proposed Transferee”), then Seller shall promptly submit to Buyer the final version in each instance of the negotiated and executed term sheet pertaining to the proposed sale or transfer, and Buyer shall be given the option and preference of purchasing the same on terms and conditions, including price, commercially equivalent to those set forth in said term sheet (“Supplemental ROFR”), subject to any required government approvals and required third party consents from entities that are not Affiliates. In order to exercise its Supplemental ROFR, Buyer must submit to Seller written notice of Buyer’s willingness to purchase all or such part of the Facility under terms commercially equivalent to those set forth in the foregoing term sheet, within ninety (90) days from Buyer’s receipt of said term sheet.~~

~~(b) If Buyer waives its Supplemental ROFR, then at any time within twelve (12) months after the date of Buyer’s waiver, the Facility may be sold to the Proposed Transferee by Seller on the terms specified in the term sheet identified in subpart (a) of this section. If such sale is not consummated within such twelve (12) month period, the Facility shall continue to be subject to Buyer’s rights under this Section 3.4. Additionally, any~~

~~portion of the Facility that is not sold shall remain subject to Buyer's rights under this Section 3.4.~~

~~(c) For purposes of this Section 3.4, a change of control of Seller, as the term "control" is defined in the definition of Affiliate, will be deemed a transfer of Seller's ownership of the Facility, except that in no event will any sale of ownership interests in RWE Renewables Americas, LLC or any parent company thereof be deemed a transfer of ownership of the Facility.~~

~~Section 4.7 of the Agreement is amended and restated in its entirety as follows:~~

~~Investment or Production Tax Credits. Subject to Section 4.8, Seller shall have the sole and exclusive right to any and all Renewable Energy Incentives.~~

~~A Section 4.8 is added to Article IV of the Agreement as follows:~~

~~Section 4.8. Inflation Reduction Act Benefits.~~

~~If, at any time during the Contract Term, Seller, or any Affiliate of Seller, realizes any increased economic or monetary benefit, pursuant to (A) Section 48(a)(12) or Section 45(b)(9) ("Domestic Content Adder"), or (B) Section 48(a)(14) or Section 45(b)(11) ("Energy Community Adder") and collectively with the Domestic Content Adder, the "IRA Benefits"), then within thirty (30) days after the date the Seller realizes any IRA Benefits, Seller will provide Buyer with an accounting with detailed information of the net benefit to Seller of any IRA Benefits, and the Parties will negotiate in good faith to amend this Agreement within one hundred and eighty (180) days of any such determination, such that the Parties will equally share in the benefit, with Buyer's share reflected in a reduction in the Contract Price as applicable, for the remainder of the Contract Term. During any such negotiation period, Seller will still be obligated to perform under the terms of this Agreement, including delivery of Environmental Attributes. For purposes of determining when an IRA Benefit is realized under this Section 4.8(a), realization will have been deemed to have occurred upon the earliest occurrence of any of the following: (i) the transfer of any income tax credits (inclusive of any IRA Benefits) under section 6418, as reflected on the federal income tax return of any entity, or (ii) the claiming of any IRA Benefits afforded to a Person pursuant to the Inflation Reduction Act on the federal income tax return (on the date such return is filed) of any entity; provided that whether the Facility is eligible for IRA Benefits and whether any such IRA Benefits are claimed with respect to the Facility is in the sole discretion of the Seller.~~

~~If, after one hundred and twenty (120) days of negotiating in good faith, the Parties are unable to satisfactorily agree to an amendment to this Agreement, then the Parties shall submit the dispute to an independent expert for resolution. If the Parties are not able to mutually agree upon an independent expert, then each Party shall select an expert who has experience in the IRA Benefits and renewable project finance and ownership structures, and the experts so selected shall confer and jointly select a similarly qualified independent expert, who shall be the independent expert for purposes of determining the resulting reduction in Contract Price due to Buyer under this Section.~~

