



# MINUTES

## FPB Board Meeting

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5:00 PM - Tuesday, November 19, 2019

Community Room

The Frankfort Plant Board on Tuesday, November 19, 2019 at 5:00 PM in the Community Room.

### ATTENDANCE:

Dawn Hale, Board Secretary/Treasurer  
Stephen Mason, Board Vice Chair  
John Cubine, Board Chair  
John Snyder, Board Member  
James Liebman, Board Attorney  
Gary Zheng, General Manager  
David Billings, Chief Water Engineer  
Harvey Couch, Marketing Video Content Coordinator  
Katrina Cummins, Finance Director  
David Denton, Chief Financial Officer  
Vent Foster, Chief Operations Officer  
Cassie Estill, Customer Service Supervisor  
Adam Hellard, Interim Cable Superintendent  
Ryan Henry, Assistant IT Director  
Scott Hudson, Electric Superintendent  
Casey Jones, IT Director  
Cathy Jennings, Executive Assistant to CFO  
Cathy Lindsey, Public Information Coordinator  
Kathy Poe, Executive Assistant to GM  
Hance Price, Assistant GM Administration/Staff Attorney  
Kim Phillips, Safety Director  
Leigh Ann Phillips, Support Services Director  
Julie Roney, Water Treatment Superintendent  
Alan Smith, Water Distribution Superintendent  
Scott Stafford, Media Services Manager  
Deron Rambo, Network Operations Center Director  
Travis McCullar, Chief Electric Engineer  
Nichell Brown, HR Specialist  
Jennifer Hellard, Purchasing Agent  
Sharmista Dutta, Water Engineer  
State Journal

#### 1 ACTION ITEM: APPROVAL OF MINUTES

- 1.1 Consider approval of the minutes for the October 15, 2019 board meeting and for the October 22, 2019 special board meeting.

*Stephen Mason moved to approve the minutes for the October 15, 2019 Board Meeting and the October 22, 2019 Special Board meeting. Dawn Hale seconded the motion.*

*CARRIED. 4 to 0.*

#### 2 ACTION ITEM: ACCEPT FINANCIALS

- 2.1 Accept financials for month ending October 31, 2019.

*Dawn Hale moved to approve the minutes for the October 15, 2019 Board Meeting and the October 22, 2019 Special Board meeting. Stephen Mason seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**3 INFORMATIONAL ITEM: PUBLIC COMMENT**

None

**4 INFORMATIONAL ITEM: WEBSITE CUSTOMER COMMENTS**

Customer Comments were addressed prior to the board meeting.

**5 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS**

- TELECOMMUNICATIONS
- CUSTOMER SERVICE
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT
- NETWORK OPERATIONS CENTER (NOC)

**6 ACTION ITEMS:**

**6.1 Consider Stop Loss Coverage and Plan Changes for the 2020 Employee Health Plan.**

Staff recommends the Board consider approving renewal with Pan American for the specific and aggregate Stop Loss Coverage for the 2020 FPB Employee health plan. Specific Stop Loss coverage reimburses the plan when any covered individual has claims for the year in excess of a specific deductible of \$85,000. Aggregate Stop Loss Insurance reimburses the plan if the total claims expense for the year exceeds expected total claims by more than 25%.

Our consultant Sherrill Morgan searched for competitive pricing with 11 stop loss carriers and 7 carriers responded. Pan American offered the best overall option with a reduction in the annual specific premium from 2019. (See MedBen Renewal Comparison Proposal in detail pages).

Estimated expenses for calendar year 2020 based on renewal with Pan American and MedBen:

<b>Estimated Expenses</b>	<b>2019</b>	<b>2020</b>
Annual Specific Premium	\$295,475	\$287,304
Annual Aggregate Premiums	\$11,635	\$16,847
Organ Transplant Coverage	\$36,283	\$36,283
Administration Fees (includes increase for Cigna provider network for 2020)	\$148,995	\$161,382
Expected Medical & RX	\$2,280,862	\$2,019,023
Claims Dental, Vision, & STD Claims (projected based on claims through October 2019)	\$260,569	\$260,569
<b>Total</b>	<b>\$3,033,819</b>	<b>\$2,781,408</b>

In addition, Staff asks the Board consider several Health Plan Changes effective January 1, 2020:

- **Teledoc Services:** As a convenience to plan members, Teledoc provides access to board-certified physicians via phone or video anytime, anywhere at \$0 cost to health plan members. (See Teledoc PowerPoint in detail pages) Fees are \$3.75 per employee per month, or \$8,910 annually (estimated). Included in above Administration fees.
- **The Little Clinic:** Available to health plan members at \$0 co-pay and deductible for onsite visits. The Little Clinic is open 7days a week with extended hours. The cost to the plan for The Little Clinic visit is less expensive than physician office visits.
- **Walgreens and Rite Aid Pharmacies:** In an effort to control prescription drug expenses, our Staff recommends the Board consider doubling all co-payment tiers (see the below table) for prescriptions filled at Walgreens and Rite Aid pharmacies. These pharmacies have the highest ingredient cost and provide the lowest drug rebates.

Prescription Tier Levels	2019 Current Pharmacy Co-payments	2020 Walgreens and Rite Aid Pharmacies Only
Tier I - Generic	\$5.00	\$10.00
Tier II – Brand Formulary	\$30.00	\$60.00
Tier III - Formulary	\$60.00	\$120.00

*John Snyder moved to approve Stop Loss Coverage and Plan Changes for the 2020 Employee Health Plan as discussed above. Stephen Mason seconded the motion.*

**MOTION CARRIED. 4 to 0.**

- 6.2 Consider approving a professional services agreement with Hazen and Sawyer in the amount of \$41,378 for the preliminary engineering related to the ammonia and sulfuric feed improvements project at the water treatment plant.

The water treatment plant currently utilizes gaseous ammonia and sulfuric acid in the treatment of water. In an effort to replace aging equipment as well as continue implementing safety measures at the water treatment plant, a project to eliminate the gaseous ammonia and replace with a liquid ammonia feed system is recommended. In addition, the sulfuric feed system is in need of redundancy and upgrades to the bulk storage tank.

A Request for Qualifications was sent to seven engineering firms and three responses were received. A FPB selection committee reviewed the statements of qualifications, conducted interviews, and is recommending Hazen and Sawyer to provide the professional services related to the project.

As a matter of course, an agreement together with a scope of engineering services has been prepared and is included in the board package for review. Under the proposal, Hazen and Sawyer will perform preliminary services to assist in selection and siting of a new liquid ammonia feed system, sulfuric feed improvements, and provide a preliminary engineering report (PER) with budgetary construction costs to be submitted to the Division of Water for approval.

The FY20 budget includes \$45,000 for engineering and the FY21 budget includes \$300,000 for construction for the project. The FY21 budget will be adjusted based on the results of the preliminary engineering study. The updated

budget number will include costs for additional engineering services including field investigations, detailed design, bid phase assistance, contract administration, and construction.

Staff recommends that the Board approve the agreement with Hazen and Sawyer contingent upon receipt of insurance requirements. The attached agreement has been reviewed and approved by the Staff attorney.

***Stephen Mason moved to approve professional services agreement with Hazen and Sawyer in the amount of \$41,378 for preliminary engineering related to the ammonia and sulfuric feed improvements at the water treatment plant. John Snyder seconded the motion.***

***MOTION CARRIED. 4 to 0.***

- 6.3 **Consider Approval of Bid Invitation #1685, Contract Labor for Fiber Optic Cable Construction, and Splicing Phase I to Custom Cable Services in the amount of not to exceed \$700,000.00.**

Staff recommends the award of Bid Invitation #1685, Contract Labor for Fiber Optic Cable Construction and Splicing Phase I to Custom Cable Services. The invitation was publicly issued on September 10, 2019, and was advertised and sent to four potential bidders. Bids were received and opened on September 24, 2019, with Custom Cable Services and Electricom being the only companies submitting proposals. Custom Cable was the low bidder and met all of the requirements in the bid specifications.

FPB has successfully used Custom Cable as a contractor in the past. Staff has budgeted \$2,450,000 for the first phase of this project, which includes material and labor. Funds for this project can be found in the FY20 budget on Pg. 15 line item 60. Staff Attorney has reviewed the contract and it meets with his approval.

***Dawn Hale moved to approve Bid Invitation #1685 for contract labor for Fiber Optic Cable Construction and Slicing Phase 1 to Custom Cable Services in an amount not to exceed \$700,000. John Snyder seconded the motion.***

***MOTION CARRIED. 4 to 0.***

- 6.4 **Consider Approval of Bid Invitation #1686, Contract Labor for Cable Fiber Optic Cable Construction and Splicing-Future Greenfield Areas to Custom Cable Services in the amount of not to exceed \$235,000.00.**

Staff recommends the award of Bid Invitation #1686, Contract Labor for Fiber Optic Cable Construction and Splicing-Future Greenfield Areas to Custom Cable Services. The invitation was publicly issued on September 10, 2019, and was advertised and sent to four potential bidders. Bids were received and opened on September 24, 2019, with Custom Cable Services and Electricom being the only companies submitting proposals. Custom Cable was the low bidder and met all of the requirements in the bid specifications.

FPB has successfully used Custom Cable as a contractor in the past. Funds for this project can be found in the FY20 budget on Pg. 15 line item 60 as a portion of the budgeted \$2,450,000. Staff Attorney has reviewed the contract and it meets with his approval.

***John Snyder moved to approve Bid Invitation #1686 for contract labor for Cable Fiber Optic Cable Construction and Splicing - Future Greenfield Areas to Custom Cable Services in an amount not to exceed \$235,000. Stephen Mason seconded the motion.***

***MOTION CARRIED. 4 to 0.***

6.5 **Consider Award of Bid Invitation # 1688 for the Purchase and Transfer of IP Resources to Hilco Streambank in the amount of \$309,657.60.**

Bid invitation #1688 is for the purchase and transfer of additional IP address resources needed to provide internet services. These services include Residential and Business cable modem internet service, Dedicated Metro Ethernet service, and future high capacity internet service offerings.

The bid invitation was sent to 14 qualified vendors with two responses received. After reviewing all bids, staff recommends awarding to Hilco Streambank as they are the lowest bidder meeting specifications.

*Stephen Mason moved to approve Bid Invitation #1688 for the purchase and transfer of IP Resources to Hilco Streambank in the amount of \$309,657.60. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

6.6 **Consider Approving Fox Regional Sports Network Amendments, Fox Broadcasting Network License Agreement, and Fox Cable Agreement.**

**Fox Regional Sports Amendments:**

This direct amendment has a term through December 31, 2023. The networks covered include: Fox Sports Ohio on Classic Cable; Big Ten Network on Preferred Cable; and Fox College Sports and YES on Sports Plus. This agreement also covers TVE and VOD rights.

The agreement represents programming license fee increases of 4% annually for each network. The increases are below what was budgeted. There are no launch or repositioning requirements in this amendment.

**Fox Broadcasting Network License Agreement:**

This direct agreement has a term through December 31, 2022.

The amendment represents a license fee increases of 16% in 2020, and 7% in the two years after that. The increases were budgeted and anticipated. Fox Broadcast VOD is among the most viewed content on FPB Video On Demand.

FPB is required to maintain a valid retransmission consent agreement with a FOX broadcaster in order to keep VOD rights. Currently, FPB has a retransmission consent agreement with Sinclair for carriage of WDKY out of Lexington through the end of 2020.

**Fox Cable Agreement:**

This NCTC agreement has a term through July 31, 2021.

The current Fox Cable/NCTC agreement expires on December 31, 2019. Disney/ESPN Media Networks (DEMN) recently acquired several Fox Cable properties from Fox. This amendment is with DEMN and covers the following Fox Cable Networks: FX, FXX, FXM, National Geographic, and Nat Geo Wild. This amendment is co-terminus with the existing NCTC/DEMN agreement for all of the other DEMN channels.

The amendment represents a license fee increases of between 3.5 and 8% in 2020 depending on the network. The increases were budgeted and anticipated. There are no launch or repositioning requirements in this amendment.

The Cable Advisory Committee and Staff recommend the Board approve these Amendments/Agreements with Fox Regional Sports Networks, Fox Broadcasting Network, and Fox Cable.

The Staff Attorney has reviewed all of the amendments/agreements and they meets with his approval.

*John Snyder moved to approve Fox Regional Sports Network Amendments, Fox Broadcasting Network License Agreement and Fox Cable Agreement. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**6.7 Consider Approval of the POP Network Agreement.**

The Cable Advisory Committee and Staff recommend the Board approve the POP Network Agreement. This direct agreement has a term through August 31, 2022. FPB's current agreement for POP was executed with its previous owner, TV Guide Network back in 2007. POP sunset their scrolling guide channel this past summer. At the same time, they asked that we work on a new direct agreement. This agreement also cover TVE and VOD rights.

POP is on Classic Cable channel 61 and in HD on 561. It is owned by CBS Corporation and is a general entertainment channel, focusing primarily on programs pertaining to pop culture.

There is a decrease in our rate of 30% in year 1. Annual increases after that will be CPI or 5%, whichever is higher. These increases were less than what was budgeted.

The Staff Attorney has reviewed the agreement and it meets with his approval.

*Stephen Mason moved to approve the POP Network Agreement. John Snyder seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**6.8 Accept Minutes from the Cable Advisory Committee Special Meeting of September 11, 2019.**

*Stephen Mason moved to accept the Minutes from the Cable Advisory Committee Special Meeting of September 11, 2019. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**6.10 Consider Retaining Crowe LLP to Conduct the 2019-2020 Financial Statement Audit for a fee of \$36,500.**

Staff recommends the board retain Crowe, LLP to conduct the 2019-2020 fiscal year external financial statement audit of the Frankfort Plant Board at a cost of \$36,500. In November 2016, FPB issued a Request for Proposal (RFP) for external audit services for five consecutive fiscal years beginning with the fiscal year ended June 30, 2017 and concluding with the fiscal year ended June 30, 2021. Crowe LLP was the firm selected for the audit engagement. FPB has budgeted \$33,000 in this fiscal year under the finance department's budget on page 54 of the board approved 2019-2020 FPB budget and financial plan. A copy of the 2019-2020 audit engagement letter is included in this board packet for your review.

*Stephen Mason moved to approve retaining Crowe LLP to conduct the 2019-2020 Financial Statement Audit for a fee of \$36,500. John Snyder seconded the motion.*

**MOTION CARRIED. 4 to 0.**

- 6.11 **Consider Approval of Dinsmore & Shohl LLP engagement letter for bond counsel services.**

FPB's long-time bond counsel attorney, Mark Franklin, has transferred to Dinsmore & Shohl LLP from Stoll Keenon Ogden PLLC (SKO). Dinsmore is consistently ranked as one of the top firms in the nation in both dollar volume and number of tax-exempt financings, as recognized by The Bond Buyer/Thomson Reuters. Dinsmore has over 40 attorneys in the taxation and municipal bond financing area that would be of great service to FPB.

Staff is requesting approval of the attached engagement letter with Dinsmore for bond counsel services. Mr. Franklin needs a signed engagement letter in order to open a new client number for FPB and move our files from SKO. Staff has no plans to issue tax-exempt debt for the foreseeable future, but we do occasionally need bond counsel services for tax compliance and reporting.

*John Snyder moved to approve Dinsmore & Shohl LLP engagement letter for bond counsel services. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

- 6.9 **Consider Appointment of Mr. Larry Totten to the Cable Advisory Committee.**

Staff recommends the Board appoint Mr. Larry Totten to the Cable Advisory Committee with a term beginning November 20, 2019 through October 31, 2022. The appointment is needed to fill the vacancy created by the expiration of Mr. John Paul's term. Staff advertised the opening of the volunteer position in the State-Journal, on Around 10, the FPB website, and the Cable 10 bulletin board. The information was disseminated to the public over a six-week period from September 21, 2019 through October 31, 2019.

Staff received two applications for the position. Mr. Totten has been attending Cable Advisory Committee meetings regularly for the past year and has expressed an interest in position and eagerness to assist FPB in their Cable TV decisions. A copy of Mr. Totten's resume is included for your review.

Staff would like to recognize John Paul's service to the Cable Advisory Committee. He served from 2013 to 2019. We appreciate his service and his contribution to the FPB and this community.

*John Snyder moved to approve the appointment of Mr. Larry Totten to the Cable Advisory Committee. Stephen Mason seconded the motion.*

**MOTION CARRIED. 4 to 0.**

- 6.12 **Consider Approval of Mutual Non-Disclosure Agreement with the University of Kentucky.**

FPB and the University of Kentucky are in discussions regarding working together with UK's Electric and Engineering department for the purpose of sharing research and data. UK has requested that FPB execute the attached Non-Disclosure Agreement ("NDA"). The staff attorney has reviewed the agreement and it meets with his approval.

*Stephen Mason moved to approve the Mutual Non-Disclosure Agreement with the University of Kentucky. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**7 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS:**

Mr. Zheng discussed the letter prepared to be sent to NC State regarding the Clean Energy Project. The Board has reviewed the letter and all Board members agreed the letter was okay to send.

**8 INFORMATIONAL ITEM: OLD & NEW BUSINESS**

**NONE**

**9 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION**

Move to call a closed session pursuant to KRS 61.810(1)(c) to discuss pending litigation regarding the reservoir.

*Stephen Mason moved to call a closed session pursuant to KRS 61.810 (1)(c) to discuss pending litigation regarding the reservoir and Peaks Mill Water Service. John Snyder seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**10 CLOSED DOOR SESSION**

*John Snyder moved to come back to open session. Dawn Hale seconded the motion.*

**MOTION CARRIED. 4 to 0.**

**11 ACTION ITEM: ADJOURNMENT:**

Chair John Cubine stated that there would be no action as a result of the closed session discussion, but a Special Meeting of the Frankfort Plant Board Board of Directors would be held on Thursday, November 21, 2019 at 5:00 p.m. in the FPB Community Room.

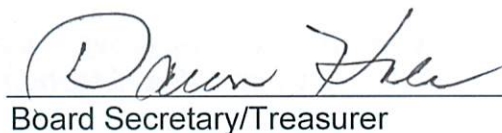
*Stephen Mason moved to Adjourn the meeting. John Snyder seconded the motion.*

**MOTION CARRIED. 4 to 0.**



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Board Chair



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Board Secretary/Treasurer