

December 19, 2017

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 December 19, 2017 at 5:00 p.m.

**ATTENDANCE:**

Anna Marie Pavlik Rosen, Board Chair  
Walt Baldwin, Vice Chair  
Dawn Hale, Board Member  
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  
Scott Hudson, Electric Superintendent  
Casey Jones, IT Director  
Cathy Jennings, Executive Assistant  
Travis McCullar, Electric Engineer  
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  
Scott Tippet, City Commissioner  
Kathy Warren  
Blair Pickerell, Sherrill Morgan  
Ashley Roache, Viamedia  
Randy Lukes, Viamedia  
David Solomon, Viamedia

**AGENDA**

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

1. **Action Item:** Consider Approving Minutes from the November 21, 2017 Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financials for November 2017.
3. **Action Item:** Consider Agreement with Viamedia for Cable Advertising Managed Services and for the termination of existing SeaChange and WideOrbit service agreements.
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 retaining Crowe Horwath to conduct the 2017-2018 financial statement audit for a fee of \$32,500.
  7. **Informational Item:** FPB Employee Health Plan.
  8. **Action Item:** Consider FPB Employee Health Plan Precertification Requirements Effective January 1, 2018.
  9. **Action Item:** Consider Retransmission Consent Agreements with Morris Network; Gray Television Group; WLEX Communications, LLC; TEGNA, Inc.; Hearst Properties, Inc.; Raycom Media, Inc.; and Block Communications.
  10. **Information Item:** Migration of Two AMC Networks channels from Preferred Cable to Classic Cable
  11. **Action Item:** Confirm continuation of FPB's board approved compensation plan as stated in the FPB Guidelines Governing Employment.
  12. **Action Item:** Consider approval of rates for equipment and services provided by FPB to the Frankfort Independent School District (FIS) under the FIS/FPB modem project.
  13. **Informational Item:** General Manager's Comments.
  14. **Informational Item:** New and Old Business.  
  
**Action item: Agreement Among Kentucky Municipal SEPA Customers for 2018-19. Vent Foster will discuss.**
  15. **Request Permission to Have Chair Call for a Closed Session:** pursuant to KRS 61.810(1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee. This pertains to the GM hiring process. Move to call a closed session to discuss potential litigation about liquidated damages regarding the administration building pursuant to KRS 61.810(1)(c).
  16. **Closed Door Session:**

## **BOARD ACTION**

Ms. Rosen called the meeting to order and noted three (3) Board members in attendance: Mr. Baldwin, Ms. Rosen and Ms. Hale. Mr. Ludwig was absent.

1. **Action Item: Consider Approving Minutes for the November 21, 2017 Board Meeting.**

The board discussed the minutes as presented by staff and Ms. Rosen. It was stated that the minutes from staff were too lengthy and needed to be condensed. Ms. Hale brought up a two-page resolution that the board had differing views on. Mr. Liebman was asked how the board was to proceed. Mr. Liebman stated that the board only passed a paragraph in the resolution therefore the minutes, which reflected two pages written by staff were inaccurate according to what was actually passed. Mr. Baldwin moved to accept the minutes written by Ms. Rosen. Ms. Rosen seconded. Ms. Rosen called for a vote and the minutes written by herself were accepted with a 2-1 vote. Mr. Baldwin and Ms. Rosen voting yes and Ms. Hale voting no.

2. **Action Item: Accept Electric, Water and Cable Financials for November 2017. Katrina Cummins will discuss.**

Ms. Cummins went over the financials with the board. Mr. Baldwin moved to accept the Financials for November and Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

3. **Action Item: Consider Agreement with Viamedia for Cable Advertising Managed Services and for the termination of existing SeaChange and WideOrbit service agreements. Gary Grider and David Denton will discuss.**

For almost 19 years, Frankfort Plant Board has operated our entire cable advertising operation internally. To do this, FPB purchased about \$250,000 of hardware and software, both of which require annual service agreements. Presently, we insert local cable advertising on 24 national networks.

