

February 20, 2018

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the Frankfort Plant Board Administration Building at 151 Flynn Ave. Frankfort, KY on Tuesday February 20, 2018 at 5:00 p.m.

ATTENDANCE:

Anna Marie Pavlik Rosen, Board Chair
Walt Baldwin, Vice Chair
Ralph Ludwig, Board Member
Dawn Hale, Board Member
James Liebman, Board Attorney
Mike Aldridge, Electric Department Forman
David Billings, Water Engineer
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Interim Finance Director
David Denton, Interim General Manager
Sharmista Dutta, Water Engineer
Vent Foster, Asst. GM Operations
Cassie Estill, Customer Service Supervisor
Adam Hellard, Security Broadband Technology Manager
Ryan Henry, Asst. IT Director
Casey Jones, IT Director
Cathy Jennings, Executive Assistant
Cathy Lindsey, Public Information Officer
Kim Phillips, Safety Director
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Mark Redmon, Support Services Director
Julie Roney, WTP Superintendent
Alan Smith, Water Dist. Superintendent
Jeremy Blackburn, Cable 10 Videographer
Alfred Miller, State Journal
Doug Buresh, CEO, KyMEA
Katrina Kinman, KSBA

AGENDA

The Agenda for the Board Meeting was received and entered into the Minute Book as follows:

1. **Action Item:** Consider Approving Prior Meeting Minutes.
2. **Action Item:** Consider Accepting January 2018 Financial Statements.
3. **Information Item:** Discuss the implementation of new board software eMeetings.
4. **Information Item:** Public Comment Period.
5. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA

- Safety
 - Water Distribution
 - Water Treatment Plant
6. **Action Item:** Consider Plan Amendment for FPB Frozen Pension Plan.
 7. **Action Item:** Consider Approving New Accounting Policy for Obsolete Inventory.
 8. **Action Item:** Consider approval for repair of one (1) Peerless 27MA 3-stage vertical turbine raw water pump for the water treatment plant for a total of \$47,318.
 9. **Action Item:** Consider Award of Bid Invitation #1650, (Water Treatment Plant High Service Pump Station Valve Replacement Project), to Herrick Company Inc. for \$167,600.00.
 10. **Action Item:** Consider Award of Bid Invitation #1651 for a 2500KVA Pad Mounted Transformer to Brownstown Electric Supply Company in the Amount of \$36,299.
 11. **Action Item:** Consider Approving: (1) Increasing rate for Retransmission Surcharge; (2) Increasing rate for Bulk Cable I and II; and (3) Increasing amounts for Multi service discounts.
 12. **Informational Item:** New and Old Business.
 13. **Informational Item:** General Manager's Comments.
 14. **Adjournment**

BOARD ACTION

Ms. Rosen called the meeting to order and noted four (4) Board members in attendance: Mr. Baldwin, Ms. Rosen, Ms. Hale and Mr. Ludwig.

1. **Action Item:** Consider Approving Prior Meeting Minutes.

The Board discussed the format for minutes.

Ms. Rosen moved to form a committee to develop guidelines on composing minutes. Mr. Walt Baldwin seconded. The motion passed unanimously.

Ms. Anna Marie Pavlik Rosen moved to table approval of the minutes. Mr. Baldwin seconded. The motion passed unanimously.

2. **Action Item:** Consider Accepting January 2018 Financial Statements.

Ms. Cummins reviewed financials for month ending January 31, 2018.

Mr. Baldwin moved to accept the financials for the month ending January 31, 2018. Ms. Hale seconded. The motion passed unanimously.

3. **Information Item:** Discuss the implementation of new board software eMeetings.

Staff considered Passageways, at an annual cost of \$10,125 for the initial install the first year and then \$7200 thereafter, Board Paq, at \$3588 the first year and \$2880 per year after the initial first year and finally eMeetings which was \$3000 the first year and only \$1000 each year after the initial setup and training.

