KENTUCKY MUNICIPAL ENERGY AGENCY

Kentucky Municipal Energy Agency

$121,780,000 Power System Revenue Bonds*
(Energy Center I Project), Series 2025

Investor Presentation

*Preliminary, subject to change

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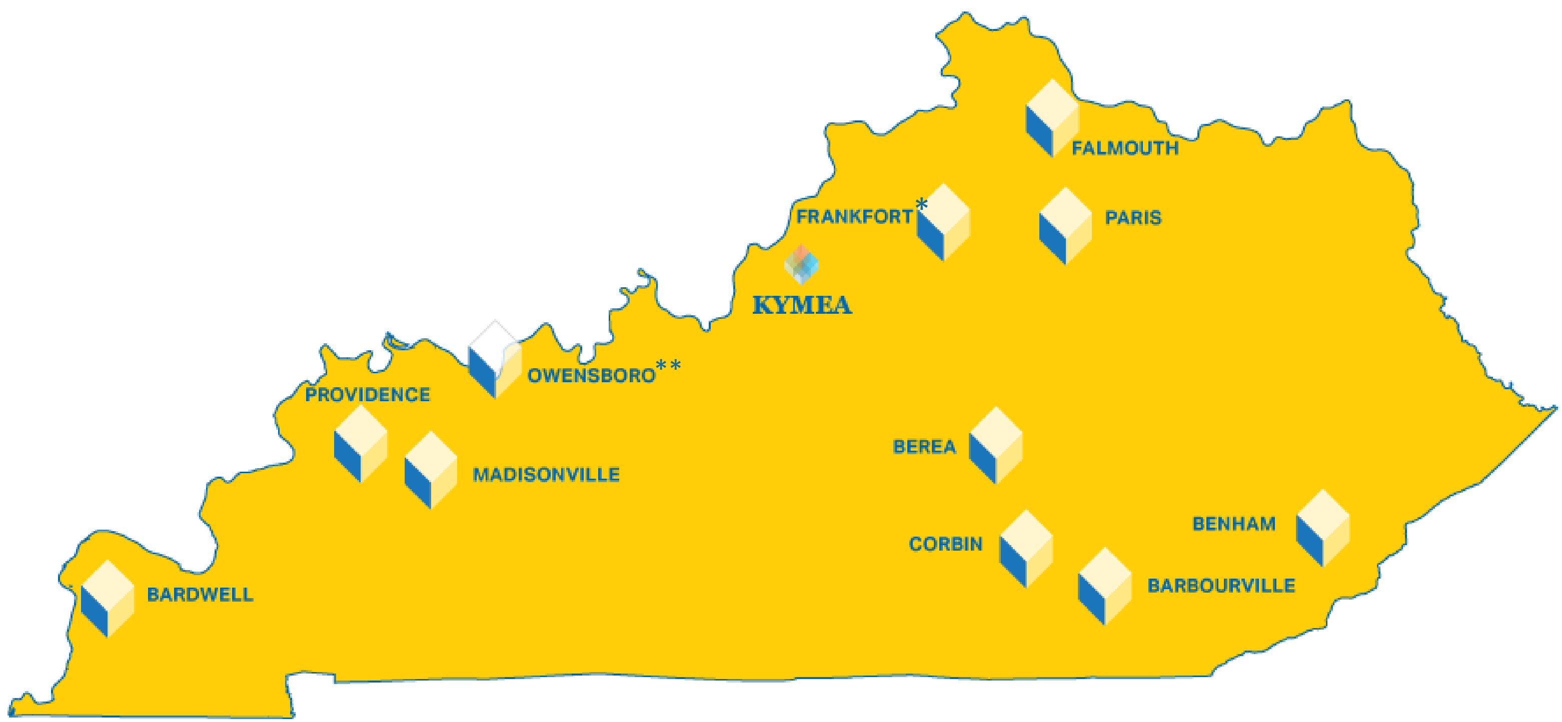
Transaction Overview

