

August 15, 2017

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the Career and Technical Center as Franklin County High School, located at 1106 E. Main Street, Frankfort, Kentucky, on Tuesday, April 18, 2017 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Walt Baldwin, Vice Chair
Anna Marie Pavlik Rosen, Board Member
John Cubine, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Water Engineer
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Asst. Finance Director
David Denton, Finance Director
Sharmista Dutta, Water Engineer
Vent Foster, Asst. GM Operations/Chief Electric Engineer
Monique Gilliam-Avery, Customer Service Director
Dana Goodlett, Cable Installation Supervisor
Adam Hellard, Security Broadband Technology Manager
Ryan Henry, Asst. IT Director
John Higginbotham, Asst. GM Cable/Telecommunications
Scott Hudson, Electric Superintendent
Casey Jones, IT Director
Cathy Jennings, Traffic and Billing Coordinator
Cathy Lindsey, Public Information Officer
Kim Phillips, Safety Director
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
Shane Holt, Senior Engineering Tech
Charlie Ballard, Cable Construction Supervisor
Kim Kersey, Kersey Consulting Services
Thomas Grigg, Engineering Associates, LLC

AGENDA

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

1. **Action Item:** Consider Approving Minutes for the July 18, 2017 Board Meeting.
2. **Informational Item:** Engineering Associates Presentation of the Telecommunications Infrastructure Study Feasibility Improvements Study.
3. **Informational Item:** Presentation from Kentucky Capital Development Corporation.
4. **Informational Item:** GRW Presentation of Final Documents to FPB/ TNAi.
5. **Action Item:** Accept Electric, Water and Cable Financials & Statistical Data for June, 2017.
6. **Information Item:** Public Comment Period.

7. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA
 - Safety
 - Water Distribution
 - Water Treatment Plant
8. **Action Item:** Consider Executing Agreement Between GRW, Inc. and FEWPB to Perform Engineering Services Related to the High Service Pump Station Valve Project at the Water Treatment Plant.
9. **Action Item:** Consider Approving Olympic Channel Agreement.
10. **Action Item:** Consider Re-Appointment of Alisha Morris and Eric Cockley to Cable Advisory Committee.
11. **Action Item:** Consider Award of Bid Invitation #1642 for Contract Meter Reading Services.
12. **Action Item:** Consider Accepting Response of Kentucky Municipal Energy Agency (KyMEA) to the E3 Report and to FPB.
13. **Action Item:** Consider Executing Contract with E3.
14. **Old & New Business:**
15. **Informational Item:** General Manager's Comments.
16. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810(1)(c) for the discussion of Marillia and pump station litigation.
17. **Closed Door Session:**

BOARD ACTION

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

1. **Action Item:** Consider Approving Minutes for the July 18, 2017 Board Meeting.

Mr. Cubine moved to approve the minutes for the July 18, 2017 Board meeting. Mr. Ludwig seconded. Mr. Ludwig called the vote and the motion passed unanimously.
2. **Information Item:** Engineering Associates Presentation of the Telecommunications Infrastructure Study Feasibility Improvements Study.

At the February meeting, the Board approved an agreement with Engineering Associates to perform an Infrastructure Feasibility Improvements Study for the FPB Telecommunications network.

The objectives of the study were:

- Assessment of our existing outside plant and alternatives for improving the infrastructure in order to meet current and future wholesale and retail demands by subscribers in the offering of voice, video and data products.
- Capital and operating costs of alternate infrastructure design versus costs associated with improving the existing plant and design.
- As applicable, a business case and deployment plan that allows FPB to provide services during transition and/ or maintain existing services long term while migrating services to a new infrastructure.

Kim Kersey from Kersey Consulting Services and Tom Grigg from Engineering Associates, Inc., consultants hired to assess FPB's cable/telecom system, presented to the board the findings of their cost and feasibility study and recommendations to proceed. They outlined a plan to upgrade the existing infrastructure that has outlived its lifespan in order to address immediate service reliability and quality issues. Their long-term recommendation is to deploy a Fiber-to-the-Home project. The in-depth presentation consisted of cost estimates and a proposed time schedule along with various options for FPB to cut the cost of the upgrade.

Once the presentation was complete, the consultants fielded questions from the board. After much discussion, the Board and FPB staff will further review the report and discuss timeline and financing options. Staff plans to make recommendations to the board at the September meeting.

3. **Information Item: Presentation from Kentucky Capital Development Corporation, (KCDC) Terri Bradshaw will discuss**

As FPB begins the initial steps of an AMI Project in the Electric Department and considers significant investment in the Telecom Infrastructure, staff requested Terri Bradshaw address the FPB Board. Ms. Bradshaw is the Executive Director of the Kentucky Capital Development Corporation (KCDC). Terri's presentation will be informative and related to what her clients are looking for when they consider Frankfort/Franklin County for their business location or expansion.

Terri Bradshaw presented to the board what potential new businesses look for when coming to the Frankfort/Franklin County area. Of the many criteria on their list the top requirement is quality and affordable utilities with fast reliable internet/broadband. She opened the floor for question and answer and then Mr. Ludwig thanked her for the information.

4. **Information Item: GRW Presentation of Final Documents to FPB/TNAI**

At the meeting last month, the Board approved a schedule (see tab 4) for the Tanglewood Fence and Landscape project. Aaron Nickerson with GRW will be in attendance to present the following:

- Present final fence design and review project scope.
- Present final landscaping plan (integration of comments, Inside-Out plan and GRW preliminary plan)>
- Present final retaining wall demo plan.
- Present final demo plan of existing fence.

Aaron Nickerson presented the final fence design and landscaping plan for the reservoir site in Tanglewood. A few Tanglewood residents had questions regarding the size and location of the plantings. After some discussion it was decided that the neighborhood association would meet this week to discuss the plan in an effort to

stay on schedule. A final landscaping plan will be presented at the September meeting.

5. **Action Item: Accept Electric, Water and Cable Financials & Statistical Data for June 2017. David Denton will discuss**

Mr. Denton went over the June 2017 Financial & Statistical Data with the board. Mr. Cubine moved to approve the financials. Mr. Ludwig seconded and the motion was carried.

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

Mr. Ludwig opened the floor for public comment. There was no member of the public present who wished to speak.

7. **Informational Item: Departmental Reports.**

- **Website Customer Comments**
- **Cable Dept.**
- **Customer Service**
- **Electric Dept.**
 - **SEPA**
- **KyMEA**
- **Safety**
- **Water Distribution**
- **Water Treatment Plant**

Mr. Ludwig stated that unless there were questions from board members concerning departmental reports that they would dispense the departmental reports due to a lengthy agenda.

In response to Ms. Rosen Mr. Bannister went over some highlights from KyMEA since the last board meeting they are:

We received over 100 proposals regarding renewable energy projects.

We are negotiating a contract with a natural gas supplier.

KyMEA Appointed Mr. Bannister as the Secretary at their July 26, 2017 meeting.

KyMEA voted to match up to \$7500 with KUMA for join action in the upcoming legislative session.

The first quarter KyMEA invoice was \$188,000.

KyMEA voted to sell capacity to Berea in the winter months.

KyMEA approved a line of credit from Fifth Third Bank for 5 Million.

KyMEA approved a finance policy.

KyMEA approved an request for proposal (RFP) for an auditor.

KyMEA approved a service contract for accounting software training.

The next meeting of the KyMEA will be August 24, 2017 at Bowling Green Municipal Utilities (BGMU).

Prior to the KyMEA's next meeting an Executive Committee will meet to discuss the candidates for the CEO position.

Mr. Bannister asked Ms. Lindsey to address the board regarding FPB's plans to market our tap water. Ms. Lindsey informed the board that one meeting of a work group focusing on the task of marketing our water has already taken place and that there are plans in the works to visit Louisville's water company to meet with Kelly Dearing- Smith who addressed the board in July. She also added that an in house water taste test was executed and that 6 out of 7 participants preferred FPB's tap water over bottled water.

8. **Action Item: Consider executing agreement between GRW, Inc. and FEWPB to perform engineering services related to the High Service Pump Station (HSPS) Valve Project at the Water Treatment Plant for \$41,000. Julie Roney and David Billings will discuss.**

Over the last couple of years the water treatment plant has been experiencing maintenance issues with the existing pump control valves in the HSPS. The existing pump control valves serves two functions: First, they minimize surge by opening and closing at a slow and controlled rate. Second, they prevent water from returning back from the distribution system into the pump station.

In 2016, the Board retained the services of GRW to perform a thorough transient (surge) analysis, including computer modeling of different available options. Ultimately GRW recommended installation of a slanting disc check valve with hydraulic buffer for our system, which will be significantly less complicated than the existing valves. GRW's report is in the section for this agenda item.

The next step will be to provide design and specifications for bidding followed by construction. As a matter of course, GRW was requested to provide a scope of work for the following design and construction related activities:

• Design / Bidding	\$ 22,500
• Construction Administration	<u>\$ 18,500</u>
TOTAL	\$ 41,000

The FY 17-18 budget includes \$248,000 (see Budget Page 21 line 680) for engineering and construction of the project.

Staff recommends that the Board approve the agreement with GRW, Inc. contingent upon receipt of insurance requirements and approval by the Staff Attorney.

9. **Action Item: Consider Approving Olympic Channel Agreement Harvey Couch will discuss.**

Staff recommends approval of the Olympic channel agreement. This National Cable Television Cooperative agreement has a term through December 31, 2018. NBCUniversal has been making changes in their offerings over the last several months. They have terminated the distribution of Esquire (on FPB Preferred) and Universal HD (on FPB Classic). They have also launched a new channel, Olympic Channel – which has no associated license fee through 2020. Olympic Channel would be on Preferred Cable channel 144. TVE and VOD rights are included with this agreement. No additional carriage requirements or obligations are included in this agreement. The Asst. GM for Administration has reviewed the agreement and it meets with his approval.

Mr. Couch proposed a contract with the Olympic channel to the board. Mr. Cubine moved to approve the contract. Mr. Ludwig seconded and called for a vote, the motion carried unanimously.

10. **Informational Item: Consider Re-Appointment of Alisha Morris and Eric Cockley to Cable Advisory Committee. Harvey Couch will discuss**

Staff recommends the re-appointment of Alisha Morris and Eric Cockley to a second three year term on the Cable Advisory Committee, through August 18, 2020. The Committee Bylaws specify members can be reappointed for an additional term. Ms. Morris and Mr. Cockley have both indicated a willingness to continue to serve on the committee. Ms. Morris and Mr. Cockley have both been positive contributors to the committee during their first terms. Over the past three years, the Advisory Committee has dealt with multiple major network renewals and Ms. Morris and Mr. Cockley's experience and knowledge of the subscriber base and programming agreement structure will be valuable as FPB faces upcoming renewals.

Mr. Couch presented the above item to the board for approval. Mr. Cubine moved to approve the re-appointment of Ms. Morris and Mr. Cockley. Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion passed unanimously.

11. **Action Item: Consider Award of Bid Invitation #1642 for Contract Meter Reading Services. Monique Avery will discuss**

Staff prepared a bid invitation for contracted meter reading services. This service is needed due to attrition within the Meter Reading department. Due to the nature of the reduction in staff, this cost was not included in the current budget.

The invitation was sent to three vendors and posted to the FPB website, bids were received by two of the three vendors. Staff recommends award of bid to Corix Utility Services (US) Inc. in the estimated annual amount of \$347,278. Vendor bid information can be found in the details section for this item.

Ms. Avery discussed the proposal outlined above regarding a contract for meter reading services. Corix Utility Services (US) Inc. won the bid. Ms. Avery stated that with the reduction in staff in our Meter Reading department we are in immediate need for contractors who are trained and ready to go when they come on sight to perform meter-reading duties. In response to several questions from the board Ms. Avery outlined the references from the company, various other projects they competed in the past and what the procedure was for hiring and working with the contractor. Ms. Avery also stated that each meter reader would have a ride along FPB Employee for training as well as successfully pass drug, and background screening.

In response to Mr. Cubine David Denton discussed the cost of hiring meter readers for short term employment due to the upgrade in the future to AMI. Ms. Avery also added in response to Mr. Baldwin that hiring local employees takes longer to train them and they may not stay for any length of time once they find out that the job is for a shorter term. After further discussion Mr. Cubine moved to approve the contract for meter reading services and Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion passed unanimously with all 5 board members voting yes.

12. **Action Item: Consider Accepting Response of Kentucky Municipal Energy Agency (KyMEA) to E3 Report and to FPB.**

At the June 20, 2017 FPB Board Meeting, the report from E3 was accepted. In addition the Board requested that KyMEA respond to questions in the E3 report as well as a list of eleven items approved by the FPB Board. The KyMEA responses are in the details section for this agenda item.

Mr. Cubine moved to accept the response from KyMEA, Dr. Green Seconded. Mr. Ludwig called the vote by member and the motion passed unanimously.

13. **Action Item: Consider Executing contract with E3 James Liebman will discuss**

Mr. Cubine moved to approve the contract with E-3 and request E-3 to review the response submitted to KyMEA to the previously submitted E-3 recommendations and submit any comments back within 15 days. Mr. Baldwin seconded. In response to Dr. Green, Mr. Cubine stated that this would cost an additional 19,500.00 which Mr. Denton stated would have to be a contract that goes before the board for approval since it was not included in the budget. Mr. Ludwig called for the vote and the motion passed with all five (5) members voting yes.

14. **Old and New Business:**

Ms. Rosen proposed the following item:

Proposal: Request FPB Staff to asses and write a report on Climate Change

8/15/17 Anna Marie Pavlik Rosen

The Paris Climate Meeting concluded that we must limit global temperature change as close as possible to a 1.5 degree C increase to preserve our current standard of living. To do this the amount of carbon that is generated must decrease. How can FPB participate in this goal?

While some countries and states are taking steps to limit climate change, cities have become actively engaged. Often the solutions are small steps that many individuals need to make, so it is appropriate for cities to guide citizens toward this goal. Across the United States and internationally cities are working to reduce carbon emissions. The goal is to limit the effects of climate change. Meaning to limit the increase of severe weather events, preserve a stable climate, and control sea level rise. Without taking steps toward making our own carbon reduction choices, FPB customers will lose the opportunity to be part of a new energy platform and will be in a poor position to react to future limits and costs.

I propose that FPB staff look at the amount of energy that we purchase and calculate the resulting carbon emissions from coal based energy production. Then estimate the energy reduction that would be needed to meet the Paris Climate Change goal of a 1.5 degree C temperature limit. The goal of the report would be to suggest a strategy to meet carbon reduction goals.

Possible solutions to meet the reduction of carbon emissions could include:

Encouragement of more efficiently insulated homes and businesses to reduce energy usage

Share information with customers to encourage the reduction of peak electric demand, run high energy use appliances at night or on weekends

Promote customers turning there hot water heaters to Vacation when they will be absent 3 or more days

Offset Coal energy demand with renewable energy, home and community solar installations

NOTE: Louisville is a city that signed the Agreement to reduce Carbon Emissions, at the recent Meeting of US Mayors. City government is taking immediate steps to meet this goal by; increasing the tree canopy to reduce heat island effects, improve Metro building energy efficiency, endorse solar energy, all residential roofs as they are repaired or built must meet Energy Star Cool Roof requirements. In addition the

Public Service Commission requires LG&E/KU to practice Demand Side Management, which means to offset the need for more energy with energy usage reductions.

After discussion, Mr. Foster agreed to investigate how FPB can participate in this effort as well as take action and report to the board at a later time.

The Board proposed the following Confidentiality Policy:

Confidentiality of Information

It is the policy of FPB to ensure that the operations, activities and business affairs of FPB and its customers or suppliers are kept confidential to the greatest possible extent. If, during their employment, employees acquire confidential or proprietary information about FPB and its customers or suppliers, such information is to be handled in strict confidence and not to be discussed with outsiders. Employees are also responsible for the internal security of such information.

In the case of an open records request, the Staff Attorney shall determine which records are exempt pursuant to KRS 61.870 to 61.884

Employees found to be violating this policy are subject to disciplinary action, up to and including termination.

After some discussion, Mr. Cubine moved to accept the policy and Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion carried.

15. Information Item: General Manager's Comments

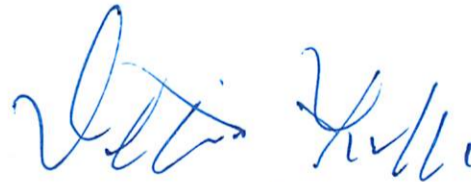
Mr. Bannister went over the following topics:

- Bonuses
- E Bill Incentive Program
- Extended hours on Saturdays
- Access Road to Service Center
- Take Home Vehicle Policy review
- Changes to Organizational chart
- Space Analysis and Co-location
- Fiber to High Density Properties
- KyMEA live stream meetings

16. Request Permission to Have Chair Call for a Closed Session pursuant to KRS 61.810(1)(c) for the discussion of Marillia and pump station litigation.

Mr. Ludwig called for a closed session. Mr. Cubine moved to go into closed session and Mr. Baldwin seconded. Mr. Ludwig called for a vote and the motion carried.

17. Closed Door Session:





ATTEST: