

May 23, 2016

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Farmers Bank and Capital Trust, located at 125 W. Main Street, Frankfort, Kentucky, on Monday, May 23, 2016 at 1:00 p.m.

**ATTENDANCE:**

Ralph Ludwig, Board Chair  
Rick Pogrotsky, Vice Chair  
Dr. Scott Green, Secretary/Treasurer  
Anna Marie Pavlik Rosen, Board Member  
Walt Baldwin, Board Member  
James Liebman, Board Attorney  
Herbbie Bannister, General Manager  
David Billings, Chief Water Engineer  
Bill Briscoe, Water Dist. Supt.  
Harvey Couch, Marketing and Video Coordinator  
Katrina Cummins, Asst. Finance Director  
David Denton, Finance Director  
Monique Gilliam, Customer Service Director  
Dana Goodlett, Cable Installation and Process Manager  
Adam Hellard, Broadband/Security Manager  
John Higginbotham, Asst. GM Telecommunications  
Scott Hudson, Electric Supt.  
Casey Jones, Asst. IT Director  
Kathy Poe, Executive Assistant  
Hance Price, Staff Attorney/ Asst. GM Administration  
Mark Redmon, Support Services Director  
Chris Riddle, WTP Superintendent  
Julie Roney, Asst. WTP Superintendent  
Dianne Schneider, HR Director  
Alan Smith, Asst. Water Superintendent  
Glenn Waldrop, Public Information Officer  
Kim Phillips, Safety Director  
Dave Pike, Cable 10 Videographer

**AGENDA**

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

**May 23, 2016 SPECIAL BOARD MEETING AGENDA**

1. **Action Item:** Consider Approving Minutes for the May 12, 2016 Special Board Meeting.
2. **Informational Item:** Review of FY 16-17 Budget.

**BOARD ACTION**

Mr. Ludwig called the meeting to order. Ms. Poe called the roll and noted five (5) board members in attendance.

1. **Action Item:** Consider Approving Minutes for the May 12, 2016 Special Board Meeting.

Mr. Pogrotsky moved to approve the minutes of the May 12, 2016 special board meeting. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.



2. **Informational Item: Review of FY 16-17 Budget.**

Mr. Bannister reviewed the tentative schedule for budget discussion.

Mr. Denton discussed FPB's status as a non-profit municipal utility company which provides cable, electric and water services to its customers. He explained the manner in which FPB was allowed as a non-profit company to utilize the funds it collects.

Mr. Denton discussed KRS 65A.080 and advised that a budget must be adopted prior to July 1, 2016 pursuant to this statute. He continued to explain the purpose of the budget, the planning, approach and layout of the budget for the 2016-2017 fiscal year.

Mr. Denton discussed the companywide funding summary and explained revenues, expenses, change in new position and reviewed the five (5) year budget comparison. He further discussed the allocations to each line of business.

Mr. Denton discussed the general overview of financial performance including customer counts as well as revenues and expenses for each line of business. He discussed the details of the debt service and stated that the highest year of debt service was included in the five (5) year plan.

In response to Ms. Rosen, Mr. Denton discussed the manner in which costs were allocated to each line of business and explained how the projected rate track must cover expenses for each business line. He reiterated the importance of ensuring that FPB covers its operating costs to remain financially stable.

Mr. Denton discussed payroll and benefits and discussed pay increases that were included in this budget. He requested the Board come to a consensus on any changes to be made prior to the June 21, 2016 board meeting and explained the spreadsheet which would demonstrate those changes and the impact on the budget. Mr. Denton further explained that changes were included in the 16-17 fiscal year budget regarding the exempt overtime law and that they had no significant impact on the budget.

**CABLE**

Mr. Higginbotham explained the Cable/Telecommunications division goals to meet existing and future needs of the customers and the community. He explained cutover of the Headend as well as current and future customer counts for all lines of business in the Cable/Telecommunications division.

Mr. Higginbotham discussed new products, programming increases, changes in telephone, infrastructure upgrades, fiber to the home, the need for additional staff for marketing, and the long term and short term goals. He further advised that Staff was requesting approval on only the 16-17 fiscal year budget and acceptance of years 2-5 of the five (5) year plan.

Mr. Higginbotham explained capital expenses, rollover of budgeted funds not utilized in the 15-16 fiscal year budget, and infrastructure improvements. Mr. Higginbotham and Mr. Couch discussed growth as well as losses in the various business lines of Cable/Telecommunications.

Mr. Higginbotham discussed operating expenses as well as the expected increases to come with retransmission consent agreements for local cable channels. He further discussed payroll for Cable/Telecommunications.

Mr. Denton discussed the format and break out of direct expenses, depreciation and revenue lines. Mr. Higginbotham further discussed Staff changes, promotions and potential hiring in the Cable/Telecommunications division.

In discussion, Mr. Higginbotham and Mr. Denton explained budgeted funds for marketing as well as the potential for growth in the various business lines for Cable/Telecommunications. Mr. Higginbotham discussed the need for consultants for infrastructure upgrades and the funds budgeted to hire the necessary consultants. Mr. Denton clarified ratios and Mr. Higginbotham further explained marketing and sales.

In response to Mr. Baldwin, Mr. Higginbotham discussed costs for fiber to the home and explained research and conversations with other companies similar to FPB. Mr. Higginbotham further discussed current debt and funds for upgrading and maintaining the current Cable system.

With no further business to discuss, Mr. Pogrosky moved to adjourn the meeting. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

  
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CHAIRMAN

  
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ATTEST: