

**THE BOARD OF THE KENTUCKY  
COMMUNICATIONS NETWORK AUTHORITY**

**MINUTES OF THE EIGHTH MEETING  
SEPTEMBER 21, 2017**

**Call to Order and Roll Call**

A meeting of the Board of the Kentucky Communications Network Authority (“Board” and “KCNA”) was held on Thursday, September 21, 2017, at 1:00 p.m. EDT in Room 110 of the Capitol. Secretary Scott Brinkman, Chair, called the meeting to order and the roll was called.

**Present were:**

Members: Scott Brinkman, Secretary of the Governor’s Executive Cabinet and Chair of the Board; Amy Barnes, Department of Local Government (Designee); John Chilton, State Budget Director; Terry Gill, Secretary of the Cabinet for Economic Development; Lonnie Lawson, President and CEO, The Center for Rural Development; Greg Thomas, Secretary of the Kentucky Transportation Cabinet; John Tilley, Secretary of the Justice and Public Safety Cabinet

**Guests:**

Jason Baird, The Limestone Group; Bryan Bell, Bluegrass Network; Kevin Borland, Mulloy Borland; Brenda Brown, KCNA; Cory Camic, The Solarity Group; Justin Clark, Top Shelf Lobby; Mike Hayden, KCNA; John Higginbotham, Frankfort Plant Board; Michelle Hill, Kentucky League of Cities; Randy Lutke, KCNA; Mason Meredith, Finance and Administration Cabinet; Dustin Miller, Government Strategies; Steve Robertson, Frost Brown Todd; Brooke Robertson, Frost Brown Todd; Debbie Rodgers, KCNA; Hollie Spade, AT&T

Secretary Brinkman verified that a quorum was present and that the press has been notified of the meeting. Minutes from the previous meeting held on June 15, 2017 were distributed in advance to the board members. Mr. Lawson made a motion to approve the minutes. Secretary Tilley seconded the motion. The minutes were approved by unanimous vote.

**Announcements:**

- The next meeting of the Board will be December 14, 2017 at 1:00 p.m. in Room 110 of the Capitol.
- Final dates for all 2018 Board meetings will be set and voted on during the December 14, 2017 Board meeting. Tentative quarterly dates for next year are March 15, 2018, June 21, 2018, September 20, 2018, and December 13, 2018.

## **Status Report: Phillip K. Brown, Executive Director, KCNA**

Secretary Brinkman began by requesting that Mr. Brown provide an update on the status of the KentuckyWired Project (“Project”). Mr. Brown remarked that he wanted to give a progress report on several areas that have seen development since the June meeting.

Mr. Brown began by noting that since the June meeting KCNA had brought on a director of communications to improve their outreach and communication efforts across the state. According to him, KCNA has consistently received feedback urging them to communicate more with various regions and this is an effort to address that feedback. Mr. Brown announced that Randy Lutke, the new director of communications, convinced Rick Dees, the radio deejay, to record a ten (10) second, thirty (30) second, and sixty (60) second PSA (Public Service Announcement) that KCNA plans to distribute. He then played the thirty (30) second PSA for the Board. Mr. Brown continued by thanking Mr. Dees for his support and in-kind contribution for the Project. This effort is one of several intended to increase the Project’s communications and social media footprint. The Project now has a Twitter handle (@kywired) and a Facebook profile, and KCNA is regularly issuing press releases with updates about the Project.

The second issue Mr. Brown brought to the Board’s attention was the development of the KentuckyWired Advisory Group (“KAG”). He reminded the Board that they gave approval to push forward with development during the previous Board meeting. Letters inviting potential members and statutorily named organizations have been sent out. KCNA’s target is to organize KAG’s meetings the month after Board meetings. The first KAG meeting is tentatively scheduled for October 19, 2017.

Moving into the project status, Mr. Brown relayed that a large percentage of preliminary design activity is complete. Make-ready engineering on poles stands at 93% complete, site surveys are 80% complete, and site design is sitting at 76%. Aerial fiber has been hung in multiple areas including: Woodford County, Jessamine County, Clark County, and Madison County. The trucks are out there and progress on the Project is considerably more visible than it was in June.