After several upgrades over the years, we are now at a point where most of the hardware has reached its end-of-life and is no longer supported. In order to continue reliable operations, FPB must upgrade this equipment at an estimated cost of \$170,000. In addition, the annual service agreements continue to increase annually with double digit percentages.

Since FPB began cable advertising insertion, several advances have been made in the industry and companies are now available which can provide the back office services and therefore eliminate the capital expenditures for hardware as well as the expense items of the service agreements. Additional online advertising opportunities are also available that our advertising sales staff have not had the opportunity to sell previously. Staff has evaluated and determined that moving to a Managed Service Agreement is in the best interest of FPB.

After researching what opportunities exist in this regard, FPB sent RFP's to three of the most recognized companies providing these services. We received one response from Viamedia in Lexington, Kentucky. Viamedia met every item in the scope of service and provided several additional items beyond the scope of service. In addition, Viamedia's location here in Kentucky would provide additional benefits regarding training and support services.

Viamedia will replace all the end-of-life equipment with new, industry standard, insertion equipment and with the most widely used software platform in the industry. Viamedia will provide all the licensing for the network insertion as well as all costs associated with handling the duties of day-to-day ad insertion and traffic and billing operations.

The agreement will increase our 24 insertion networks up to 50, giving us additional sales opportunities. Viamedia will offer multiple online sales opportunities for FPB sales staff, giving us yet another new potential revenue stream. They will also provide training on the new systems as well as provide 24/7 support for the operation.

Going forward, for the term of the five year agreement, FPB would have no capital outlay nor service agreement expenditures. The Viamedia agreement is based on a profit sharing model where Viamedia will receive 28% of annual cable advertising net revenue or \$180,000 annual minimum (paid monthly). These numbers were reached after negotiations and are less than the original Viamedia offer.

The staff attorney has reviewed the agreement documents and they meet his approval. If the Managed Service Agreement with Viamedia is approved, staff also requests the Board to approve the start of contract termination proceedings with SeaChange and WideOrbit.

These contracts combined are over \$70,000 per year and increase yearly. With the Managed Service Agreement, FPB will no longer require our own ad insertion hardware or software and would no longer require these service agreements.

These contracts each have their own notification process and terms and FPB would begin the notifications and follow the contract terms toward their termination upon Board approval.

The staff attorney has reviewed the SeaChange and WideOrbit contracts and has recommended staff ask for Board approval to begin the termination process. Included in this board package for your review is an analysis comparing estimated in-house media services financial performance versus FPB's estimated financial results under the Viamedia cable advertising managed services agreement with the Viamedia scenario increasing net assets over the best in-house assumptions.

Gary Grider gave a history of the cable-advertising department since its inception in 1999. He outlined the information shown above. He gave an overview of why we currently need to outsource part of the advertising department which includes the traffic and billing and insertion/scheduling portion of the media services department. Mr. Grider also stated that we are at a point where our software that handles the ad insertion of the spots we run for our customers is at an end of life status and we either need to upgrade the equipment which would be rather costly or we would need to outsource the traffic, billing and schedule ad insertion portion of the operation. This would entail the removal of one position in the advertising department which was the Traffic and Billing Coordinator. But would save the company fees with services we currently use. Once he was finished with his discussion he also invited a representative from Viamedia to address the board.

After the presentation was finished the board stated that the presentation was informative and compelling and Mr. Baldwin moved to Consider Agreement with Viamedia for Cable Advertising Managed Services and for the termination of existing SeaChange and WideOrbit service agreements. Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

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

Ms. Kathy Warren approached the podium to comment about the retransmission process. She stated that while she understood the costs of retransmitting local broadcasters was high she asked that she not lose local channels. Ms. Warren gave examples of the differing programs on each channel. She also asked about a low internet signal in her home. FPB staff asked for follow-up on her internet issues.

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

- **Website Customer Comments**
- **Cable Dept.**
- **Customer Service**
- **Electric Dept.**
  - **SEPA**

- **KyMEA**

Mr. Denton gave a KyMEA update. He stated that KyMEA should have formula's for rates in February 2018.

Ms. Rosen and Mr. Baldwin asked about the status of videotaping the KyMEA board meetings. They asked if FPB could take staff from cable 10 to the meetings. Mr. Denton stated that we need to give notice to Cable 10 if we plan to take them along in the future. Mr. Price and Mr. Denton both assured the board that they would ask again for KyMEA to record the meeting the next morning.

Mr. Baldwin made a motion that FPB take cable 10 staff or a video camera to the meetings and begin video taping those meetings. Ms. Rosen seconded. There was some discussion of whether it was too short notice for Cable 10 staff to be there since the meeting was in Bowling Green. Mr. Denton stated that he would be glad to ask KyMEA in the morning if taping was an option. Ms. Rosen called for a vote and the motion passed unanimously.

- **Safety**
- **Water Distribution**
- **Water Treatment Plant**

Department Representatives went over the reports with the board and no action was taken.

6. **Action Item: Consider Retaining Crowe Horwath To Conduct The 2017-2018 Financial Statement Audit For A Fee of \$32,500. *David Denton will discuss***

Staff recommends the board retain Crowe Horwath to conduct the 2017-2018 fiscal year external financial statement audit of the Frankfort Plant Board at a cost of \$32,500. 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 Horwath was the firm selected for the audit engagement. The 2017-2018 audit fee of \$32,500 agrees to the five-year cost estimate included in Crowe's RFP. FPB has budgeted \$33,000 in this fiscal year under the finance department's budget on page 59 of the board approved 2017-2018 FPB budget and financial plan. A copy of the 2017-2018 audit engagement letter is included in this board packet for your review.

Mr. Denton stated that FPB is required to have an external audit every year. This past year the plant board used Crowe Horwath Accounting Firm. He asked the board to accept an engagement letter for the 2017-2018 external audit in the amount listed above.

Ms. Rosen asked staff to focus on IT since the auditors outlined some deficiencies in this area.

Mr. Baldwin asked that the IT department produce a report to address the issues and follow-up with the board at a later time.

Mr. Denton noted that from 2012-2017 FPB's received clean and unmodified opinions from auditors.

Ms. Hale moved to consider retaining Crowe Horwath to conduct the 2017-2018 Financial Statement Audit for a fee of \$32,500. Mr. Baldwin seconded. Ms. Rosen called for the vote and the motion carried.

**7. Informational Item: FPB Employee Health Plan. *Dianne Schneider will discuss.***

On January 1, 2018, the FPB Employee Health Plan will switch to the Cigna provider network. At the November meeting, Staff discussed FPB possibly contracting directly with select out-of-network providers, such as Capital Medical Group, to minimize disruption to employees and to mitigate increased costs to employees and the health plan.

Following the November meeting, Sherrill Morgan suggested that FPB participate in reimbursement rates negotiated by Employer Advisory Services (EAS) for select providers outside of the network. This arrangement allows FPB to continue reimbursing specific out-of-network providers at the Baptist Health reimbursement rates. There is no additional cost to FPB for this service. FPB's consulting fees to Sherrill Morgan remain unchanged - \$6.80 per employee per month. MedBen has agreed to administer the rates established by this arrangement. Mark Morgan, President of Sherrill Morgan, owns EAS.

As an example, a memorandum of understanding between EAS and Capital Medical Group is included in the detail pages.

The General Manager, working with the HR Director, plans to request EAS contract with additional providers as needed on a limited case-by-case basis. Staff believes the arrangement through Sherrill Morgan with EAS will help control plan costs and reduce inconvenience to employees.

This was an informational item. Ms. Schneider gave a report to the board outlining the information above. No action was taken on this item.

**8. Action Item: Consider FPB Employee Health Plan Precertification Requirements Effective January 1, 2018. *Dianne Schneider will discuss.***

Currently, the FPB Employee Health Plan requires precertification of specific services through our utilization review, (UR), vendor, AHH. Precertification is required for inpatient stays, outpatient surgery, home health care, durable medical equipment over \$500, and proton beam therapy.

Beginning January 1, 2018, FPB must select from precertification options provided by Cigna; options cannot be customized.

Staff proposes the FPB health plan adopt new precertification requirements effective January 1, 2018 as follows (See detail pages for lists of options):

- Inpatient Care
- Outpatient categories below (see detail pages for specific examples):
  - Durable medical equipment
  - Home and home infusion therapy (home nursing care)
  - Home infusion therapy
  - Oral pharynx procedures
  - Outpatient procedures (potentially cosmetic): Facial reconstruction, varicose vein treatment, breast reconstruction or reduction, blepharoplasty, rhinoplasty
  - Spinal procedures
  - Therapeutic radiology
  - Transplants

If approved, Staff will notify employees and ask MedBen to update the health plan document.

Ms. Schneider went over a list of medical procedures that will now require precertification.

Ms. Hale moved to approve the precertification requirements and Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion carried unanimously.

**9. Action Item: Consider Retransmission Consent Agreements with Morris Network; Gray Television Group; WLEX Communications, LLC; Sinclair; TEGNA, Inc.; Hearst Properties, Inc.; Raycom Media, Inc.; and Block Communications. *Harvey Couch will discuss.***

Action Item: Consider Retransmission Consent Agreements with Morris Network; Gray Television Group; WLEX Communications, LLC; Sinclair; TEGNA, Inc.; Hearst Properties, Inc.; Raycom Media, Inc.; and Block Communications.

Every three years, FPB must renegotiate Retransmission Consent Agreements with all the local broadcasters in Lexington and Louisville. During the budget process, staff discussed the possibility of removing duplicate broadcasters. The results of the Matrix Group cable customer preference survey showed that while customers were interested in maintaining affiliates from both Lexington and Louisville, they also preferred (by a ratio of nearly two to one) to eliminate duplicate broadcasters in the interest of minimizing any expected rate increase corresponding with these renewals. The results of that survey are included in the detail portion of agenda.

Over the past 60 days, staff (with the help of outside counsel) successfully negotiated Retransmission Consent Agreements with all eight local broadcasters.

They are as follows:

- 1) Morris Network for carriage of WTVQ 36 (ABC Lexington) on cable channel 8/508, MyTVQ (MyNetwork Lexington) on cable channel 18/518, and Antenna TV on cable channel 28 through December 31, 2020.
- 2) Gray Television Group for carriage of WKYT 27 (CBS Lexington) on cable channel 6/506 and CWKYT (CW Lexington) on cable channel 13/513 through December 31, 2020.
- 3) WLEX Communications, LLC for carriage of WLEX 18 (NBC Lexington) on cable channel 7/507 and MeTV on cable channel 29 (and now in HD on 529) through December 31, 2020.
- 4) Sinclair for carriage of WDKY 56 (FOX Lexington) on cable channel 5/505, Comet on cable channel 30, Charge! on cable channel 26, TBD TV on cable channel 27, and Tennis Channel on Preferred Cable channel 151/651 through December 31, 2020 – this is an NCTC Agreement.
- 5) TEGNA, Inc. for carriage of WHAS 11 (ABC Louisville) on cable channel 11/511 through December 31, 2020.
- 6) Hearst Properties, Inc. for carriage of WLKY 32 (CBS Louisville) on cable channel 12/512 through December 31, 2020.
- 7) Raycom Media, Inc. for carriage of WAVE 3 (NBC Louisville) on cable channel 3/503 through December 31, 2020.
- 8) Block Communications for carriage of WDRB 41 (Louisville) on cable channel TBA through December 31, 2020.