~~The independent expert shall provide preliminary determination to Seller and Buyer, together with supporting documentation and analysis. Either Seller or Buyer may object in writing to the preliminary determination within thirty (30) days after receiving it. Within ten (10) Business Days after (1) receiving any such objection or (2) receiving no such objection, the independent expert shall issue to Seller and Buyer a final determination of the reduction in Contract Price due to Buyer under this Section ("Final IRA~~

~~Determination”), which Final IRA Determination shall specifically address the substance of any objections raised by either Party and how such objections were taken into account in making the Final IRA Determination.~~

~~The Parties agree that the Final IRA Determination shall be final and binding upon the Parties and shall not be subject to any further challenge by either Party. The fees, costs and expenses of the independent expert shall be divided equally between Seller and Buyer.~~

~~A new subpart (e) is added to Section 5.1 of the Agreement as follows (the original subparts (e) and (f) are re-designated subparts (f) and (g), respectively):~~

~~(e) At each meeting of the Operating Committee, Seller shall provide to Buyer its current detailed construction milestone schedule that (i) includes, in addition to other development and construction milestones, the First Milestone, Second Milestone, and Third Milestone, and (ii) reflects the Guaranteed COD and shall be utilized for project tracking by the Operating Committee. The initial version of said schedule is appended to this Amendment No. 1 as Exhibit 1. If Seller misses any milestone included in said schedule, Seller in each instance shall within ten (10) Business Days after such missed milestone provide to Buyer a detailed remediation plan and revised development/construction schedule to show how the Guaranteed COD will be achieved or, if Commercial Operation has not been achieved on or before the Guaranteed COD, how Commercial Operation will be achieved within a reasonable period of time.~~

~~Section 6.1 of the Agreement is amended as follows:~~

~~Subparts (a) and (d) are amended and restated in their entirety as follows:~~

~~(a) Buyer acknowledges that the Facility is an intermittent, as available resource. Further, Seller's obligations to construct the facility and to sell and deliver Contract Energy to the Point of Delivery that is otherwise available shall be excused as provided in Section 4.2 and permitted pursuant to Section 3.2(d) and Section 6.2. It shall be a breach by Seller if (i) it sells, assigns, or otherwise transfers Contract Energy to a third party, except as excused pursuant to Section 4.2; (ii) it fails to dispatch the Facility during periods when generation of Contract Energy is possible, and such failure is not excused under Section 4.2; or (iii) its failure to operate and maintain the Facility in accordance with Prudent Utility Practice materially reduces the output available from the Facility and, upon notice from Buyer, Seller fails to remedy the situation within a commercially reasonable timeframe; or (iv) through its negligence or misconduct Seller breaches the obligation to construct the Facility that results in a delay of the COD beyond the Guaranteed COD.~~

~~(d) Seller shall either pay, or credit Buyer on Seller's next invoice, any Replacement Energy Costs or, if applicable, any amount owed under Section 6.1(e).~~

~~A subpart (e) is added immediately following subpart (d), as follows:~~

~~(e) If Seller has breached this Agreement as described in clause (iv) of Section 6.1(a), Seller shall pay, in addition to liquidated delay damages under Section 3.3(a), any~~

~~amount by which the Cost of Cover for the Delay Period exceeds such liquidated delay damages.~~

~~The final sentence of Section 7.2 of the Agreement is amended and restated in its entirety as follows:~~

~~Irrespective of any Change in Law or market conditions affecting Seller or Buyer, and notwithstanding any assertion by Seller that certain costs are not covered, or any assertion by Buyer that the charges payable by Buyer hereunder do not reflect Seller's actual cost of providing the Products, the definition of Guaranteed Energy Price shall not change during the term of this Agreement.~~

~~The final sentence of Section 8.1 of the Agreement is amended and restated in its entirety as follows:~~

~~If any credit exceeds the amount that would otherwise be due for the applicable Service Month, or if any credit would be due to Buyer pursuant to Section 3.3(a) and/or Section 6.1 for a month that precedes the first Service Month, Seller shall pay the net refund to Buyer no later than when the invoice would otherwise be due for such Service Month (or, if prior to the first Service Month, no later than fifteen (15) days following the end of the applicable month).~~

