

November 20, 2018

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, November 20, 2018 at 5:00 p.m.

ATTENDANCE:

Anna Marie Pavlik Rosen, Board Chair
Walt Baldwin, Vice Chair
Dawn Hale, Board Member
Stephen Mason, Board Member
James Liebman, Board Attorney
Gary Zheng, General Manager
Katrina Cummins, Assistant Finance Director
David Denton, Finance Director
Vent Foster, Asst. GM Operations
Cassie Estill, Customer Service Supervisor
Adam Hellard, Interim Assistant GM of Cable/Telecom
Ryan Henry, IT Assistant Director
Mark Harrod, Assistant Electric Superintendent
Casey Jones, IT Director
Cathy Jennings, Executive Assistant
Cathy Lindsey, Public Information Officer
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Leigh Ann Phillips, Purchasing Agent
Julie Roney, WTP Superintendent
Dianne Schneider, Human Resources Director
Nichell Brown, HR Specialist
Brian Bourne, Asst. Water Dist. Superintendent
JC Lyons, Safety Field Assistant
Jeremy Blackburn, Cable 10 Videographer
David Hamilton, State Journal
Robin Curry, Sherrill Morgan

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 October 16, 2018 Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financials for October, 2018.
3. **Information Item:** Public Comment Period.
4. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA
 - Safety
 - Water Distribution
 - Water Treatment Plant

5. **Action Item:** Consider Third Party Administration (TPA) Services, Stop Loss Coverage, and Plan Changes for 2019 FPB Employee Health.
6. **Action Item:** Approval of a Building Space License Agreement for Basic Customer-Provided Access with AT&T with an Annual Amount of \$9,600 and a one-time Site Preparation fee of \$40,440.
7. **Action Item:** Approval of a Wholesale Master Service Agreement with AT&T for a 10 Gigabit Transport Circuit Lease in the Annual Amount of \$14,940.
8. **Action Item:** Authorize the Purchase of two (2) Sodium Hypochlorite Generating Cells for the Disinfection of Water at the Treatment Plant in the Amount of \$110,200.
9. **Informational Item:** General Manager's Comments:
10. **Informational Item:** Old and New Business.
11. **Request Permission to Have Chair Call for a Closed Session:** Pursuant to KRS 61.810(1)(c) to discuss pending litigation regarding liquidated damages and pending litigation regarding Reservoir construction.
12. **Closed Door Session:**

BOARD ACTION

Ms. Rosen called the meeting to order and noted four (4) Board members in attendance.

1. **Action Item:** Consider Approving Minutes from the October 16, 2018 Board Meeting.

Ms. Hale moved to accept the minutes Mr. Mason seconded and the motion passed unanimously.

2. **Action Item:** Accept Electric, Water and Cable Financials for October 2018.

Mr. Denton went over the financials for October 2018.

Mr. Mason moved to accept the electric, water and cable financials for October 2018. Mr. Baldwin seconded. The motion passed unanimously.

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

There were no public comments.

4. **Informational Item:** Departmental Reports:

- **Website Customer Comments**

There were no website customer comments.

- **Cable Dept.**

Mr. Hellard reviewed the Cable Departmental reports with the board.

- **Customer Service**

Ms. Estill went over the Customer Service reports.

- **Electric Dept.**

Mr. Harrod reviewed Electric's report.

- **SEPA**

Mr. Foster gave the SEPA information for the previous month.

- **KyMEA**

Mr. Zheng gave an update of KyMEA.

- **Safety**

Mr. Lyons reviewed the Safety Department reports.

- **Water Distribution**

Mr. Bourne went over the report for the Water Department.

- **Water Treatment Plant**

Ms. Roney went over the Water Treatment Plant Reports.

5. **Action Item: Consider Third Party Administration (TPA) Services, Stop Loss Coverage, and Plan Changes for 2019 FPB Employee Health.**

Staff asked Sherrill Morgan to solicit proposals for health plan administration & associated services and stop loss coverage effective January 1, 2019. We received responses from four of 12 companies contacted. We also considered proposals from two carriers for fully insured options.

Staff evaluated proposals based on services provided, administration fees, stop loss premiums and pharmacy program. We also considered the company's ability to provide services in an accurate and timely manner.

Staff and Sherrill Morgan recommend the Board approve renewal with MedBen. MedBen offers a three-year rate guarantee. While another proposal was \$38,978 less in total fixed costs, they offered only a one-year rate guarantee. We also considered the company was recently purchased and has experienced some challenges affecting service quality.

MedBen's proposal includes renewing with Pan American for specific and aggregate Stop Loss Coverage. 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%.

Estimated expenses for calendar year 2019 based on renewal:

Administration Fees	\$138,683
Stop Loss insurance premiums	\$288,074
Organ Transplant Coverage	\$34,001
Expected Medical & Rx Claims	\$2,139,348
Dental, Vision, & STD Claims	\$227,783
Less Employee Contributions	(\$243,792)
TOTAL	\$2,584,097

FPB Health Plan expenses are currently under budget for the 2018-2019 fiscal year. FPB has incurred approximately \$567,000 in healthcare expenses for the first four months of the fiscal year through October 31st. If annualized, this amount puts 2018-2019 healthcare expenses at approximately \$1.7M with our budget being \$2.7M for the same period. Expenses could however increase based on claims.

Finally, staff requests approval of several miscellaneous Health Plan changes for compliance or clarification of benefits (see Benefit Confirmation Form – 2019 in detail pages):

- Remove 20% penalty for emergency outpatient surgical procedures if not pre-certified

- Cover prescription eye drops – required by state of Kentucky
- Add statement that “benefit exclusions do not apply if treatment for injuries sustained as a result of domestic violence” - required by U.S. Department of Labor.
- Modify subrogation language to allow the plan to recover costs from liable third parties based on the date the debt was incurred (rather than date of payment).
- Cover injections for B12/iron and low testosterone (currently not addressed in plan) when medically necessary.
- Amend summary of medical benefits so that charges incurred at an in-network hospital and billed by a Hospitalist, will be considered “in-network” in terms of benefit deductibles, copayments and coinsurance. Claims will be subject to reasonable and customary fees.

Add coverage for services and limitations recommended by the U.S. Preventive Care Task Force related to Osteoporosis screening, fall prevention and skin cancer prevention.

Ms. Schneider explained the proposed changes to the 2019 FPB Employee Health Plan.

Mr. Baldwin moved to accept the Third Party Administration (TPA) Services, Stop Loss Coverage, and Plan Changes for 2019 FPB Employee Health. Ms. Hale seconded and the motion passed unanimously.

6. **Action Item: Approval of a Building Space License Agreement for Basic Customer-Provided Access with AT&T with an Annual Amount of \$9,600 and a one-time Site Preparation fee of \$40,440.**

This solution provides a local, low cost handoff location for circuits to high value Internet Exchange peering networks. These types of circuits provide FPB Internet customers with a more direct connection to major content providers like Netflix, Google, Hulu, Amazon, etc. By establishing this presence, our provider choice for these circuits becomes more diversified.

Monthly Recurring Charge: \$800.

As expected, site preparation by the provider at the local facility is necessary and the fees are included in this agreement. These fees are comprised of professional services for engineering and project management, the purchasing and installation of an equipment rack, the purchasing and installation of additional power distribution, and fiber bundles both inside and outside the facility.

Non-Recurring Charge: \$40,440.

This solution is included in the budget and has been reviewed and approved by the Interim Assistant GM of Cable-Telecom.

Staff recommends the approval of a Building Space License Agreement for Basic Customer-Provided Access with AT&T with an Annual Amount of \$9,600 and a one-time Site Preparation fee of \$40,440.

Mr. Mason moved to Approve a Building Space License Agreement for Basic Customer Provided Access with AT&T with an Annual Amount of \$9,600 and a one time Site Preparation Fee of \$40,440. Ms. Hale seconded. The motion passed unanimously.