The three companies demonstrated their products. After consideration, Staff decided that eMeetings would be the best solution for the least cost. The savings would be \$9,750.00 for the first year and \$11,750.00 each year thereafter. The three quotes along with the latest invoice from Diligent are included in the detail section of your board packets.

Staff discussed the various software packages reviewed and answered board questions. Mr. Henry agreed to gather information and give a report at next month's board meeting.

No Action was taken.

4. **Information Item: Public Comment Period.**

Mr. John Higginbotham publicly acknowledged the exceptional work to two recent FPB Retirees, Keven Johnson who started working at FPB June 1990 Mr. Johnson was promoted to Senior installer a few years later and then another opening occurred and Mr. Johnson was promoted to Installation Supervisor in 1998, a position he held until his retirement in December of 2017. Upon Mr. Johnson's retirement he was the longest serving Supervisor at FPB serving just shy of 20 years in that role. Dana Goodlett started working at FPB in March 1991 as a Construction Line Worker, Mr. Goodlett was promoted to Construction Supervisor in 1998, he was promoted again as Installation and Processing Manager in 2004. Mr. Goodlett retired from FPB January 1, 2018. Mr. Goodlett and Mr. Johnson's careers span between 1990 and today. They have been involved in the consolidation of cable systems, working hard to reinvent fiber-dependent Full Service Network Cable-Telecom infrastructure, training staff in new technologies and service offerings all the while completing their most important task – serving the customer. These two guys have overseen the installation of every set top box, every DTA, every MTA and the majority of the cable modems in Frankfort. Thanks Keven, Thanks Dana for a job well done. We appreciate your dedication to this community. Good luck in your new adventure.

Ms. Amye Bensenhaver discussed open meetings law and encouraged the board to adhere to those laws when it comes to the Reed-Smith Report. She also stated that any committee formed within the agency is subject to open meetings law and needs to be treated as such.

5. **Informational Item: Departmental Reports:**

- **Website Customer Comments:** Mr. Hellard stated that the customer had been contacted and the customer was satisfied.
- **Cable Dept.:** Mr. Hellard reviewed cable department reports. He advised that outages were due to weather and aging equipment.
- **Customer Service:** Ms. Estill reviewed customer service reports.
- **Electric Dept.:** Mr. Aldridge discussed the electric department reports.
- **SEPA:** Mr. Foster reviewed the SEPA report and reiterated that the board needed to finalize their decision regarding the SEPA Entitlement with KyMEA.
- **KyMEA:** Mr. Buresh gave a presentation regarding KyMEA and PURPA. Item 12a was discussed at this time. Mr. Buresh addressed the Board's questions. See Item #12a for board action.
- **Safety:** Ms. Phillips reviewed safety reports.
- **Water Distribution:** Mr. Smith discussed water distribution reports.

- **Water Treatment Plant:** Ms. Roney discussed rainfall and water treated in January. She also had an employee Clayton Getz who passed his test for 4th class operator.

6. **Action Item: Consider Plan Amendment for FPB Frozen Pension Plan.**

In March 2017, the Board approved an amendment to FPB's frozen retirement plan to terminate the plan effective March 31, 2017 with the provision that Staff purchase annuity contracts for the five remaining participants. Due to the small number of participants, staff has been unable to purchase annuity contracts for all participants.

Staff has consulted Sharon Mattingly with Stoll, Keenon, Ogden with whom Staff has been to prepare for plan termination. Ms. Mattingly suggests that FPB amend the plan to allow lump sum distributions. The amendment will allow FPB to pursue purchasing individual annuities or distribute funds to participants by a lump sum payment, which can be rolled over to a qualified plan. Once distribution to plan participants is complete, the plan can be terminated and excess plan assets will revert to FPB. A proposed draft amendment has been provided to the Board for review prepared by Sharon Mattingly.

A retirement committee consisting of Dianne Schneider, David Denton, Hance Price, and Ralph Ludwig was appointed in 2013. If approved, the retirement committee will select a company to purchase individual annuities and/or arrange for lump sum distribution to the plan members. Staff will notify plan members of benefit distribution arrangements.

Ms. Schneider discussed the amendment drafted by Ms. Mattingly of Stoll, Keenon, Ogden. She stated that if the Board approves the changes, Ms. Mattingly suggests that the minutes reflect Board approval of an amendment substantially similar to the one provided. She further stated that the retirement committee reviewed the draft amendment and agreed that this is how FPB should proceed.

Mr. Ludwig moved to Approve Plan Amendment for FPB Frozen Pension Plan. Ms. Hale seconded. The motion passed unanimously.

7. **Action Item: Consider Approving New Accounting Policy for Obsolete Inventory.**

During the Fiscal Year 2017 financial statement audit, our auditors, Crowe Horwath, recommended that we adopt and implement an obsolete inventory policy. Staff has developed the following obsolete inventory policy and asks The Board for approval tonight.

Upon Board approval, staff will implement this policy over the next couple of months to be completed by the end of this current fiscal year. Staff estimates that the current year impact will be at or below \$500,000, which will be a combination of items physically removed from inventory and items that are booked as part of our obsolete inventory reserve balance.

Mr. Ludwig moved to Approve New Accounting Policy for Obsolete Inventory. Mr. Baldwin seconded. The motion passed unanimously.

8. **Action Item: Consider approval for repair of one (1) Peerless 27MA 3-stage vertical turbine raw water pump for the water treatment plant for a total of \$47,318.**

Raw water pump #3 was removed from service in December 2017 and transported to the manufacturer's repair facility in Cleveland, Ohio. FPB has authorized the disassembly of the pump for inspection, non-destructive testing of the components and the development of a Scope of Work summarizing findings, recommendations and costs. WTP staff budgeted \$100,000 in the fiscal year 2018 budget for pump

inspections and repairs. The repair work will be done through S&K Equipment, who is FPB's authorized Peerless Pump representative.

Mr. Baldwin moved to Approve the repair of one (1) Peerless 27MA 3-stage vertical turbine raw water pump for the water treatment plant for a total of \$47,318. Mr. Ludwig seconded. The motion passed unanimously.

9. **Action Item: Consider Award of Bid Invitation #1650, (Water Treatment Plant High Service Pump Station Valve Replacement Project), to Herrick Company Inc. for \$167,600.00.**

In August of 2017, the Board approved an agreement with GRW to perform engineering services related to replacing the existing pump control valves with mechanical check valves in the high service pump station at the water treatment plant.

Invitations to Bid for construction were publicly issued December 14, 2017. On January 17, 2018, bids were received from the following contractors:

1. Herrick Company, Inc. \$167,600
2. Smith Contractors, Inc. \$234,000

The Water Treatment Department budgeted \$248,000 in the FY 17-18 budget for engineering and construction of the project.

Herrick Company Inc. has successfully performed work for FPB on many occasions in the past. Based on past performance as well as GRW's recommendation (see attached recommendation and bid tabulation), Staff recommends that the Board award the bid to Herrick Company, Inc. in the amount of \$167,600.

Mr. Baldwin moved to Award Bid Invitation #1650, (Water Treatment Plant High Service Pump Station Valve Replacement Project), to Herrick Company Inc. for \$167,600.00. Ms. Hale seconded. The motion passed unanimously.

10. **Action Item: Consider Award of Bid Invitation #1651 for a 2500KVA Pad Mounted Transformer to Brownstown Electric Supply Company in the Amount of \$36,299.**

Staff prepared a bid invitation for a 2500kva pad mounted transformer. The invitation was sent to nine vendors with five responses received. After reviewing all bids, staff recommends awarding to Brownstown Electric Supply Company as they are the lowest bid meeting specifications.

The transformer will be used as an on-site, emergency backup for an industrial customer. FPB has received prepayment for the transformer.

Mr. Baldwin moved to Award Bid Invitation #1651 for a 2500KVA Pad Mounted Transformer to Brownstown Electric Supply Company in the Amount of \$36,299. Ms. Hale seconded. The motion passed unanimously.

11. **Action Item: Consider Approving: (1) Increasing rate for Retransmission Surcharge; (2) Increasing rate for Bulk Cable I and II; and (3) Increasing amounts for Multi service discounts.**

Staff recommends the approval of proposed rate increases and discount increases effective March 1, 2018. Staff proposed the rate increases in order to keep pace with increases in the retransmission fees FPB must pay to local broadcasters. If approved, the retransmission surcharge would increase from \$12.03 per month to \$16.39 per month effective March 1, 2019, to \$18.00 effective January 1, 2019, and to \$19.98 effective January 1, 2020. The Bulk Cable I rate would increase from \$11.80 per outlet per month to \$12.46 per outlet per month and Bulk Cable II would increase from \$20.57 per outlet per month to \$21.73 per outlet per month. To help

offset the increase in the retransmission surcharge, staff proposes to increase the amount of the multi-service discounts. The 2-service discount is proposed to increase from \$3.00 per month to \$6.00 per month. The 3-service discount is proposed to increase from \$6.00 per month to \$12.00 per month. Customers who subscribe to High-speed Internet and either Cable TV or Local Phone are eligible for the 2-service discount. Customers who subscribe to High-speed Internet, Cable TV, and Local Phone are eligible for the 3-service discount.

On December 29, 2017, the Board approved the public meeting notice and that hearing was conducted on January 16, 2017.

Mr. Couch stated that no additional comments had been received and reiterated that WAVE was no longer being carried by FPB. He further stated that there had been a few customers call with regard to the loss of WAVE.

Ms. Rosen suggested that they vote on parts 1 and 2 of this item together.

Ms. Hale moved to Approve: (1) Increasing rate for Retransmission Surcharge, and (2) Increasing rate for Bulk Cable I and II. Mr. Baldwin seconded. The motion passed unanimously.

The board requested additional data to be provided on the overall value of the double play and triple play. Mr. Couch stated that the discounted rates had been in effect since approximately 2001 when FPB began offering internet service.

Mr. Baldwin moved to table the multi-service discount portion until the March board meeting. Ms. Rosen seconded. The motion passed unanimously.

12. **Informational Item: New and Old Business.**

Consider Approval of Resolution Adopting KyMEA Joint PURPA Implementation Plan and Authorizing Filing of a Request with the Federal Energy Regulatory Commission (FERC) for Approval to Implement Such Plan.

Under the Plan, KyMEA takes on the PURPA purchase obligations of the Authorizing Members, and Members commit to sell retail power to PURPA projects ("Qualifying Facilities" or QF's) under specified conditions (principally to avoid duplicate or discriminatory charges).

The governing body of each AR Member that wishes to be included must adopt the Joint PURPA Implementation Plan by resolution, thereby becoming an "Authorized Member" for purposes of the Plan. Although each AR Member authorized the filing at FERC of the waiver request in Section 3(b) of its AR Contract, explicit approval of the later-adopted Plan will demonstrate, among other things, each Authorizing Member's commitment to sell retail power to the QF's, which will support the request to waive KyMEA's obligation to do so. Also, as approved by the KyMEA Board, the Plan anticipated subsequent authorization by Members (see Plan Appendix I).

Members wishing to participate must provide their authorizing resolutions to KyMEA within sixty (60) days. This will enable the Agency to publish the required public notice and proceed with the filing of the waiver request at FERC.

Mr. Buresh gave a presentation and answered questions from the Board.

Mr. Ludwig move to Approve the Resolution Adopting KyMEA Joint PURPA Implementation Plan and Authorizing Filing of a Request with the Federal Energy Regulatory Commission (FERC) for Approval to Implement Such Plan. Ms. Hale seconded. The motion failed with 2-2 vote. Mr. Baldwin and Ms. Rosen voted No. Ms. Hale and Mr. Ludwig voted Yes.

Mr. Baldwin moved to amend the motion and to table the item". Ms. Rosen seconded. The motion failed with a 2-2. Mr. Baldwin and Ms. Rosen voted Yes. Ms. Hale and Mr. Ludwig voted No.

Consider Approval Pea Ridge Easement Access Agreement.

In 2008, FPB and Mr. Jim Cline agreed to blacktop the access road leading to the Pea Ridge Water Tank.

FPB agreed that it would pay the initial cost and incur no maintenance charges until April 26, 2028. Mr. Jim Cline is refinancing his property and is obtaining a loan from the Veterans Administration ("VA"). The VA requires that the access easement maintenance be recorded. The previous agreement was not and Mr. Cline's bank has asked that we execute the attached access easement maintenance agreement to record. It reflects the same terms as the 2008 agreement and provides that Mr. Cline will maintain the road until April 26, 2028. Thereafter, FPB will share equally in the reasonable cost of repairs. It also provides a non-exclusive easement for Christopher and Catherine Collette to access the property. Thus, after 2028, FPB will be responsible for 1/3 the cost to maintain the road surface. Staff recommends approval of the agreement.

Ms. Hale moved to Approve Pea Ridge Easement Access Agreement. Mr. Ludwig seconded. The motion passed with 3 Yes votes and 1 Abstention. Mr. Baldwin Abstained, Ms. Hale, Mr. Ludwig, and Ms. Rosen voted Yes.

Ms. Hale requested that the board discuss the final Reed-Smith Report. The Board discussed when and how the report should be released to the staff or public.

Ms. Hale moved to release the final Reed-Smith Report to Senior Staff Members: Mr. Denton, Mr. Price and Mr. Foster with the direction that it not be shared outside of FPB management. Mr. Baldwin seconded. Ms. Rosen called for the vote and the motion passed with a 3-1 vote. Mr. Ludwig voted No stating that he thought it should be made public. Mr. Baldwin, Ms. Rosen and Ms. Hale voted Yes.

Ms. Hale moved to waive the Attorney Client Privilege and release the Reed-Smith Report. Mr. Ludwig seconded. Ms. Rosen called for a vote and the motion failed with a 2-2 vote. Mr. Ludwig and Ms. Hale voted Yes and Mr. Baldwin and Ms. Rosen voted No.

Ms. Rosen requested that the board discuss the status of the SEPA contract and E3's recommendations to revise the contract. The board discussed E3's evaluation of the SEPA agreement and asked that Senior Staff be given the report.

Mr. Baldwin moved to share the E3 report regarding SEPA with Senior Staff. Ms. Rosen seconded. The motion passed unanimously.

Mr. Baldwin moved to direct the Board Attorney to draft contract changes and pull in KyMEA and E3 as needed to produce that draft. Ms. Rosen seconded the motion. After some discussion Ms. Rosen requested that the vote be called by member. The motion failed with a 2-2 vote. Mr. Ludwig and Ms. Hale voted No. Mr. Baldwin and Ms. Rosen voted Yes.

Ms. Hale moved to accept the contract to have KyMEA handle the SEPA Entitlement. After some discussion, Ms. Hale withdrew her motion.

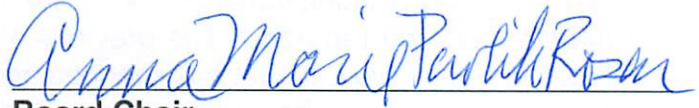
Mr. Baldwin made a motion to have the board attorney to pull in assets he needs from Mr. Price and from E3 to turn the SEPA Agreement into a contract change document that FPB can send to KyMEA for comment and to do it as expeditiously as possible. Ms. Rosen seconded. Ms. Rosen called for the vote by member and the motion failed with a 2-2 vote. Mr. Ludwig and Ms. Hale voted No, Mr. Baldwin and Ms. Rosen voted Yes.

13. **Action Item: General Manager's Comments.**

No General Manager comments

14. **Adjournment**

Ms. Hale moved to adjourn the meeting and Mr. Ludwig seconded. Ms. Rosen called for the vote and the motion passed unanimously. The meeting was adjourned.


Board Chair


Attest: Board Secretary/Treasurer