~~Subparts (i), (ii), and (iii) of Section 9.2(b) of the Agreement are unchanged by this Amendment No. 1. The remainder of Section 9.2(b) of the Agreement is amended and restated in its entirety as follows:~~

~~(iv) Seller shall increase the amount of the Seller Security to twenty million dollars (\$20,000,000) no later than the Amendment No. 1 Effective Date.~~

~~(v) Seller shall decrease the amount of the Seller Security to \$100,000/MW of Buyer's Contract Capacity (assuming for such purposes that the Facility Nameplate Capacity is equal to the Design Capacity) no later than fifteen (15) days following the Commercial Operation Date.~~

~~(vi) Seller shall thereafter maintain the Seller Security set forth in Section 9.2(b)(v) at such level throughout the Contract Term.~~

~~Section 11.1 of the Agreement is amended as follows:~~

~~A subpart (g) is added as follows:~~

~~(g) Seller Abandons the Facility.~~

~~The first clause of subpart (e) is modified as follows:~~

~~(e) Seller commits a breach of its material covenants or obligations under this Agreement not otherwise excused by Force Majeure, other than a payment default as set forth in Section 11.1(a) or Abandonment as set forth in Section 11.1(g), unless:~~

~~A Section 11.5 is added to Article XI of the Agreement as follows:~~

~~Section 11.5. Additional Rights on Abandonment.~~

~~(a) If at any time during the Contract Term Seller intends to Abandon the Facility, Seller shall promptly notify Buyer and provide to Buyer all documents and information of the type customarily relied upon to perform reasonable due diligence on the Facility. Following Buyer's receipt of such documents and information, Buyer shall have sixty (60) days to exercise, by written notice to Seller, an option pursuant to which Seller shall, subject to any required governmental approvals and required third party consents from entities that are not Affiliates, promptly sell and transfer to Buyer all Governmental~~

~~Approvals, land rights, the Interconnection Agreement, and any other assignable assets of the Seller associated with the Facility.~~

~~(i) If Seller Abandons the Facility after achieving Commercial Operation and Buyer exercises its option under this Section 11.5(a), the sale price to be paid by Buyer for all such sold or transferred items shall be at fair market value (i.e., the amount that would be realized if such assets were sold in an arm's length transaction as of the date of the delivery). If, after good faith negotiations, the Parties cannot agree on such fair market value within sixty (60) days after Buyer's delivery of notice to purchase under this Section 11.5(a), the Parties shall cooperate to select an appraiser not affiliated with or otherwise providing services to either Party or their Affiliates to determine such fair market value.~~

~~(ii) If Seller Abandons the Facility prior to achieving Commercial Operation and Buyer exercises its option under this Section 11.5(a), Seller shall sell and transfer all such items at no cost to Buyer.~~

~~(b) If Seller, prior to achieving Commercial Operation, Abandons the Facility and Buyer terminates the Agreement in accordance with Section 11.3(a), Seller shall pay Buyer twenty million dollars (\$20,000,000) ("Termination Payment") plus, if applicable, any indemnification for Third Party Claims under Section 12.1. Seller shall make such payment within ten (10) Business Days of receipt of Buyer's notice of termination.~~

~~(c) Except in the case of fraud or willful misconduct by Seller and subject to Section 11.4, the remedies set forth in Section 11.5(a) and Section 11.5(b) shall be Buyer's sole and exclusive remedies, and Seller's sole and exclusive liabilities, in the event that Seller Abandons the Facility; no other payment, damages or other liability will be owed from Seller to Buyer.~~

~~_____ A Section 18.15 is added to Article XVIII of the Agreement as follows:~~

~~Section 18.15. Removal of Interconnection Agreement from Suspension. It is a material obligation of Seller that Seller shall, within five (5) days following the Amendment No. 1 Effective Date, remove the Interconnection Agreement from suspension and notify LGE/KU to commence construction.~~

~~_____ Exhibit CB originally attached to the Participation Agreement shall be replaced in its entirety with the Exhibit CB attached to this Amendment No. 1."~~

Section 3. Except as specified herein, all of the remaining terms, provisions and conditions of the ~~Agreement~~Participation Agreement shall remain unchanged, in full force and effect and fully binding on ~~Buyer~~KYMEA and ~~the Participants~~Seller.

~~2) _____ This Amendment No. 1 is governed by the laws set forth in the Agreement.~~

Section 4. This Amendment No. 1 shall be effective as of September , 2026~~on the date when executed by both Parties, as evidenced by the later of the dates accompanying the signatures below ("Amendment No. 1 Effective Date")~~.

Section 5. This Amendment No. 1 may be executed in one or more counterparts, in original or electronic format, each of which shall be deemed an original executed document, and which, taken together, shall be deemed a single document.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment No. 1 is executed by each Party, to be effective for all purposes as of the Amendment No. 1 Effective Date.

KENTUCKY MUNICIPAL ENERGY AGENCY

By: _____
Name: Doug Buresh
Title: President and CEO

Signature page of the Kentucky Municipal Energy Agency

BARBOURVILLE UTILITY COMMISSION OF THE CITY OF
BARBOURVILLE, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the Barbourville Utility Commission of the City
of Barbourville, Kentucky

CITY OF BARDWELL, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Bardwell, Kentucky

ELECTRIC PLANT BOARD OF THE CITY OF BENHAM,
KENTUCKY D/B/A BENHAM POWER BOARD

By: _____
Name: _____
Title: _____

*Signature page of the Electric Plant Board of the City of Benham,
Kentucky d/b/a Benham Power Board*

CITY OF BERE, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Berea, Kentucky

CORBIN UTILITIES COMMISSION OF THE CITY OF
CORBIN, KENTUCKY

By: _____
Name: _____
Title: _____

*Signature page of the Corbin Utilities Commission of the City of
Corbin, Kentucky*

CITY OF FALMOUTH, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Falmouth, Kentucky

CITY OF MADISONVILLE, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Madisonville, Kentucky

CITY OF OLIVE HILL, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Olive Hill, Kentucky

CITY OF PARIS, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Paris, Kentucky

CITY OF PROVIDENCE, KENTUCKY

By: _____
Name: _____
Title: _____

Signature page of the City of Providence, Kentucky

ASHWOOD SOLAR I, LLC (Seller)

By:____
Name:
Title:
Date:

~~KENTUCKY MUNICIPAL ENERGY AGENCY (Buyer)~~

By:____
Name: ~~Doug Buresh~~
Title: ~~President & CEO~~
Date: ~~December 19, 2022~~

Exhibit B
FORM OF SELLER GUARANTY
GUARANTY

~~GUARANTY (this "Guaranty"), dated as of December [], 2022, by RWE Aktiengesellschaft, a public limited stock corporation incorporated in Germany ("Guarantor"), in favor of Kentucky Municipal Energy Agency ("Counterparty").~~

~~1. Guaranty. To induce Counterparty to enter into that certain Agreement for the Purchase and Sale of Renewable Energy and Related Products, dated as of August 23, 2018 between Ashwood Solar I, LLC ("Affiliate") and Counterparty, as amended (the "Agreement"), Guarantor unconditionally and absolutely guarantees to Counterparty and its successors, endorsees and assigns the prompt payment when due, subject to any applicable grace period, of all present and future payment obligations of Affiliate under the Agreement (the "Obligations") provided, however, that the total liability of the Guarantor hereunder, regardless of any amendment or modification to the Agreement, shall not exceed US\$ \$20,000,000. The Obligations shall include any interest accruing on the Obligations in accordance with the Agreement, and any reasonable and documented fees, charges and costs of collecting the Obligations under this Guaranty, including reasonable attorneys' fees.~~

~~2. Nature of Guaranty. Guarantor's obligations hereunder shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations that might otherwise constitute a legal or equitable discharge of or defense to Guarantor, provided, however, that (i) Guarantor's liability hereunder shall be and is specifically limited to payments required to be made by Affiliate in accordance with the Agreement, and in no event shall Guarantor be subject hereunder to any special, punitive, exemplary, indirect, incidental or consequential losses, liabilities or damages of any nature (in tort, contract or otherwise) and (ii) subject to the last sentence of this Section 2, Guarantor shall have the benefit of and the right to assert any defenses against the claims of Counterparty that are available to Affiliate and that would have also been available to Guarantor if Guarantor had been in the same contractual position as Affiliate under the Agreement. Guarantor agrees that Counterparty may resort to Guarantor for payment of any of the Obligations whether or not Counterparty shall have resorted to any collateral therefor or shall have proceeded against Affiliate or any other obligor principally or secondarily obligated with respect to any of the Obligations. Counterparty shall not be obligated to file any claim relating to the Obligations in the event that Affiliate becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of Counterparty to so file shall not affect the Guarantor's obligations hereunder. If any payment to Counterparty in respect of the Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder to Counterparty with respect to such Obligations as if such payment had not been made. The liability of Guarantor hereunder shall in no way be affected by: (a) the release or discharge of Affiliate in any creditors', receivership, bankruptcy or other proceedings; (b) the impairment, limitation or modification of liability of Affiliate or the estate of Affiliate in bankruptcy, or of any remedy for the enforcement of Affiliate's liability under the Agreement resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Agreement in any such proceedings; or (d) the assignment or transfer of the~~

~~Agreement by Affiliate (unless this Guaranty has been replaced by an alternate form of Seller Security provided by the assignee in accordance with the Agreement).~~

~~3. Changes in Obligations, Collateral therefor and Agreements Relating thereto; Waiver of Certain Notices. Guarantor agrees that Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of such Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with Affiliate or with any other party to or person liable on any of the Obligations or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between Counterparty and Affiliate or any such other party or person, without in any way impairing or affecting this Guaranty. The provisions of the Agreement may be changed, modified, amended or waived without the consent of or notice to Guarantor. This Guaranty shall guarantee the payment of Affiliate's Obligations under the Agreement as so changed, modified, amended or waived. Guarantor waives notice of the acceptance of this Guaranty and of the Obligations, presentment, demand for payment, notice of non-payment, non-performance, non-observance, default, dishonor and protest, and all other notices to which Guarantor might otherwise be entitled. Guarantor also waives any and all surety defenses or other defenses in the nature thereof.~~

~~4. Limitation and Claims; Subordination. Until all the covenants and conditions in the Agreement on Affiliate's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation, contribution or reimbursement against Affiliate by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor hereunder; and (b) waives any right to enforce any remedy which Guarantor now or hereafter shall have against Affiliate by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantor hereunder.~~

~~5. No Waiver; Cumulative Rights. No failure on the part of Counterparty to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Counterparty of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Counterparty or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Counterparty at any time or from time to time.~~

~~6. Guarantor's Successors; Assignment. Guarantor's obligations under this Guaranty shall be binding on the successors, heirs, and assigns of Guarantor by operation of law or otherwise (including any receiver or bankruptcy trustee). Guarantor and Counterparty may only assign its rights and obligations hereunder with the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.~~

~~7. Notices. All notices or demands on Guarantor shall be deemed effective when received or upon refusal to receive, shall be in writing and shall be delivered by hand or by registered mail, or by facsimile transmission promptly confirmed by registered mail, addressed to:~~

RWE Aktiengesellschaft
Attn: Director Finance & Credit Risk
RWE Platz 1
45141 Essen
Germany

[Fax No.: +49 201 5179 422383]

Email: [RWEGuaranteeIssuance@rwe.com][americas_guarantee_mgmt@rwe.com]

or to such other address or fax number as Guarantor shall have notified Counterparty in a written notice delivered to Counterparty.