7. **Action Item: Approval of a Wholesale Master Service Agreement with AT&T for a 10 Gigabit Transport Circuit Lease in the Annual Amount of \$14,940.**

This solution provides an additional low cost, high capacity connection to the Equinix Data Center in Chicago, IL. This circuit will combine with our existing Equinix Data Center connection to provide FPB Internet customers a higher capacity connection to

major content providers (Netflix, Google, Hulu, Amazon, etc.) that participate in the Internet Exchange peering networks.
Monthly Recurring Charge: \$1,245.

This solution is included in the budget and has been reviewed and approved by the Interim Assistant GM of Cable-Telecom.

Staff recommends the approval of a Wholesale Master Service Agreement with AT&T for a 10 Gigabit Transport Circuit Lease in the Annual Amount of \$14,940.

This item was presented in conjunction with Item #6.

Ms. Hale moved to Approve a Wholesale Master Service Agreement with AT&T for a 10 Gigabit Transport Circuit Lease in the Annual Amount of \$14,940. Mr. Mason seconded. The motion passed unanimously.

8. Action Item: Authorize the Purchase of Two (2) Sodium Hydrochlorite Generating Cells for the Disinfection of Water at the Treatment Plant in the amount of \$110,200.

The on-site chlorine generation system at the water treatment plant has been in operation since 2010. The process uses water, salt and electricity to generate a sodium hypochlorite solution used for disinfection; the electrolytic process takes place within the cells. The system consists of two banks of generating cells, with each bank containing two cells. One bank of cells runs at a time with the other providing redundancy.

The WTP replaced one bank of cells in December 2017. The second bank is showing a steady decline in operating amps and is now incapable of maintaining sufficient amperage for sustained operation. This leaves the water plant without a back-up process for on-site chlorine generation.

DeNora, who owns ClorTec, has provided information that indicates these chlorine-generating cells have a working life of 7-10 years, even when properly maintained. FPB's second bank is now 8 years old.

The FY 19 budget contains \$120,000 to purchase two cells to replace the second bank. This will be a sole-source purchase from De Nora Water Technologies via their local representative Delaney and Associates. Chlorine generating cells are specific to the individual system and are not inter-changeable across manufacturers.

Ms. Roney presented the information to the board.

Mr. Baldwin moved to Authorize the Purchase of Two (2) Sodium Hydrochlorite Generating Cells for the Disinfection of Water at the Treatment Plant in the Amount of \$110,200. Mr. Mason seconded. The motion passed unanimously.

9. Information Item: General Manager's Comments.

Mr. Zheng asked Cathy Lindsey to give an overview of the "Winter is Coming" Campaign and explain our new gift certificate program as well as ways that you can donate money toward winter care. She also gave an update to the board regarding the candlelight tour and how many people received our "Winter is Coming" tips and ideas for energy saving during winter months. She stated that customers also were given an LED light bulb and were shown through a demonstration by our Electric Department how those lights use less energy.

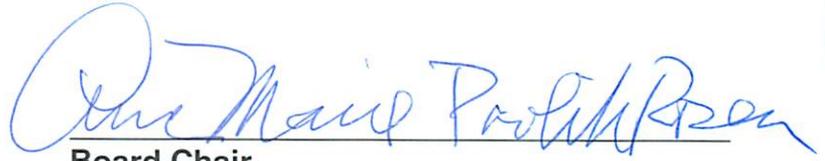
10. Informational Item: Old & New Business.

There were no Old & New Business items.

11. **Request Permission to Have Chair Call for a Closed Session:** Pursuant to KRS 61.810(1)(c). to discuss pending litigation regarding liquidated damages and pending litigation regarding Reservoir construction.

There were not items to discuss in closed session.

Mr. Baldwin moved to adjourn the meeting. Mr. Mason seconded. The motion passed unanimously and the meeting adjourned.


Board Chair


Attest: Board Secretary/Treasurer