

November 21, 2017

The 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 21, 2017 at 5:00 p.m.

ATTENDANCE:

Anna Marie Pavlik-Rosen, Board Chair
Walt Baldwin, Vice Chair
Dawn Hale, Board Secretary-Treasurer
Ralph Ludwig, Board Member
David Denton, Interim General Manager
David Billings, Water Engineer
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Interim Finance Director
Sharmista Dutta, Water Engineer
Vent Foster, Asst. GM Operations
Cassie Estill, Customer Service Supervisor
Dana Goodlett, Cable Installation Supervisor
Adam Hellard, Security Broadband Technology Manager
Ryan Henry, Asst. IT Director
Scott Hudson, Electric Superintendent
Casey Jones, IT Director
Cathy Jennings, Executive Assistant
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
Nichell Brown, HR Specialist
Jeremy Blackburn, Cable 10 Videographer
Alfred Miller, State Journal

AGENDA

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

November 21, 2017 BOARD MEETING AGENDA

1. **Action Item:** Consider Approving Minutes for the October 17, 2017 Board Meeting and November 14, 2017 Special Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financials for October 2017.
3. **Informational Item:** Informational Item - KEMI Announces that FPB is a Destiny Award Winner for 2017
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 Award of Bid Invitation #1648 for Two 15kV Outdoor Circuit Breakers to Siemens Industry Inc. in the Amount of \$28,596.
7. **Action Item:** Consider Stop Loss Coverage and Plan Changes for the 2018 FPB Employee Health Plan.
8. **Action Item:** Consider Employee Contributions for 2018 FPB Employee Health Plan.
9. **Item:** Request KyMEA Create Video Recordings of all Public Meetings.
10. **Action Item:** Direct Staff to Select Candidates for Board Consideration to fill Mr. Bannister's Vacant Seat as FPB Representative to KyMEA Board.
11. **Action Item:** Consider a Resolution to Support the Efforts of FPB to Continue to Offer Inexpensive, Consistent, Quality Electrical Power.
12. **Action Item:** Begin the Process for Selecting the General Manager by Defining the Job Description, Reviewing Search Firm Options, and Considering Employment Listing Websites.
13. **Action Item:** Discuss the Addition of a Board Education Allocation in the Future for FPB Budget.
14. **Informational Item:** General Manager's Comments.
15. **Informational Item:** New and Old Business.

Action Item: Consider Approval of a Promotional, One-time \$5.00 Credit for Customers Converting to Paperless, Electronic Billing.
16. **Request Permission to have Chair call for a Closed Session** KRS 61.810(1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee. KRS 61.810(1)(c) for the discussion of potential litigation to discuss Genesco pump station.
17. **Closed Door Session:**

BOARD ACTION

Ms. Rosen called the meeting to order and noted four (4) Board members in attendance. She started the meeting by introducing the new board officers and board member. She introduced David Denton as the new interim GM.

1. **Action Item:** Consider Approving Minutes for the October 17, 2017 Board Meeting and November 14, 2017 Special Board Meeting.

Ms. Rosen asked if everyone had a chance to read the minutes from the October 17, 2017 board meeting. Mr. Baldwin requested the addition that John Painter from nFront stated that we would have rates in the first quarter of 2018 and that he

would like to have that added to the minutes. Ms. Rosen asked if there was a motion to approve the minutes from October 17, 2017. Mr. Ludwig moved to approve the October 17, 2017 minutes and Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion carried unanimously.

Ms. Rosen asked if everyone had read the minutes from the November 14, 2017 meeting, Ms. Hale moved to accept the minutes Mr. Baldwin seconded. Ms. Rosen called for the vote and the motion passed unanimously.

After the minutes were approved. Mr. Baldwin asked the staff about the changes he submitted earlier in the day. Ms. Jennings and Mr. Denton stated that the changes had not been made and needed to be brought back to the board for final approval.

Ms. Rosen proposed a schedule for the Board to receive the draft minutes by the end of the full week following the board meeting. Then, any changes requested to the minutes be sent to staff prior to the Agenda deadline, which is the Friday a full week before the next Regular Board Meeting. The board reviewed minutes, would be included in the board Agenda package. Staff and Board agreed that this schedule would work.

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

Ms. Cummins presented the financial data. Mr. Baldwin moved to accept the financials, Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

3. **Informational Item: Informational Item - KEMI Announces that FPB is a Destiny Award Winner for 2017 Kim Phillips will discuss (See Tab 3) (pg.91)**

Kim Phillips explained the Kentucky Employers' Mutual Insurance (KEMI) 2017 Destiny Award for FPB commitment and success in maintaining a safe workplace. KEMI selected only fourteen organizations out of its more than 23,000 workers' compensation policyholders. FPB has won this award six out of the past seven years.

Ms. Rosen asked Ms. Phillips if any other utilities ask us how we accomplish this each year and Mrs. Phillips replied that KEMI uses FPB's safety program as inspiration for other companies to start up their own programs and to help them improve their safety programs. Mr. Ludwig stated that he is always amazed at how FPB keeps incident levels low. Ms. Phillips stated it was due to the support of employees, supervisors and the board, and the investment in our safety program. that keeps the employees safe. .

4. **Informational Item: Public Comment Period (See Tab 4) (pg.92)**

Ms. Kathy Warren described a how the customer service department helped her correct issues with her television. She praised FPB staff for patient, knowledgeable, professional help and kindness, for excellent customer service, and the assistance of Michelle Early. She also asked about the pending re-transmission cost increase. This will be discussed, in December and determined in January. Her request is that no channels be dropped. She also expressed concern about paperless billing. Staff and the board assured her that the choice of paperless billing is voluntary.

Mr. John Sower spoke about KyMEA concerns. He referenced the October 2017 Board Meeting videotape in his comments on motions from that meeting.

Mr. Robert Roach, City Commissioner. Voiced his opinions concerning KyMEA and the October 2017 Board Meeting and Board Member qualifications.

Ms. Rosen thanked those that made comments and said that the board is open to all opinions.

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

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

Hance Price stated that he would remain the alternate KyMEA Delegate. Mr. Price requested that KyMEA be involved in the Reed Smith assessment of the KyMEA contracts. Mr. Denton reiterated that KyMEA wanted to help Reed-Smith understand the contracts to give them a full picture. Ms. Rosen expressed concern that it would not be an independent review if KyMEA was involved. Mr. Denton stated that it is standard practice for new Auditors to go to the previous Auditors and meet to get as much information as possible. He stated that the review by Reed-Smith would seem one sided if you did not include KyMEA in the process. He expressed that if Reed Smith talked to KyMEA founders/consultants the intent behind the contracts would make sense.

Safety

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

Ms. Roney gave her departmental report and added congratulations for her employee, Brian Williams, who passed a class IV Water Treatment Operator Exam.

Informational departmental reports were presented; no action was needed.

6. **Action Item: Consider Award of Bid Invitation #1648 for two 15kV outdoor circuit breakers to Siemens Industry Inc. in the Amount of \$28,596. Travis McCullar will discuss (See Tab 6) (pg.116)**

Staff prepared an invitation for two new 15kV circuit breakers for Twilight Trail substation. The invitation was publicly advertised and sent to eight vendors. Two responses were received. After reviewing all the bids, staff recommends awarding to Siemens Industry, Inc. in the amount of \$28,596. Siemens submitted the lowest bid and met the specifications.

The low number of responses was anticipated by staff for this bid. Currently Siemens and ABB are the only manufacturers that offer a breaker with a magnetic actuator, which is included in the specification. It is the opinion of the electric department that magnetically actuated breakers are a necessary restriction as they require far less maintenance than their alternative.

This equipment purchase is necessary to replace existing breakers that have exceeded their expected useful life. This purchase is included in the 2017-2018 Capital Budget, line 210. The amount included in the budget for this project is \$62,700.

Vent Foster read the above item.

Mr. Baldwin moved to award the bid invitation #1648 for two 15kV outdoor circuit breakers to Siemens Industry, Inc. in the amount of \$28,596. Mr. Ludwig seconded. Mrs. Rosen called for the vote and the motion carried unanimously.

7. **Action Item Consider Stop Loss Coverage and Plan Changes for the 2018 FPB Employee Health Plan. Dianne Schneider will discuss (See tab 7) (pg. 117-135)**

Staff has worked with Sherrill Morgan over the last several weeks on the health plan renewal for 2018. FPB received proposals from seven carriers for specific and aggregate stop loss coverage for 2018.

Staff recommends the Board consider renewal of third party administration services with MedBen; their fees and services are unchanged for 2018.

Our current carrier, Pan American Life, offered the best overall option for stop loss coverage when additional laser liability is considered (a "laser is a higher deductible for specific individuals; the higher deductible is absorbed by the plan and is transparent to the individual). See 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 \$85,000; the aggregate stop loss coverage reimburses FPB if the total claims expense for the entire group exceeds expected total claims by more than 25%. To reduce premium expenses, FPB has elected an additional aggregating specific deductible of \$75,000 that must be met by one or more health plan members before the carrier is responsible for reimbursement of claims expenses above the individual specific deductibles.

For comparison, the following table summarizes estimated plan costs based on coverage for 61 Singles and 141 Families:

Plan Year (January through December)	2017	2018
Annual Specific Premium	\$267,287	\$290,572
Annual Aggregate Premium	\$18,374	\$19,125
NUF Organ Transplant Coverage	\$35,923	\$35,923
Expected Medical Claims	\$1,970,140	\$2,280,761
Administration Fees	\$113,047	\$138,281
Dental/Vision Claims (projected based on claims through October 2017)	\$241,000	\$241,000
Total Estimated Health Care Expenses	\$2,645,771	\$3,005,662

Other Miscellaneous Changes effective January 1, 2018:

- Offer Genetic Testing to reduce Adverse Drug Events to plan participants for drugs that have Guidelines on label or have annual cost > \$2,000 at a cost of \$350 per test. Potential plan savings of \$11,635.

- Cover gender reassignment surgery and related medical expenses (required for nondiscrimination compliance)
- Pharmacy vendor changes: HealthSmart is changing processors effective 1/1/2018. This will mostly be a behind-the-scenes change with a few exceptions:
 - Anyone using mail order will have their prescriptions filled in the future by ESI; however, anyone with a current mail order prescription will have theirs transferred over automatically.
 - Cards will need to be replaced.
 - Require prior- authorization of prescriptions that cost \$1,500 or greater.
- Provider network change; Baptist Health Network will discontinue offering their network after March 31, 2018; Staff recommends Cigna to replace Baptist Health effective January 1, 2018.

Dianne Schneider welcomed Robin Curry and Blair Pickerill from Sherrill Morgan to assist in explaining the upcoming changes to the FPB 2018 Health Plan and Stop Loss Coverage.

Ms. Schneider read the changes outlined above. She stated that Sherrill Morgan contacted Capital Family Physicians to make arrangements to continue serving FPB Employees with Cigna. Sherrill Morgan and Capital Family Physicians are in agreement to have a direct contract with the Frankfort Plant Board if they receive the same payment schedule as they had with Baptist Health.

Ms. Schneider stated that there are situations where employees have ongoing medical treatment and their provider will now be out of network. She requested that the board approve that the General Manager allow MedBen to process claims as if they are in network. This would be done so that the employee or their family member would not pay more out of pocket deductibles and co-insurance, due to the transition to Cigna, when they are in mid-treatment. This exception would be determined on a case by case basis, for a period of time depending on the length of the treatment. An example would be for maternity care.

Ms. Rosen inquired about the time frame that this exception would continue. Mr. Baldwin suggested that the added cost for going outside of the network for in-treatment employees be monitored. Mr. Denton agreed to do this.

Ms. Rosen asked about prior authorization. Ms. Schneider and Mr. Curry stated prior authorization gives the insurance company a timely opportunity to suggest less expensive treatments to the Doctor and medical staff providers. The provider responds to the insurance company questions, and the best treatment is resolved.

Mr. Ludwig asked Ms. Schneider to state again what they were to approve regarding the General Manager's role in approving medical provider choices.

Ms. Schneider stated that staff was asking the board to approve allowing the General Manager to approve processing claims as "in network" in the situation where the employee or family member was undergoing treatment that was in network with Baptist Health but would be considered out of network with Cigna. This would allow the employee to continue treatment without additional deductibles or coinsurance however, there could still be additional costs to the plan member if the provider bills are in excess of usual and customary fees.

Mr. Baldwin made the motion that we Consider Stop Loss Coverage and Plan Changes for the 2018 FPB Employee Health Plan. Mr. Ludwig seconded. Ms. Rosen called for the vote and the motion passed unanimously.

8. Action Item Consider Employee Contributions for 2018 FPB Employee Health Plan. *Dianne Schneider will discuss (See Tab 8) (pg. 136-137)*

Staff proposes that the Board consider an increase in employee cost sharing for health care beginning January 1, 2018.

In a recent survey, employees responded that they would prefer an increase in payroll contributions versus an increase in out of pocket expenses (deductibles, copays, coinsurance, out of pocket maximums) by more than 2-1. This change will bring the estimated annual total employee contributions to \$284,082; an increase of \$43,655.

The proposed employee monthly contributions based on plan type and level of coverage are as follows:

	2017 Current Monthly Employee Contributions	2018 Proposed Monthly Employee Contributions
HRA		
Single	\$36.66	\$42.00
Employee/Child	\$102.48	\$120.00
Employee/Spouse	\$105.11	\$122.00
Family	\$180.61	\$202.00

	2017 Current Monthly Employee Contributions	2018 Proposed Monthly Employee Contributions
Well Living CDHP		
Single	\$11.66	\$15.00
Employee/Child	\$52.48	\$68.00
Employee/Spouse	\$55.10	\$68.00
Family	\$130.61	\$148.00

	2017 Current Monthly Employee Contributions	2018 Proposed Monthly Employee Contributions
PPO		
Single	\$57.40	\$73.00
Employee/Child	\$166.92	\$192.00
Employee/Spouse	\$177.65	\$205.00
Family	\$231.92	\$270.00

	2017 Current Monthly Employee Contributions	2018 Proposed Monthly Employee Contributions
Well Living PPO		
Single	\$32.39	\$45.00
Employee/Child	\$116.37	\$140.00
Employee/Spouse	\$127.64	\$150.00
Family	\$181.91	\$215.00

Ms. Schneider went over the new employee contribution rates for 2018. She stated that the employees would contribute an additional \$43,655 which increases total employee contributions to \$284,082.

Mr. Denton explained that he informed Staff why health insurance rates were increasing, due to a high claims year. He stated that an employee survey conducted. The result is that employees would rather have the increase in biweekly deductions rather than higher treatment costs.

Mr. Baldwin moved to accept the 2018 FPB Employee health plan. Ms. Hale seconded. Ms. Rosen called for a vote and the motion passed unanimously.

9. **Action Item: Request KyMEA Create Video Recordings of all Public Meetings. *Walt Baldwin will discuss.***

Mr. Baldwin asked the status of KyMEA recording their board meetings. Mr. Price stated that they have no audio visual equipment. That it was something that would occur at some point but they do not have a definitive timeline.

Mr. Baldwin asked why a video camera used in online meetings could not be used. Mr. Foster stated that the equipment that had been used did not work well and KyMEA was looking for a solution.

Mr. Baldwin directed staff to ask KyMEA to purchase a small video camera. He suggested a camera that streams directly to Utube, eliminating the need for post-production editing, would be a reasonable interim solution. Mr. Price stated that he would take that information to the next KyMEA meeting and respond to the board. No motion was made.

10. **Action Item: Direct Staff to Select Candidates for Board Consideration to fill Mr. Bannister's Vacant Seat as FPB Representative to KyMEA Board. *Walt Baldwin will discuss.***

Ms. Rosen asked the staff for a recommendation for a replacement for Herbbie Bannister's seat on the KyMEA Board. Mr. Denton stated that the board member could be any senior manager or board member. Mr. Denton stated that he talked with other staff members and that the decision was made to appoint himself, as the representative from FPB and Hance Price as the alternate board member.

Mr. Baldwin moved that the board appoint David Denton as the FPB representative and Hance Price as the alternate board member. Ms. Hale seconded. Ms. Rosen called for the vote and the motion passed unanimously.

11. **Action Item: Consider a Resolution to Support the Efforts of FPB to Continue to Offer Inexpensive, Consistent, Quality Electrical Power. *Anna Marie Rosen will discuss***

Ms. Rosen stated that she had written the original resolution, which was read in the work session meeting on November 14th. She stated since that meeting Ms. Hale had developed a new resolution.

Ms. Hale stated that if we are going to pass a resolution, it needs to clearly state that, we have no intention of leaving the KyMEA, but if at some point we did decide to leave then we would use the mechanism provided in the organizational structure of the KyMEA. Ms. Rosen stated that her resolution was meant as a starting point and that Ms. Hale made some constructive points. She asked Ms. Hale to read the resolution.

Ms. Hale read:

Now Therefore Be It Resolved: The FPB Board of Directors are focused on the importance of a stable, low cost power supply for the Frankfort/Franklin County Community. We are especially aware of the role energy plays as a critical element for our business and industrial customers and for how important low rates and dependable service are for our residential customers. With these concerns in mind, the Board is committed to complying with our contractual obligations to the KyMEA including the All Requirements Contract. The FPB Board has no intention of leaving the KyMEA but if for some reason in the future the FPB wanted to leave the KyMEA, we will use the notice to terminate mechanism provided in the organizational structure of KyMEA.

Mr. Ludwig stated that he agreed with his colleague that there might be some fog out there; he stated that we need to go on record, as a board that we have no intention of leaving the KyMEA.

Mr. Baldwin stated that he wanted to echo those comments; he does not think the board ever discussed a breach of contract, and that we want to clear some of the fog as Mr. Ludwig said and that is in fact the continuing position of the board. After some discussion parts of the two resolutions were merged.

Mr. Baldwin read the new statement:

The FPB Board of Directors are focused on the importance of a stable, low cost power supply for the Frankfort/Franklin County Community. We are especially aware of the role energy plays as a critical element for our business and industrial customers and for how important low rates and dependable service are for our residential customers. With these concerns in mind, the Board is committed to complying with our contractual obligations to the KyMEA including the All Requirements Contract. The FPB Board does not intend to leave the KyMEA but if for some reason in the future the FPB wanted to leave the KyMEA, we will use the mechanisms defined in the KyMEA contracts. With this in mind the board is committed to KyMEA and making it the best for all municipal utility members.

Mr. Ludwig moved to adopt the resolution Ms. Hale seconded. Ms. Jennings called for the vote and the motion passed unanimously with 4 yes votes.

12. Action Item: Begin the Process for Selecting the General Manager by Defining the Job Description, Reviewing Search Firm Options, and Considering Employment Listing Websites. *Anna Marie Rosen will discuss*

Ms. Rosen suggested that a committee be formed to begin the search for the new GM. She invited Mr. Ludwig to form a two-member committee with herself. Mr. Ludwig declined her request. She then asked Ms. Hale to be on a two-member committee with Mr. Baldwin to which each person agreed. Ms. Rosen stated that she would like the Committee to proceed with developing a process to hire the new GM and report back to the Board.

Ms. Rosen moved that Ms. Hale and Mr. Baldwin form a Committee to start the GM process. Mr. Baldwin seconded. Ms. Rosen called for a vote and the motion passed unanimously.

13. Action Item: Discuss the Addition of a Board Education Allocation in the Future for FPB Budget. *Anna Marie Rosen will discuss*

Mr. Denton discussed the availability of funds in HR continuing education budget that can be reallocated to the Board of Directors budget to allow for board attendance of webinars on board governance, and other educational programs that may be available. Mr. Baldwin asked if the funds were available moving forward or would it need to wait until the next fiscal year. Mr. Denton stated that the funds were available for the next 7 months of the fiscal year. Mr. Denton stated that he had already sent a link to an APPA webinar to Ms. Hale that was \$1300 of the \$3000 in the budget and that she had expressed an interest in participating in that webinar.

Mr. Baldwin moved that we move the \$3000 from the HR continuing education budget to board training. Mr. Ludwig seconded. Ms. Rosen called for a vote and the motion carried unanimously.

14. Informational Item: General Manager's Comments. There were no General Manager's comments.

15. Informational Item: New and Old Business.

Action Item: Consider Approval of a Promotional, One-time \$5.00 Credit for Customers Converting to Paperless, Electronic Billing.

For the fiscal year ended June 30, 2017 the Frankfort Plant Board produced and mailed an average of 31,079 paper bills per month (26,212 regular/4,867 second notice bills). FPB spent approximately \$246,000 on paper, envelopes, and postage related to paper billing in fiscal year 2016-2017, which equates to approximately \$0.66 per paper bill produced and mailed. Each customer bill is usually multiple pages due to the amount of services we provide and bill to each customer. In order to reduce the cost of customer billing staff would like to offer a one-time, promotional credit of \$5.00 to customers converting from paper to paperless, electronic billing.

