



# MINUTES

## FPB Board Meeting

5:00 PM - Tuesday, November 15, 2022  
Community Room

The Frankfort Plant Board met on Tuesday, November 15, 2022 at 5:00 PM in the Community Room.

### ATTENDANCE:

John Cubine, Board Chair  
John Snyder, Board Vice Chair  
Stephen Mason, Board Secretary/Treasurer  
Kathryn Dutton-Mitchell, Board Member  
Jason Delambre, Board Member  
Gary Zheng, General Manager  
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, Cable/Telecom Superintendent  
Scott Hudson, Electric Superintendent  
Cathy Lindsey, Communications & Marketing Director  
Kathy Poe, Executive Assistant to GM  
Hance Price, Assistant GM Administration/Staff Attorney  
Leigh Ann Phillips, Support Services Director  
Deron Rambo, Network Operations Center Director  
Travis McCullar, Chief Electric Engineer  
Nichell Brown, Human Resource Director  
David Columbia, Community Television Coordinator  
Brian Bourne, Water Distribution Superintendent  
JC Lyons, Safety Director  
Brandon Powers, Water Treatment Plant Superintendent  
Sharmista Dutta, Water Engineer  
State Journal

- 1 ACTION ITEM: APPROVAL OF MINUTES
  - 1.1 Consider Approval of the Minutes for the October 18, 2022 Board Meeting.

**Stephen Mason moved approve the Minutes for the October 18, 2022 Board Meeting. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.**

- 1.2 Consider Approval of the Minutes for the October 28, 2022 Special Board Meeting.

**John Snyder moved to approve the Minutes for the October 28, 2022 Special Board Meeting. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.**

- 1.3 Consider Approval of the Minutes for the November 7, 2022 Special Board Meeting.

**Stephen Mason moved to approve the Minutes for the November 7, 2022 Special Board Meeting. John Snyder seconded the motion. CARRIED. 5 to 0.**

## **2 ACTION ITEM: ACCEPT FINANCIALS**

- 2.1 Consider Accepting Clean, Unmodified Audit Report Prepared by Blue & Co. for the Fiscal Year Ended June 30, 2022 as Required by KRS 96.185.

**John Snyder moved to accept the Clean, Unmodified Audit Report Prepared by Blue & Co. for the Fiscal Year Ended June 30, 2022. Stephen Mason seconded the motion. CARRIED. 5 to 0.**

- 2.2 Consider Accepting the Financial Statements for Month Ending October 31, 2022.

**Stephen Mason moved to accept the Financial Statements for Month Ending October 31, 2022. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.**

## **3 INFORMATIONAL ITEM: PUBLIC COMMENT**

- 3.1 Ms. Tacy Groves and Mr. Joe Sanderson addressed the board discussing concerns of whiskey fungus and its potential effect on solar panels.

## **4 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS**

- PUBLIC INFORMATION
- POTENTIAL OR AGREED UPON RELATED PARTY TRANSACTIONS  
None
- NETWORK OPERATIONS CENTER (NOC)
- CUSTOMER SERVICE
- TELECOMMUNICATIONS
- ELECTRIC DEPARTMENT

- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT

**5 ACTION ITEMS:**

- 5.1 Consider Award of Bid Invitation #1770 for Capital Plaza Oil Storage Tank to Tanks Direct in the Amount of \$42,270. (Travis McCullar will discuss)**

Staff prepared an invitation for an underground oil storage tank to be used at Capital Plaza substation for secondary oil containment. The invitation was publicly advertised and sent directly to potential bidders. One bid response was received. Due to the level of specialization required for manufacturing a tank of this scale, a low number of bids were expected. The project consulting firm, Power Centric Solutions, reviewed the bid submission and confirmed the price is within the expected range for this equipment. Staff recommends awarding to Tanks Direct in the amount of \$42,270 with a delivery of 9-11 weeks.

This oil storage tank will be used for the ongoing T54 Replacement Project. This purchase is included in the 2022-2023 capital additions budget, Page 17, Line Item 75. The amount included in the budget for this project is \$1,850,000.

***John Snyder moved to award Bid Invitation #1770 for Capital Plaza Oil Storage Tank to Tanks Direct in the Amount of \$42,270. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.***

- 5.2 Consider Award of RFP 2022-3 for Community Solar Phase I Development (Travis McCullar will discuss)**

In October, staff issued a Request for Proposals (RFP) for Community Solar Phase I construction. The RFP was advertised locally, and sent directly to potential vendors. The request sought proposals from qualified solar installation providers to develop Phase I of the Community Solar facility located behind the Admin Building on Flynn Avenue. Bidders were also asked to provide the cost of an optional second phase of the facility.

The evaluation team evaluated each proposal, and selected the top ranked vendor based upon cost effectiveness, quality and project team experience. Based upon the ranking criteria, Solar Energy Solutions (SES) was selected as the top ranked firm. After the ranking process was complete, staff checked referrals for SES and the feedback received was positive. If approved, the vendor will finalize a complete design of the facility, provide site work for all four phases, and fence the entire facility.



\$400,000 is included in the current electric department budget for Community Solar.

***Kathryn Dutton-Mitchell moved to Award RFP 2022-3 for Community Solar Phase I Development to Solar Energy Solutions. John Snyder seconded the motion. CARRIED. 4 to 0. Jason Delambre recused himself.***

5.3 Consider Award of Cost of Service and Rate Design Contract to 1898 and Company (Travis McCullar will discuss)

A Cost of Service (COS) and Rate Design Study is a fundamental utility practice for establishing fair and accurate rates. With rapid changing costs and technology offerings, performing a COS now will better inform FPB's policy and rate making decisions to address these challenges. Regularly conducting a cost of service study also ensures revenue recovery is equitably allocated to each customer class.

Staff has negotiated a Statement of Work with 1898andCo to conduct the COS and Rate Design study for FPB. The tasks provided will consist of revenue forecasting and requirements, modeling costs and allocations to customer classes, reviewing rate structures and recommending updated customer rates. 1898&Co has performed financial and rate design services for FPB in the past, including assisting FPB with distributed generation and EV charging rates.

The results of the study are expected to be ready for the Board's review in the early spring of 2023. 1898&Co and staff will present the findings to the Board at that time. Any rate changes recommended in the study will be subject to further Board review and approval, and will also be subject to the normal tariff change process including a public hearing.

\$75,000 is included in the current electric department budget for rate studies.

***John Snyder moved to award Electric Cost of Service Study and Rate Design Contract to 1898 and Company. Stephen Mason seconded the motion. CARRIED. 5 to 0.***

5.4 Consider Award of Bid Invitation #1769 for a Pickup Truck to Frankfort Ford in the amount of \$38,821. (Leigh Ann Phillips will discuss)

Staff collected sealed bids for a pickup truck to be used in the facilities locating department. FPB typically purchases pickup trucks on the KY state price contract rather than bidding. However, due to a vehicle shortage, there are no trucks available for purchase on the state price contract until 2024 meaning that we have to purchase them retail.

Staff recommends awarding to Frankfort Ford in the amount of \$38,821. Frankfort Ford is the best bid as they meet the specifications, have the lowest



price, and the quickest delivery. The bid invitation was sent to 20 vendors with three responses received.

The bid is \$821 over budget as we anticipated purchasing from the state price contract at the time of budget preparation.

**Stephen Mason moved to award Bid Invitation #1769 for a Pickup Truck to Frankfort Ford in the amount of \$38,821. John Snyder seconded the motion. CARRIED. 5 to 0.**

5.5 **Consider Stop Loss Coverage and Plan Changes for 2023 Employee Health Plan. (Nichell Brown to discuss).**

Staff recommends the Board consider approving renewal with Pan American for the specific and aggregate Stop Loss Coverage for the 2023 FPB Employee health plan. Our consultant Sherrill Morgan searched for competitive pricing and received responses from seven stop loss carriers (see Stop Loss Carrier rating portfolio included in the detail pages).

Our current carrier, Pan American, offered the best overall option for stop loss coverage when an additional liability corridor is considered. To reduce premium expenses, Sherrill Morgan recommends that we accept the additional liability of \$100,000 aggregated specific deductible. One or more health plan members must meet the additional aggregating specific deductible of \$100,000 before the carrier is responsible for reimbursement of claims expenses above the individual specific deductibles.

With the \$100,000 aggregated specific deductible option, specific stop loss premiums will decrease \$7,674 annually (from \$496,988 to \$489,314). See highlighted sections of the renewal comparison proposal spreadsheet included in the detail pages section.

With the self-funded health plan, the specific stop loss coverage reimburses FPB in the event any covered individual has claims exceeding the specific deductible of \$125,000; the aggregated stop loss coverage reimburses FPB if the total claims expense for the entire group exceeds expected total claims by more than 25%.

Estimated expenses for calendar year 2023 based on renewal with Pan American and MedBen:

<b>Estimated Expenses</b>	<b>2022</b>	<b>2023</b>
Specific Deductible	\$100,000	\$125,000
Additional Liability Corridor (Aggregating Specific Deductible)	\$100,000	\$100,000

Annual Specific Premium	\$496,988	\$489,314
Annual Aggregate Premiums	\$22,056	\$23,134
Organ Transplant Coverage	\$38,533	\$38,533
Administration Fees (includes increase for Cigna provider network for 2023)	\$172,927	\$173,979
Expected Medical & RX	\$2,163,566	2,316,866
Claims Dental, Vision, & STD Claims (projected based on claims through October 2022)	\$187,092	\$187,092
<b>Total Projected Health Care Expense</b>	<b>\$3,434,963</b>	<b>3,453,918</b>

The table below shows EMPLOYEE payroll contributions and the amounts the employee contributes each month based on plan type for health care.

There are no recommended changes to the below employee payroll contributions for the 2023 plan year.

Level of Coverage	2022 FPB PPO Medical/Rx	2022 FPB Well Living PPO Medical/Rx	**2022 FPB CDHP Medical/RX	**2022 FPB Well Living CDHP Medical/Rx	*2022 Dental
<b>Single Coverage</b>	<b>Current Monthly Premiums</b>				
Employee Pays/Month	\$73.00	\$45.00	\$42.00	\$15.00	\$2.51
<b>EE &amp; Children</b>					
Employee Pays/Month	\$192.00	\$140.00	\$120.00	\$68.00	\$9.51
<b>EE &amp; Spouse Coverage</b>					
Employee Pays/Month	\$205.00	\$150.00	\$122.00	\$68.00	\$9.51
<b>Family Coverage</b>					
Employee Pays/Month	\$270.00	\$215.00	\$202.00	\$148.00	\$15.56
<b>Deductible Single/Family</b>	\$400/ \$1,200	\$400/ \$1,200	\$1,000/ \$2,400	\$1,000/ \$2,400	\$25/\$75
<b>Maximum out of pocket Single/Family</b>	\$1,000/ \$2,400	\$1,000/ \$2,400	\$1,000/ \$2,400	\$1,000/ \$2,400	
<b>Prescriptions</b>	OTC \$0, \$10, \$30, \$60				
** Employees with a CDHP Plan are eligible to receive \$600 for single and \$1200 for all other coverages from FPB after the employee has paid the first \$400 in medical expenses.					
*The Employee's Dental and Vision benefits are combined with one contribution.					



Staff asks the Board to approve the renewal of Stop Loss Coverage for the 2023 health plan year.

***John Snyder moved to approve Stop Loss Coverage and Plan Changes for 2023 Employee Health Plan. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.***

5.6 **Consider increase to Flexible Spending Accounts (FSA) voluntary employee contributions amounts (*Nichell Brown to discuss*).**

Frankfort Plant Board currently allows employees to voluntarily contribute pre-tax dollars to Flexible Spending Accounts (FSA) to use for eligible health and dependent care expenses. On October 18, 2022, the IRS has released Revenue Procedure 2022-38, which provides inflation-adjusted for contribution limits for health Flexible Spending Arrangement (FSA).

For taxable years beginning January 1, 2023, voluntary employee salary contributions to FSA are increased to \$3,050 (up from \$2,850). In addition, carryover of unused FSA amounts is increased to \$610 (up from \$570 - this is for 2023 balances carryover to 2024).

FPB currently pays our third-party administrator a \$4.85 per participant per month administrative fee to administer our FSA plan. Other than the current administration fees, there is no additional cost to FPB with the recommended voluntary employee salary contribution increases. If the Board approves, our third-party administrator will amend our current FSA plan document for distribution to all employees.

Staff recommends the Board consider approving FSA voluntary employee contribution increase effective January 1, 2023, and the increase for FSA carryover of unused employee funds for 2023 balances carried over to 2024.

***Stephen Mason moved to approve Increase to Flexible Spending Account (FSA) Voluntary Contribution Amounts. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.***

5.7 **Consider Changes to the Health Plans Prescription Drug Coverage and adding Rx Help Center Services in place of the Specialty Prescription Drug benefit. (*Nichell Brown to discuss*).**

Frankfort Plant Board currently offers a specialty medication pharmacy benefit to our health plan members. There are a growing number of expensive medications on the market that are covered under FPB's specialty medication prescription plan. In the past years, Staff has worked with our healthcare consultant Sherrill Morgan on cost containment of these expensive specialty medications by adding a prior authorization process to confirm the specialty medications are medically necessary. For 2022, the pharmacy plan has paid \$96,385 for a total of 15 specialty medication prescription fills. Based on the



increased expense, Sherrill Morgan's recent recommendation is to exclude specialty medication from our pharmacy plan effective January 1, 2023. In addition, Sherrill Morgan recommends partnering with Rx Help Centers, a vendor service that helps self-funded employers reduce pharmacy cost through patient prescription drug advocacy.

Rx Help Centers will work directly with health plan members using several resources to assist the member in obtaining their specialty medications at lower amount or no cost. For members to be eligible to receive assistance, specialty medications must be excluded from the employer's group prescription plan. In the event the member is not eligible to obtain their specialty medications at a reasonable cost, FPB's pharmacy health plan will absorb the cost of the specialty medication in the same manner it was handled when the specialty medication was covered under our pharmacy prescription plan (but at no cost to the member). Rx Help Center services charges \$1000 per month for an initial term of 12 months. MedBen, our third-party administrator charges an administration fee of \$1.00 per employee. Rx Help Centers and MedBen fees is an estimated cost of \$3,732 annually.

Staff asks the Board to approve eliminating the specialty medication benefit as part of our pharmacy prescription plan and add Rx Help Center Services to assist health plan members to continue to obtain their specialty medications at a low cost to the member. Rx Help Centers proposal, MedBen administrated fee summary structure and the 2022 Rx pharmacy expense report is listed in the detail pages.

***John Snyder moved to approve Changes to the Health Plan Prescription Drug Coverage and adding Rx Help Center Services in place of the Specialty Prescription Drug benefit. Stephen Mason seconded the motion. CARRIED. 5 to 0.***

**5.8 Consider Reappointment of Ethics Committee Members Jack Brewer and Maria Bush. (Hance Price to discuss)**

FPB's Ethics Policy notes on page 7 that "The terms of members appointed on September 15, 2020 shall be staggered and no longer than three (3) years. Successors to retiring members shall be appointed for a term of three (3) years. All terms of office shall begin January 1 and end December 31." Mr. Jack Brewer and Ms. Maria Bush were both appointed to two (2) year terms expiring on 12/31/222 and the Board greatly appreciates their service to the FPB and the community. From this point forward, all appointments shall be for a term of three years. Staff asks the Board move to reappoint Mr. Jack Brewer and Ms. Maria Bush with terms beginning on January 1, 2023 and expiring December 31, 2026. Both Mr. Brewer and Ms. Bush are eligible for reappointment since the Policy notes that "The members may be re-appointed not to exceed two consecutive terms", and both are willing to continue to serve as FPB's Ethics Committee members. Finally, the Ethics Policy notes, "Vacancies on the Ethics Committee shall be filled within thirty (30) days by the Board. If a vacancy is not filled by the



Board within thirty (30) days, the remaining members of the Ethics Committee shall fill the vacancy.”

*Stephen Mason moved to reappoint Mr. Jack Brewer and Ms. Maria Bush to FPB's Ethics Committee. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.*

6 INFORMATIONAL ITEM:

6.1 December Board Meeting Change. (John Cubine to discuss)

December Board Meeting to be held on Friday, December 16, 2022 at 1:00 P.M.

7 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

8 INFORMATIONAL ITEM: OLD & NEW BUSINESS

9 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION

- 9.1 Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding cost recovery, OSHA, PSC, and contract matters, and an employment matter; and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business.

*John Snyder moved to Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding cost recovery, OSHA, PSC, and contract matters, and an employment matter; and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business. Stephen Mason seconded the motion. CARRIED. 5 to 0.*

10 CLOSED DOOR SESSION

10.1 Come Out of Closed Session.

*John Snyder moved to Come out of Closed Session. Stephen Mason seconded the motion. CARRIED. 5 to 0.*

11 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION


11.1 Action Taken PSC Matter.


*John Snyder moved to Direct Staff to Proceed as Discussed in Closed Session in the PSC Matter. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.*

12 ACTION ITEM: ADJOURNMENT

12.1 To Adjourn.

*Kathryn Dutton-Mitchell moved to Adjourn. Jason Delambre seconded the motion. CARRIED. 5 to 0.*

  
Board Chair

  
Board Secretary/Treasurer