Issuer:	Kentucky Municipal Energy Agency (“KYMEA” or the “Agency”)
Series:	Power System Revenue Bonds (Energy Center I Project), Series 2025 (the “Bonds”)
Par Amount:	$121,780,000*
Tax Status	Tax-Exempt
Ratings (Moody’s / Fitch):	A3 (stable) / A (stable)
Use of Proceeds:	(i) Finance a portion of the costs of the acquisition, construction and equipping of the Project (ii) Pay capitalized interest on the Bonds through July 1, 2027 (iii) Fund a debt service reserve fund (iv) Pay costs of issuance
Security:	The Bonds are limited obligations of KYMEA payable only from the Trust Estate pledged under the Indenture
Interest Payment Dates:	January 1 and July 1, beginning July 1, 2025
Structure:	Serial bonds maturing January 1, 2029 - January 1, 2045, term bonds maturing in 2050 and 2055*
Optional Redemption:	1/1/2035 @ 100%*
Extraordinary Optional Redemption:	Yes, see page 23 of the POS
Sole Manager:	BofA Securities
Pricing:	Wednesday, February 12, 2025*
Closing:	Thursday, March 6, 2025*

**Preliminary, and subject to change*

Overview of KYMEA

- KYMEA is a joint public agency organized pursuant to provisions of Chapter 65 of the Kentucky Revised Statutes
- Formed in 2015 with the purpose of allowing its member municipal electric systems to effectively collaborate to do all things necessary to serve their current and future electric power and energy requirements
- KYMEA is comprised of 11 municipal electric utility members in Kentucky and provides all requirements (“AR”) power to 10 of its Members, with membership only services provided to Owensboro Municipal Utilities
- KYMEA is governed by a board of directors to which each member appoints a Director and an Alternate Director



* Will no longer be an all requirements member effective May 31, 2029
** Not an all requirements member

History of KYMEA

- KYMEA's founding members include the municipal utilities of Barbourville, Bardwell, Benham, Corbin, Falmouth, Frankfort, Madisonville, Owensboro, Paris and Providence
  - All of the members, except for Owensboro, were previously wholesale customers of Kentucky Utilities ("KU")
  - Based upon feasibility studies conducted in 2014, the members determined that mutual advantage would be derived from joint power supply opportunities, provided notice of termination of power supply contracts with KU, and formed KYMEA in 2015
- In September 2016, Berea joined KYMEA as a member
- KYMEA began supplying power to its AR Members on May 1, 2019
  - Benham and Berea opted to receive their wholesale power requirements from a source other than KYMEA from 2019 through 2024
  - Effective May 1, 2024 and June 1, 2024, Berea and Benham respectively became AR Members
- In August 2023, Frankfort gave notice to KYMEA that it will terminate its AR Contract effective May 31, 2029

AR Member Customer Base as of June 30, 2024			
AR Member	**Residential Customers**	**Commercial / Industrial Customers**	**Total Customers**
Barbourville	3,415	388	3,803
Bardwell	385	83	468
Benham	269	26	295
Berea	4,666	642	5,308
Corbin	3,233	986	4,219
Falmouth	892	158	1,050
Frankfort	16,717	4,445	21,162
Madisonville	6,796	1,329	8,125
Paris	2,549	554	3,094
Providence	1,188	150	1,338
Total	**40,101**	**8,761**	**48,862**

Note: total customers excludes security light customers.

AR Member Percentage of Peak Demand			
Member	**2024 Peak Demand (MW)**	**% of Peak Demand (June 1, 2024)**	**Projected[(1)] % of Peak Demand (June 1, 2029)**
Barbourville	19.34	6.7%	12.8%
Bardwell	2.09	0.7%	1.4%
Benham	0.94	0.3%	0.6%
Berea	25.75	8.9%	17.1%
Corbin	18.43	6.4%	12.2%
Falmouth	4.58	1.6%	3.0%
Frankfort	137.67	47.7%	0.0%
Madisonville	60.07	20.8%	39.8%
Paris	12.88	4.5%	8.5%
Providence	6.88	2.4%	4.6%
Total	**288.63**	**100.0%**	**100.0%**

AR Members' Historical Power and Energy Requirements (Fiscal Year Sales)				
Year	**Peak Demand (MW)**	**YOY Change**	**Energy Requirements (MWh)**	**YOY Change**
2019	280	-	1,407,676	-
2020	286	2.14%	1,347,133	-4.30%
2021	276	-3.50%	1,346,544	-0.04%
2022	281	1.81%	1,349,530	0.22%
2023	282	0.36%	1,320,215	-2.17%
2024	289	2.48%	1,349,961	2.25%

(1) Projected Percentage of Peak Demand is calculated using a Member's Peak Demand divided by the Total Peak Demand disregarding Frankfort's portion due to Frankfort terminating its AR Contract effective May 31, 2029.

KYMEA Rates

- The business model objective of KYMEA is to provide cost-effective resources and services for the benefit of its members
- KYMEA establishes a wholesale power rate for its AR Members annually
- The rate schedule is comprised of
  - i. a demand charge, established and calculated based on the fixed charges of KYMEA under its power supply agreements and its daily operations
  - ii. an energy charge, based upon the energy charges and rates set forth in KYMEA's power supply agreements; and
  - iii. an energy cost adjustment charge that becomes effective and is charged to the AR Members if KYMEA's reserves drop below KYMEA's targeted minimum of 60 days cash on hand
- In addition, transmission charges and facility charges that are not assessed by KYMEA are passed through directly to the AR Members
- KYMEA's diverse portfolio of power supply resources helps provide reliability and stable rates for the AR Members
- Below is a summary from the 2024 Wholesale Power Cost Benchmarking Report that compares KYMEA's wholesale rates to other Kentucky wholesale suppliers

Kentucky Power Suppliers Wholesale Power Cost Comparison (cents/kWh)		
	Wholesale Power Costs	**Differential to KYMEA**
KYMEA	7.050	-
Kentucky Utilities	7.592	8%
East Kentucky Power Cooperative	8.067	14%
Big Rivers Electric Corporation	8.462	20%
TVA	8.599	22%
AEP/Kentucky Power	8.645	23%

Source: KYMEA

Current KYMEA AR Power Supply

- KYMEA currently purchases a diverse portfolio of power through an array of different contracts – the table below describes KYMEA's current power purchase agreements ("PPAs")
- Since its operational beginning in 2019, KYMEA has relied on PPAs for its power supply
- The diversity of KYMEA's existing portfolio of contracts in terms of counterparty, type, location and contract term is an intentional risk mitigation strategy of KYMEA's power supply planning efforts
  - The expiration of many of KYMEA's PPAs purposely coincides with the effective date of Frankfort's AR Membership termination

Source	Fuel Type	Capacity and Energy (MW)	Initial Term (Years)	Expiration
Big Rivers Electric Corporation(1)	Coal	100	10	May 31, 2029
Paducah Power System(1)	Natural Gas	60	10	May 31, 2029
Ashwood Solar I LLC(2)	Solar	86	20	COD + 20 yrs
SEPA Agreements	Hydroelectric	32	10	May 31, 2029
City of Paris	Diesel	10	10	May 31, 2029
Duke Energy Indiana LLC	Various(3)	60	5	May 31, 2027
Hallador Power Company LLC	Coal	35(4)	5	May 31, 2029

(1) KYMEA has the option to extend the agreement for an additional 10-year term through May 2039.
(2) Q1 2025 COD.
(3) Slice of system. DEI's system includes coal, gas, solar, wind and fuel oil resources.
(4) KYMEA negotiated an increase in the Hallador PPA to 100 MW beginning in June 2027.

The Energy Center I Project

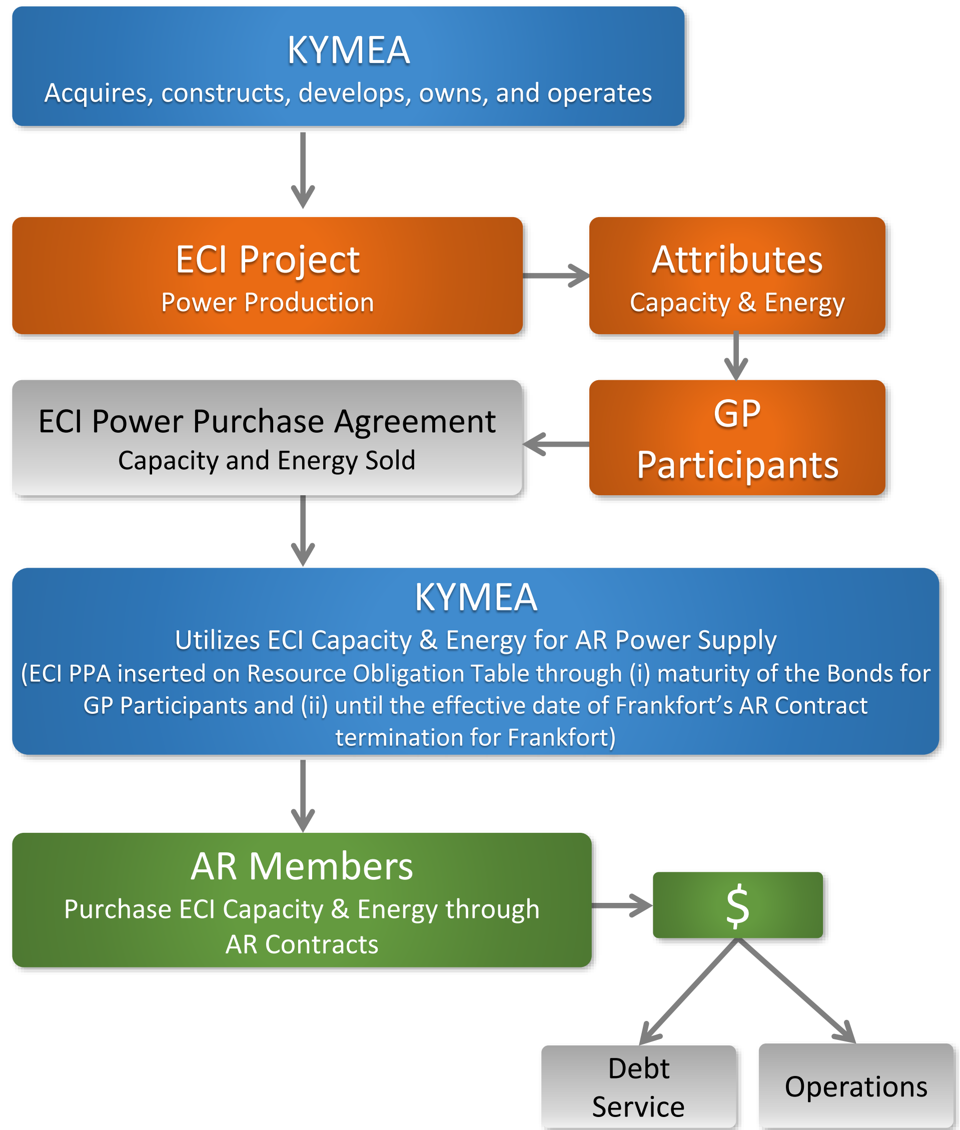
- As a result of KYMEA's continual planning and IRP process, KYMEA identified shortfalls in its future portfolio and elected to undertake the acquisition, construction and equipping of the Energy Center I Project (the "Project")
  - The Project consists of a 75 MW reciprocating internal combustion engine ("RICE") natural gas-fired generating station located in Madisonville, Kentucky
    - 4 Wärtsilä W18V50SG engines with a nominal net output capacity of 18.817 MW each
  - The flexibility of the RICE units is an important attribute to help balance the intermittency of KYMEA's contracted 86 MW of solar from the Ashwood Solar I Project
- Site development is expected to begin in April 2025 with COD expected in June 2027

The Energy Center I Project

- The cost of acquiring, constructing and equipping the Project, including transmission connections and the construction of the natural gas distribution line, is currently estimated at $130.8 million
- KYMEA has entered into the following contracts for the development of the Project:
  - Equipment Supply Contract with Wärtsilä North America Inc. for the procurement and installation of the engines
  - Agreement for Engineering, Procurement & Construction (EPC) Management Services with The Christman Company
  - Engineered Equipment Purchase Order with Doubletree Systems, Inc. for generator step-up transformers manufactured by Jiangsu Huapeng Transformer Co., Ltd
  - Engineering and Design Contract with Ensite USA, Inc. for the natural gas line serving the Project
- With the execution of these contracts, 55% of the Project costs are presently fixed
  - The $130.8 million construction budget also includes competitive bid estimates and a $15 million contingency
  - The total cost of the Project, including all financing costs, is estimated to be approximately $180 million
- KYMEA has applied to the Kentucky Siting and Transmission Board for approval of the Project
  - A final determination for approval of construction is anticipated in April 2025
- Applications for air and environmental permits have been filed
  - KYMEA anticipates the permits to be received no later than the summer of 2025

The Energy Center I Project

- KYMEA and certain of its AR Members (Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Madisonville, Paris and Providence) or the "GP Participants" have entered into a Participation Agreement with respect to the Project
- Pursuant to the Participation Agreement, KYMEA will develop, construct, own and operate the Project and will assign to the GP Participants the attributes produced by the Project consisting of capacity, energy and certain ancillary services (the "Project Attributes")
- Pursuant to the ECI Power Purchase Agreement by and between KYMEA and the GP Participants, the Project Attributes will be purchased by KYMEA and will be included by KYMEA in its power supply resources to furnish all requirements services to its AR Members
  - Under the ECI Power Purchase Agreement, costs of construction, equipping and operation of the Project sufficient to pay debt service on the Bonds will be included in the rates charged by KYMEA to the AR Members for AR service
- Pursuant to the Participation Agreement, the GP Participants have agreed that upon issuance of the Bonds and for so long as the Bonds are outstanding to include the Project's Attributes as a Resource Obligation of their AR Contracts
  - This covenants the GP Participants for their respective share to the extent KYMEA is unable to utilize or sell the capacity and energy produced by the Project



Overview of the AR Contracts

- KYMEA has entered into All Requirements Power Sales Contracts ("AR Contracts") with each of its Members, except for Owensboro (the "AR Members")
  - Under the AR Contracts, the AR Members agree to purchase all electric power and energy required to serve the loads of the AR Members' retail customers and municipal loads and to operate the AR Members' municipal electric systems
  - Each of the AR Contracts is a "take and pay" agreement under which each AR Member has agreed to take and pay for all of the electric power and energy which the AR Member is required to purchase and receive under the AR Contract and which is made available to the AR Member
- AR Members' payments to KYMEA under the AR Contracts constitute operating expenses of the AR Members, payable from the revenues of each of the AR Members' respective electric systems, on a parity with or ahead of any respective debt service on indebtedness of each of the AR Members
- Pursuant to the AR Contracts, KYMEA shall establish such rates and charges which shall be billed to each AR Member in order to provide KYMEA with sufficient revenues to pay its Revenue Requirements
  - Revenue Requirements include all costs and expenses paid or incurred or to be paid or incurred by KYMEA in performing its obligations under the AR Contract

Overview of the AR Contracts

- Under the AR Contracts, power supply resources and the obligations related thereto are listed on the Resource Obligation Table attached thereto
  - Pursuant to the AR Contracts, the AR Members have agreed to pay the capacity and energy charges relating to the purchase of energy from the Resource Obligation Table Resources
- An AR Contract may be terminated with 5 years' written notice
  - A Member who elects to terminate its AR Contact shall remain responsible for any Resource Obligation listed on its Resource Obligation Table with an expiration date set forth in the AR Contract that expires after the effective date of termination of the AR Contract
- The AR Member Project Committee voted to approve and include the ECI Power Purchase Agreement as a Resource Obligation Table Resource on the AR Contracts
  - The ECI Power Purchase Agreement will be included as a Resource Obligation Table Resource on the AR Contracts of all AR Members whether or not they are GP Participants
  - By giving notice of termination of its AR Contract prior to the insertion of ECI Power Purchase Agreement on its Resource Obligation Table, Frankfort is only required to take all requirements service from the Project through May 31, 2029, its effective AR Contract termination date
  - Frankfort will not have the right to receive, nor will it have any liability to purchase or pay for, capacity and energy from the Project after May 31, 2029

Security for the Bonds

- Overview of the Pledge Under the Indenture
  - The Bonds are limited obligations of KYMEA payable from and secured by a pledge of the Trust Estate, for the benefit of the Bondholders, the BofA Credit Facility, and any additional Parity Indebtedness, which consists of:
    1. The Revenues generated and paid under the AR Contracts and deposited into the Revenue Fund established under the Indenture, which amounts also secure on a *pari passu* basis the PNC Credit Facility
    2. All of KYMEA's rights, title and interest in and to the AR Contracts, which rights, title and interests in and to the AR Contracts also secure on a *pari passu* basis the PNC Credit Facility
    3. All rights, title and interest of KYMEA to:
       - KYMEA's fee interest in the Project;
       - the right of KYMEA to receive power and energy generated by the Project pursuant to the ECI Power Purchase Agreement;
       - all choses in action and all choses in possession to the benefit of KYMEA with respect to the Parity Indebtedness (except for KYMEA's Retained Rights); and
       - to the extent not covered hereinabove, all proceeds of the foregoing
    4. All funds and accounts established under the Indenture, except for the KYMEA General Revenue Account in the Revenue Fund and the Rebate Fund, and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in the Indenture and subject to a renouncement of a security position in one or more funds or accounts as provided in any Supplemental Indenture issued for Parity Indebtedness); and
    5. All money and securities from time to time held by the Trustee under the terms of the Indenture

- "Revenues" means all AR Payments received by KYMEA or by the Trustee for the account of KYMEA from the AR Contracts for the sale of capacity and energy to the AR Members

Security Provisions

- Rate Covenant and Coverage
  - Rates charged and collected under the AR Contracts for the sale of capacity and energy produced by the Project shall be fixed, maintained and adjusted to be sufficient so as to produce, based upon the audited financial statements of KYMEA relating to the Project, in each fiscal year, a Debt Service Coverage Ratio of Net Project Revenues to Maximum Annual Debt Service equal to at least 1.10 to 1

- Additional Bonds Test
  - Required before the issuance of Additional Indebtedness to prove a Debt Service Coverage Ratio equal to at least 1.20 to 1
  - Not required before the issuance of Completion Indebtedness to finance completion of the Project

- Debt Service Reserve Fund
  - The debt service reserve fund will be funded with cash from proceeds of the offering at the least of
    - (i) 10% of the proceeds of the Bonds,
    - (ii) 100% of the greatest amount required in the then current or any future Bond Year to pay the principal and interest requirements on the Outstanding Bonds or
    - (iii) 125% of the average of the annual principal and interest requirements on the Outstanding Bonds

KYMEA Financial Performance

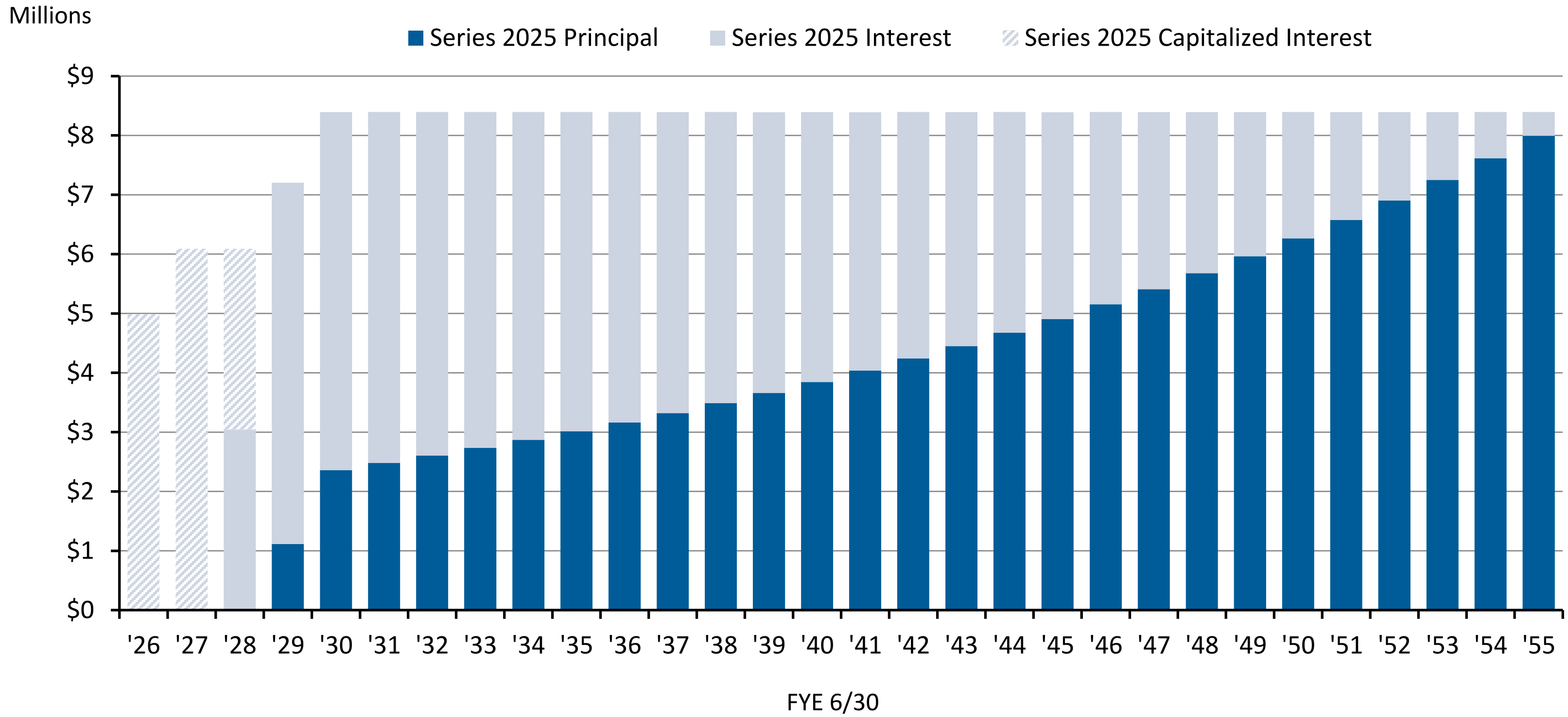
Condensed Statement of Revenues, Expenses and Changes in Net Position as of FYE June 30			
	2024	2023	2022
Operating revenues	$85,517,795	$107,329,886	$109,408,434
Operating expenses	81,171,510	102,780,696	105,379,944
Operating income	4,346,285	4,549,190	4,028,490
Nonoperating revenues (expenses)	3,772,584	5,254,410	-92,590
Change in net position	8,118,869	9,803,600	3,935,900
Net position – Beginning of Year	28,061,206	18,257,606	14,321,706
Net position – End of Year	36,180,075	28,061,206	18,257,606

Condensed Balance Sheet as of FYE June 30			
	2024	2023	2022
Assets			
Current assets	$50,407,681	$31,671,663	$30,518,180
Other noncurrent assets	8,379,051	4,789,823	3,490,394
Capital, lease and subscription assets	3,728,958	3,244,182	2,717,308
Total assets	62,515,690	39,705,668	36,725,882
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities	10,323,740	9,667,626	16,825,820
Noncurrent liabilities	1,807,494	1,976,836	1,642,456
Total liabilities	12,131,234	11,644,462	18,468,276
Deferred Inflows of Resources	14,204,381	-	-
Net position			
Net investment in capital assets	1,805,322	1,280,194	1,136,344
Unrestricted	34,374,753	26,781,012	17,121,262
Total net position	36,180,075	28,061,206	18,257,606
Total liabilities, deferred inflows of resources and net position	$62,515,690	$39,705,668	$36,725,882

KYMEA Debt Portfolio

- No long-term debt currently outstanding
- KYMEA has a facility with PNC (the "PNC Credit Facility"), consisting of a $45 million line of credit and a $5 million standby letter of credit
  - Pursuant to the Intercreditor Agreement, the PNC Credit Facility will be secured on a *pari passu* basis with the Bonds
- KYMEA expects to issue a $50 million Committed Line of Credit Note (the "BofA Credit Facility") in March, to be secured by and payable from a lien on and pledge of the Trust Estate on a parity with the Bonds

Pro Forma Debt Service Post Issuance of the 2025 Bonds(1)



(1) Preliminary, subject to change.

Plan of Finance Overview*

Preliminary Amortization*	
Maturity Date January 1	**Par Amount**
2029	$1,115,000
2030	2,360,000
2031	2,480,000
2032	2,605,000
2033	2,735,000
2034	2,870,000
2035	3,015,000
2036	3,165,000
2037	3,320,000
2038	3,490,000
2039	3,660,000
2040	3,845,000
2041	4,035,000
2042	4,240,000
2043	4,450,000
2044	4,675,000
2045	4,905,000
2046 T1	5,155,000
2047 T1	5,410,000
2048 T1	5,680,000
2049 T1	5,965,000
2050 T1	6,265,000
2051 T2	6,575,000
2052 T2	6,905,000
2053 T2	7,250,000
2054 T2	7,615,000
2055 T2	7,995,000
Total	**$121,780,000**

Timetable*	
Post POS and Investor Presentation	Monday, February 3
Pricing	Wednesday, February 12
Closing	Thursday, March 6

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* Preliminary, subject to change. T1 and T2 denote term bonds.