~~8. Term; Termination. This Guaranty shall automatically expire on [date] (the “Expiry Date”) without any notice from the Guarantor being required. Notwithstanding the Guaranty expiring automatically, the liability of the Guarantor under this Guaranty shall continue in full force and effect in relation to all Obligations which are due, payable or incurred on or before the Expiry Date.~~

~~9. Governing Law; Jurisdiction and Venue. This Guaranty shall in all respects be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to principles of conflicts of laws. Each of the parties hereby irrevocably submits, consents to and requires that the state and federal courts located in the Commonwealth of Kentucky shall have sole jurisdiction over any dispute arising under this Guaranty, and the parties hereby consent to the personal jurisdiction of such courts and to extra-territorial service of process.~~

~~10. Execution in Counterparts. This Guaranty may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.~~

~~11. Entire Agreement. This Guaranty constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between Guarantor and Counterparty with respect to the subject matter hereof. Neither this Guaranty nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, except by an instrument in writing signed by the party against which the enforcement of this termination, amendment or supplement, waiver or modification shall be sought.~~

~~12. Provisions Severable. The provisions of this Guaranty are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that any other provision may be invalid or unenforceable in whole or in part. If a court of competent jurisdiction determines that any provision of this Guaranty is invalid or unenforceable as written, such court shall interpret or reform such provision, to the fullest extent allowed by law, so as to effectuate the intent of the parties as set forth therein.~~

~~13. Rights Cumulative. All rights, powers and remedies of Counterparty hereunder shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given to the Counterparty by law. No exercise of, delay in exercising or omission to exercise, any rights,~~

powers, remedies and/or discretion by Counterparty shall be deemed a waiver thereof, and every such right, power, remedy and discretion may be exercised repeatedly.

~~14. Waiver of Jury Trial. In the interest of obtaining a speedier and less costly hearing of any dispute, Guarantor hereby expressly waives trial by jury in any action, proceeding, counterclaim or crossclaim and any rights to a trial by jury under any statute, rule of law or public policy in connection with any matter whatsoever arising out of or in any way relating to this Guaranty or the Agreement. Although such jury waiver is intended to be self-operative and irrevocable, Guarantor further agrees, if requested, to confirm such waivers in writing at the time of commencement of any such action, proceeding, counterclaim or crossclaim.~~

~~16. Guarantor's Representations and Warranties. Guarantor represents and warrants to Counterparty that, as of the Effective Date:~~

~~(a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation; (b) it has the power to execute and deliver this Guaranty and to perform its obligations under this Guaranty and has taken all necessary corporate, company, partnership, governmental and/or other actions to authorize such execution and delivery and performance of such obligations; (c) its execution and delivery of this Guaranty and its performance of its obligations under this Guaranty do not violate or conflict with any law applicable to it; with any provision of its charter or bylaws (or comparable constituent documents); with any order or judgment of any court or other agency of government applicable to it or any of its assets; or with any contractual restriction binding on or affecting it or any of its assets; (d) except as otherwise permitted herein, it has neither initiated nor received written notice of any action, proceeding or investigation pending, nor to its knowledge is any such action, proceeding or investigation threatened (or any basis therefor known to it) that questions the validity of this Guaranty, or that would materially or adversely affect its obligations hereunder; (e) all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any governmental authority that are required to have been obtained or made by it at the time this representation is made with respect to this Guaranty have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with; and (f) this Guaranty constitutes the Guarantor's legal, valid and binding obligation, enforceable against it in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights).~~

~~IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by Guarantor to Counterparty as of the date first above written.~~

GUARANTOR

By: _____
Printed Name: _____
Title:

By: _____
Printed Name: _____

Title: _____

EXHIBIT C

Participant Percentages

<u>Participant</u>	<u>2024 Peak Demand (MWh)</u>	<u>ECI Project Participant Percentage</u>
Barbourville	84,388	12.12%
Bardwell	8,241	1.18%
Benham	5,939	0.85%
Berea	126,411	18.15%
Corbin	80,096	11.50%
Falmouth	17,888	2.57%
Madisonville	267,080	38.35%
Olive Hill	22,241	3.19%
Paris	55,765	8.01%
Providence	<u>28,381</u>	<u>4.08%</u>
Total	693,430	100.00%

Closed Session Authorization for September 24, 2026 KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(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.