If all 8 of these agreements are approved FPB would pay \$19.86 per subscriber, per month for all of the local broadcast stations. The total amount based on initial offers by the broadcasters was \$24.96, so staff was able to trim more than \$5.00 off of the retrans surcharge through negotiations. That equates to more than \$2 million in savings over the term of these agreements.

Staff and the Cable Advisory Committee recommend approving the agreements with: Morris Network; Gray Television Group; WLEX Communications, LLC; Sinclair; Hearst Properties; and Block Communications and not approving the agreements with: TEGNA, Inc. and Raycom Media. Doing so would reduce the potential \$19.86 retrans surcharge to \$15.71 in 2018. It would increase to \$18.00 in 2019 and \$19.98

in 2020. We feel as though this was the best solution for providing the best value to FPB's customers.

Please note Block Communications (WDRB) is contractually forbidden by FOX from retransmitting FOX broadcast in to Frankfort. After discussions with Bill Lamb, staff feels we have reached a mutually beneficial agreement that would allow us to retransmit WDRB news and syndicated programming into Frankfort. Block Communications would be responsible for switching the feed from FOX to Antenna TV when required by their affiliation agreement with FOX. WDRB is the number 1 rated news station in Louisville and has, by far, the most news content in Louisville.

Additionally, the NCTC Agreement with Sinclair for carriage of WDKY FOX Lexington also contains carriage rights and requirements for Tennis Channel, Preferred Cable channel 151/651. The renewal of Tennis Channel includes an increase of 22% over current year rates. It also requires migration of the Tennis Channel from Preferred Cable to Classic Cable – these terms are the same or better than we received in the direct Retransmission Consent Agreement proposal FPB received from Sinclair.

Mr. Couch outlined the information above regarding the contracts submitted for retransmission. He cautioned the board that this information was confidential and could not be shared with the public.

Mr. Couch stated that FPB Staff and the cable advisory committee recommend approving the retransmission of the following networks: Morris Network (WTVQ), Gray Television Group (WKYT), WLEX Communications, Sinclair (WDKY), Hearst Properties, Inc. (WLKY) and Block Communications (WDRB). And to not approve the agreements with TEGNA (WHAS) and Raycom Media (WAVE). Mr. Couch stated that this would increase the transmission fees to \$16 rather than the nearly \$20 that renewing all of the networks would cost. He added that this is the best value for FPB customers.

There was a brief discussion regarding the process of the cable advisory committee and how they reached their decision.

In response to Mr. Baldwin Mr. Couch stated that if needed we could revisit the contracts at a later time and possibly negotiate further. Mr. Baldwin asked if the networks could be added to the preferred package at a higher cost and Mr. Couch stated that in the contracts it states that we have 100% penetration so that means it has to be in the limited tier available to all customers.

After further discussion on methods for viewers to get what they are losing network wise, and keeping the costs down for our customers Ms. Rosen moved to consider retransmission with Morris, Gray, WLEX, Sinclair, Hearst and Block Communications. Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

**10. Information Item: Migration of Two AMC Networks channels from Preferred Cable to Classic Cable. *Harvey Couch will discuss.***

In January 2016, the Board approved an NCTC agreement with AMC Networks for the carriage of the following channels: AMC, WEtv, IFC, Sundance, BBC America, and BBC World News. As part of that agreement, FPB is required to migrate to Classic Cable two of the channels that are currently on Preferred Cable.

At their December meeting, the Cable Advisory Committee recommended moving Sundance and BBC America to Classic Cable. Staff plans to move the channels by Christmas. BBC America would be on channel 93 and Sundance would be on 94. EWTN would move from 94 to 96.

Mr. Couch informed the board that the Cable Advisory Committee recommended moving Sundance and BBC America to Classic Cable. This would be done by



Christmas BBC would be on channel 93 and Sundance channel 94. EWTN would move from 94 to 96.

No action was required for this item.

11. **Action Item: Confirm continuation of FPB's board approved compensation plan as stated in the FPB Guidelines Governing Employment. *David Denton will discuss.***

At the June 7, 2017 budget meeting of the Frankfort Plant Board, Mr. John Cubine proposed that FPB's current compensation plan be suspended after the July 1, 2017 scheduled employee raises in order to see how the Kentucky Retirement System (KRS) pension reform would affect FPB's employer contribution rate. Mr. Cubine proposed leaving funds in the 2017-2018 budget for the scheduled January 1, 2018 employee pay raises, but wait to approve the raises after the KRS pension reform financial impact is evaluated. Below is an excerpt from the June 7, 2017 board minutes where Mr. Cubine discussed this item:

Mr. Cubine proposed that the current compensation plan be suspended, award 2% to all employees July 1, 2017, keep funds in budget for current the compensation plan and then revisit options prior to January 1, 2018 after a decision from the State regarding the pension system and the ramifications those decisions may have on FPB's budget. Mr. Cubine added that the concern was the potential for a higher percentage match for retirement and would like to hold the money in the budget until a final determination is made by state government. Mr. Ludwig stated that it was the prudent thing to do.

The Plant Board is a member of the KRS County Employees Retirement System (CERS) and currently has a nonhazardous employer contribution rate of 19.18% for the 2017-2018 fiscal year ending June 30, 2018. On Thursday, December 7, 2017, the KRS Board of Trustees approved increasing the CERS nonhazardous employer contribution rate to 28.05%, a 46% increase beginning July 1, 2018. Based on wages FPB reported to KRS for the 2016-2017 fiscal year, FPB would pay an additional \$1,028,000 to CERS during the 2018-2019 fiscal year beginning July 1, 2018 compared to the current fiscal year ending June 30, 2018. In the Frankfort Plant Board's 2018-2022 budget and financial plan, we assumed an employer contribution rate of 19.18% each year, so we need to add approximately \$1 million to our CERS pension budget for the 2018-2019 fiscal year.

The point of FPB's current, board approved compensation plan was to have a compensation structure that would allow us to attract and retain exceptional, qualified employees, in addition to, providing employees the ability to progress through their paygrade over their career, if they have good job performance. Today, new employees are hired in significantly below the market wage rate of their paygrade, but with satisfactory performance appraisals, they have the ability to reach the market wage rate within approximately seven years. In the past, people were willing to start working for FPB at below market wage rates, because the insurance and KRS retirement benefits were good enough to justify the decision. Now, with proposed KRS pension reform potentially turning the retirement plan into a defined-contribution 401(k) type vehicle, FPB's ability to attract and retain employees will be diminished. The proposed KRS pension reform has also accelerated the amount of retirements at the FPB. We have hired 27 new employees since January 1, 2017 with this figure not counting intercompany employee transfers.

Staff recommends continuing with the current, board approved compensation plan. The January 1, 2018 two percent raise for employees below the midpoint of their grade with 3.0 out of 4.0 on their six-month performance evaluation would cost FPB approximately \$110,000 annually in increased payroll. We have included the compensation plan section from FPB's Guidelines Governing Employment for your review.

Mr. Denton outlined the information above. He asked the board to continue their previously approved compensation plan

Ms. Hale moved to continue FPB's board approved compensation plan as stated in the FPB Guidelines Governing Employment. Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion passed unanimously.

12. **Action Item: Consider approval of rates for equipment and services provided by FPB to the Frankfort Independent School District (FIS) under the FIS/FPB modem project. David Denton will discuss.**

The FPB Board of Directors has approve the basic framework for the FIS/FPB modem project. This action item is to approve the actual rates for equipment and services to be provided by FPB to FIS under the modem project through an official Memorandum of Understanding (MOU).

Staff is asking the board to consider approving the enclosed Memorandum of Understanding that provides detailed terms and conditions to assist in the implementation and management of the project going forward.