There are some areas, however, where critical preliminary issues have yet to be resolved. In Ring 3 there are still three (3) outstanding pole attachment agreements, with municipal pole owners, that need to be settled. In Ring 4 there are twelve (12) additional agreements, between a combination of municipalities and rural electric companies, that need to be obtained. Mr. Brown assured the Board that they were working hard at an agency level to negotiate these agreements, but without legal access to the poles, the final design for the network cannot be completed. He explained that KCNA is approaching a point in the Project where if legal access to poles is not granted, they will have to design a network that does not utilize those poles. This means that the Project may have to move around places that are unwilling to give access to poles. Doing such is

not desired—the redesign would be costly and it would impact the effectiveness of the network—but it may be necessary in order to move the Project forward.

Turning toward financial matters, Mr. Brown announced that KCNA would be presenting before the Appropriations and Revenue Interim Joint Committee (“A&R”) the following week. In their list of questions, A&R had requested KCNA to provide a financial breakdown of the Project. According to KCNA’s figures, at this point in the Project, it would cost the state more to cancel the Project than to complete it. It is important to remember that Macquarie gave a bid for \$324 million and must be able to complete all phases of the project for that amount. The project has been delayed due to supervening events and KCNA is required to pay losses incurred by the design build subcontractor as a result of those supervening events. Funds to pay those disputes, however, do not come out of the Project’s fund. This means that KCNA will have to find alternative funding sources to pay these direct loss claims.

Secretary Brinkman next asked the Board if anyone has questions regarding the project.

Director Chilton asked Mr. Brown to remind the Board of the geography of the various rings. Mr. Brown explained that Ring 1A is Lexington, Louisville, and up to Cincinnati. Ring 1B extends south from Lexington to Somerset, over to Prestonsburg, up to Ashland, and then back to Lexington. Ring 2 is Prestonsburg to the south and back around. Ring 3 extends west of Frankfort and Louisville to Elizabethtown and Glasgow and back to the Central Kentucky region. Ring 4 is everything to the west of Ring 3, all the way to Paducah. Ring 5 completes a triangle begun by Rings 1A and 1B, connecting the Cincinnati area and Ashland.

Director Chilton next questioned whether all pole attachment agreements were complete in Rings 1 and 2. According to Mr. Brown, all agreements are complete in Rings 1 and 2. The only outstanding agreements are located in Western Kentucky, concerning Rings 3 and 4.

Secretary Tilley next asked Mr. Brown whether he needed any assistance or participation from anyone in the Justice and Public Safety Cabinet or the Kentucky State Police for committee meetings. Mr. Brown responded that it would be helpful.

Secretary Brinkman commented that Mr. Brown meets with Secretary Landrum and himself on a weekly basis to discuss the status on the Project. Secretary Brinkman thanked Mr. Brown for his work and noted that KCNA was working tirelessly to complete the project. He reminded the Board and those present that progress on the Project is being made, but much is not visible to the public.

## Closed Session

Secretary Brinkman provided notice, pursuant KRS 61.815, of the Board's intention to enter into closed session pursuant to KRS 61.810(g) to discuss a specific proposal relative to the Project. For the record, he announced that he had requested that Mr. Brown and Mike Hayden, Chief Operating Officer for KCNA, remain in the closed session to assist the Board in an update of the Project. Secretary Tilley made a motion to enter closed session. Director Chilton seconded the motion. The motion passed by unanimous vote and the Board entered into closed session at 1:19 p.m EDT.

At 1:29 p.m. EDT, meeting attendees were invited to return to the meeting. Secretary Tilley made a motion to return to open session. Mr. Lawson seconded the motion. The motion passed by unanimous vote.

Secretary Brinkman stated that the Board had just received a status update of the Wholesaler Agreement. He announced that no action needed to be taken as to its status.

Secretary Brinkman next reminded the Board about the schedule for upcoming meetings (listed in the announcement section of these minutes). He then asked the Board if there was any old or new business to discuss.

Seeing no old or new business to discuss, Secretary Brinkman asked for a motion to adjourn. The motion was made by Secretary Tilley. Director Chilton seconded the motion. The meeting was adjourned with unanimous approval at 1:32 p.m EDT.

Respectfully Submitted,



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Secretary Scott Brinkman, Chair  
Kentucky Communications Network Authority