Below staff has listed suggestions for implementing this promotional credit:

1. The one-time \$5.00 credit would be available to customers who move from paper to paperless billing as of the effective date of the promotion. Current paperless billing customers as of September 19, 2017 would not be eligible for the credit.
2. FPB customers must sign up for the FPB customer portal to request paperless billing in order to receive the credit. Current portal customers currently not subscribing to paperless billing would be eligible for the \$5.00 credit by signing up for paperless billing through their current portal account.
3. The credit would be applied on a per customer basis and not on a per account basis. For example, a customer that has five rental properties will be eligible for only one \$5.00 credit, not one credit per account.
4. Staff will monitor the progress of this promotion and will extend or terminate the program based on its success.

The goal of this promotion is to reduce the cost of customer billing, but will also reduce the amount of paper used for bills and will encourage customers to use features included in the FPB customer portal encouraging more operating efficiencies.

Mr. Denton discussed the one-time credit being on a per customer basis. Customers would sign up through the portal in order to obtain the credit. He stated that break-even is about 8 months into the process. Every customer that takes the paperless option represents a .60 per month savings, reducing the \$250,000 spent for paper bills each year.

Ms. Rosen suggested when someone becomes a FPB customer they are offer paperless billing and paper billing becomes the 2nd choice or default. Mr. Baldwin stated that when a new customer comes in and signs up it should be what we encourage the customer to do.

Mr. Denton stated that he would like to see new customers set up on the portal from the time they open their account with us. Mr. Baldwin asked if there was a location in Customer Service where the customer could go and sign up for the portal. Mr. Denton suggested using tablets passed to the customer when they meet with a CSR.

Ms. Rosen asked if there is advertising or plans for promoting paperless billing. Mr. Denton stated that we have current advertising promos in place.

Ms. Rosen emphasized that this is optional; it is not a required customer change. If customers choose to convert to paperless billing, they will receive a \$5 onetime credit on their bill. Mr. Denton reiterated that there is no requirement to switch to paperless.

Mr. Baldwin moved that we adopt the changes to paperless billing as detailed by Mr. Denton. Mr. Ludwig seconded. Ms. Rosen called for a vote and the motion carried unanimously.

16. New and Old Business

Ms. Hale made a motion that Adam Hellard be given a contract the same as Mr. Denton and Mrs. Cummins stating that he can go back to his previous position when we hire a permanent Superintendent for Telecom and if there is an increase in salary to state that in the contract. Mr. Ludwig seconded it. Mrs. Rosen asked for any discussion.

Ms. Rosen stated that she was concerned about the board becoming involved in this because the only person that the board is directly responsible for is the General Manager. She stated that the special contract could be perceived as micro managing the staff.

Mr. Liebman added that the board had not written contracts with any employee in the past he stated that this is a unique set of circumstances and it's up to the board. The difference would be that this type of contract would expire once certain circumstances took place as opposed to an open-ended contract. He stated that it was up to the board as to whether they wanted to do the contract.

Mr. Liebman went back and read the motion from October that said that the board would give the interim GM the ability to hire an interim Cable/Telecom Superintendent at a salary that the Interim GM and the HR Director deemed appropriate. He stated that the Interim GM has made the appointment, which the board authorized him to make.

Mr. Baldwin stated that he felt that we are good where we are. Ms. Hale asked what the difference was between Ms. Cummins getting a contract and Mr. Hellard getting a contract.

Mr. Liebman stated that Mr. Hellard's situation is a bit different since the board passed that the new GM would hire the Assistant GM of Cable/Telecom and at that point, Mr. Hellard would revert to his previous job so the circumstances are slightly different.

Ms. Rosen called for a vote and the motion failed 1-3 with Ms. Hale being yes and Mr. Rosen, Mr. Baldwin and Mr. Ludwig voting no.

Ms. Hale stated that she had another item for Old and New Business:

She moved that since we passed a resolution stating very clearly that we have no intention of leaving KyMEA she would like to amend the contract with Reed Smith to eliminate the request to advise on available exit paths for the AR contract and interlocal agreement. Mr. Ludwig seconded.

Ms. Rosen stated that in the resolution that was just passed says that at some point FPB might choose to take an exit path so to have the knowledge of how to do that is what Reed Smith is defining. She added that in our resolution we did not claim that we would never exit the KyMEA so having the information collected all at one time makes sense.

Mr. Baldwin stated that he agrees understanding exit paths is part of the Reed Smith contract. Again, there was never any intention to breach the contract; this is about understanding the mechanisms in the contract.

Mr. Denton asked about the work performed by Reed Smith which began October 23, 2017. Mr. Liebman drafted the engagement letter. Mr. Liebman, Ms. Rosen and Mr. Baldwin have coordinated meetings with Reed Smith following the guidelines and costs listed in the October motion. All of the same information sent to E3 has been sent to Reed Smith.

Ms. Hale asked why we need more expertise to leave the contract. The reasons is that the mechanisms in the contract are unclear. The E3 analysis showed that

there is ambiguity between the Interlocal agreement and the All Requirement contract. The goal of the Reed Smith analysis is to fully understand the contracts.

Ms. Hale stated that she thinks the board is sending mixed messages. Ms. Rosen responded that we are gathering information, finding out how things work, and trying to determine the correct legal information.

Ms. Rosen restated the motion: To remove the language from the Reed Smith contract concerning exit paths. A vote yes would be that we remove it; a vote no would be that we do not remove it. Mr. Ludwig asked for the vote to be called by member. Ms. Jennings called for the vote, Mr. Ludwig, Ms. Hale voted yes, Mr. Baldwin and Ms. Rosen voted no. The motion failed.

Ms. Rosen proposed the following motion:
FPB industrial customers are required to file production-planning reports in a projected 18-month reporting schedule. It is therefore imperative that the most accurate indication of power costs possible be available, so that these critical industrial customers can meet the reporting schedules required by their parent companies. KyMEA is requested to supply rates and the rate calculation formulas to the Frankfort Plant Board by December 8, 2017* for power beginning May 1, 2019.

*If this date is difficult given the timeframe, please supply a date that we can expect to see this rate information.

Mr. Baldwin seconded the motion. Ms. Rosen asked for discussion.

Mr. Ludwig requested Staff input. Mr. Denton responded that 2018 was always discussed as the time period that KyMEA would give us rate information. Mr. Baldwin stated that he was in support of the motion however he would like to ask for a reasonable date that KyMEA could give us rates, at least that way we would have something more firm than just the first quarter of 2018.

Mr. Foster stated that we are talking about wholesale versus retail rates and that the power supply portfolio is not complete. Mr. Foster went on to say that one of the problems with Kentucky Utilities is that we do not know the rates until the first part of May. Ms. Rosen asked if there was a full portfolio for the first 3 years from 2019-2022. Mr. Foster responded that there is.

Mr. Baldwin asked about rate calculations and what components go into the rate structure. Mr. Denton responded that the majority of the wholesale power purchase is going to be by far the most significant piece. Mr. Foster added that one of the outstanding pieces is that Frankfort has not agreed to the SEPA portion of the contract. KyMEA is still working on administration costs and the fuel adjustment cost.

Mr. Denton added that our industrial customers will not receive a bill from KyMEA they will receive a bill from Frankfort Plant Board and the rates that this board sets will be the rates that they will pay.

Mr. Baldwin asked that we request a hard date instead of just first quarter.

Mr. Ludwig restated the motion to ask KyMEA if they can give us a date by which they think they can give us this information.

Ms. Rosen stated a revised motion:
FPB industrial customers are required to file production-planning reports in a projected 18-month reporting schedule. It is therefore imperative that the most accurate indication of power costs possible be available, so that these critical industrial customers can meet the reporting schedules required by their parent companies. When can KyMEA supply rates and rate calculations formulas to the Frankfort Plant Board for power beginning May 1, 2019?

Mr. Baldwin seconded the motion. Ms. Rosen called for the vote, two yes votes Mr. Baldwin and Ms. Rosen, two no votes, Mr. Ludwig and Ms. Hale, the motion failed.

Ms. Rosen asked if there was a need for a closed-door session and Mr. Liebman stated that it was necessary.

Mr. Ludwig stated that he wanted to take a moment to thank Mr. Denton for agreeing to become the Interim GM. He commended Mr. Denton on taking on this task and wanted to note the good job Mr. Denton was doing.

17. **Request Permission to Have Chair Call for a Closed Session** KRS 61.810(1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee. KRS 61.810(1)(c) for the discussion of potential litigation to discuss Genesco pump station.

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

Mr. Baldwin moved to return to the meeting. Mr. Ludwig seconded.

Mr. Ludwig moved to adjourn the meeting. Ms. Hale seconded.




ATTEST: _____