Mr. Denton gave an overview of the work that was done regarding a project between FPB and Frankfort Independent Schools to assist underpriveleged families with internet access to allow the students in Frankfort Independent School system to utilize the chrome books that were issued to them in the beginning of the school year.

Mr. Denton stated that this item was to approve the Memorandum of Understanding between FPB and FIS detailing the terms and conditions of the project moving forward.

In response to Ms. Rosen, Mr. Denton stated that 50 homes would utilize the internet access which included nearly 100 students. He also stated that our hope was to have over 100 homes involved in the future. Ms. Hale commented that this is a great program.

Mr. Baldwin moved to approve the MOU with Frankfort Independent Schools and Ms. Hale seconded. Ms. Rosen called for a vote and the motion carried unanimously.

13. **Informational Item: General Manager's Comments.** Mr. Denton pointed out that we included project logs in the board packets for December.
14. **Informational Item: New and Old Business.**

**Update on Reservoir Liner.** Mr. Billings updated the board on the status of the liner for the Reservoir. He stated that after the first of the year Mr. Smith would be taking the reservoir down and prepping for the liner replacement. He also gave an update on Reservoir replacement plans.

**Action item: Agreement Among Kentucky Municipal SEPA Customers for 2018-19. Vent Foster will discuss.**

Mr. Foster discussed the renewal of the SEPA contract for 2018- April 2019. Mr. Baldwin asked if this was the standard renewal that we sign every year. Mr. Foster affirmed that it was. Mr. Baldwin moved to approve the agreement, Ms. Hale seconded. Ms Rosen called for the vote and the motion carried unanimously.

Ms. Rosen asked the board to start the GM Hiring process by hiring a search firm to begin putting together a job description and searching for candidates.

Ms. Hale asked why we couldn't use our own HR department and the various trade websites we have available to list the opening such as KMUA and APPA. She stated that after having spent in excess of 100,000 in consultants and attorneys to examine KyMEA she didn't feel comfortable spending a lot of money on search firms.

Mr. Baldwin stated that it was important to have an efficient process to hire the new GM and felt that hiring a search firm was the best option.

Ms. Hale asked if tabling the discussion was in order since the full board was not present to make the decision.

Ms. Rosen stated that we can not wait for a full board due to time constraints since it could be a while before a fifth board member was appointed.

Ms. Rosen suggested that staff and the board suggest search firms to Mr. Liebman. Ms. Rosen made the motion that Staff and the board turn in recommendations of search firms to Mr. Liebman and that Mr. Liebman would then solicit proposals based on the recommendations. Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion carried unanimously.

Ms. Hale asked staff to look into in-house after-hours customer service until 11pm weekdays and some time on weekends, and to research the costs and possibility of hiring part time staff. Mr. Denton and Mr. Foster agreed to look in to the matter and report to the board in January or February.

Ms. Hale asked the board for an update on Reed Smith contract. She asked if there was a summary available. Mr. Baldwin stated that he had already given her an update. There was more discussion on how the updated needed to be given and Mr. Baldwin stated that Reed Smith would give a presentation to the entire board soon.

**15. Request Permission to Have Chair Call for a Closed Session:**

Move to call a closed session to discuss potential litigation about liquidated damages regarding the administration building pursuant to KRS 61.810(1)(c).

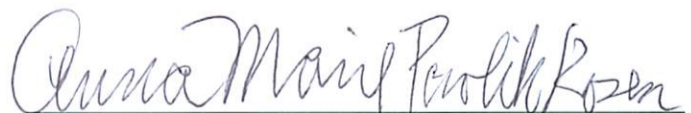
Ms. Rosen moved to go into closed session Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion passed unanimously.

**16. Closed Door Session:**

Mr. Baldwin moved to return to the meeting. Ms. Hale seconded Ms. Rosen called for a vote and the motion carried.

No action was taken after the meeting reconvened.

Mr. Baldwin moved to adjourn, Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

  
\_\_\_\_\_

  
\_\_\_\_\_

ATTEST: