

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

**MINUTES OF THE SEVENTH MEETING
JUNE 15, 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, June 15, 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; Sandy Dunahoo, Commissioner, Department of Local Government; Andrew English, Justice and Public Safety Cabinet (Proxy), Lonnie Lawson, President and CEO, The Center for Rural Development; Andrew McNeill, Office of the State Budget Director (Proxy); Katie Smith, Cabinet for Economic Development (Designee); Greg Thomas, Secretary of the Kentucky Transportation Cabinet

Guests:

Bryan Bell, Bluegrass Network; Phillip Brown, KCNA; Brenda Brown, KCNA; Cory Camic, The Solarity Group; Sarah Durand; Randy Harris, KY Cable Association; Doug Hendrix, KCNA; Michelle Hill, KY League of Cities; Karen Kelly, The Center for Rural Development; Secretary William M. Landrum III, Finance and Administration Cabinet; Mason Meredith, Finance and Administration Cabinet; Nick Nesh, McCarthy Strategic Solutions; Travis Phillips, Top Shelf Lobby; Mary Ward, The Solarity Group

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 April 20, 2017 were distributed in advance to the board members. Mr. Lawson made a motion to approve the minutes. Mr. English seconded the motion. The minutes were approved by unanimous vote.

Announcements:

- The next meeting of the Board will be September 21, 2017 at 1:00 p.m. EDT in Room 110 of the Capitol.

Closed Session

Secretary Brinkman provided notice, pursuant KRS 61.815, of the Board's intention to enter into closed session to discuss a specific proposal relative to the Kentucky Wired Project ("Project"). For the record, Secretary Brinkman announced that the Board requested that Phillip Brown, Executive Director of KCNA, and Doug Hendrix, General Counsel of KCNA, remain in the meeting during closed session for the purposes of assisting the Board in the review and discussion of the proposed Wholesaler Agreement to be entered into with OpenFiber Kentucky, LLC and Kentucky Wired Operations Company, LLC. Mr. English made a motion to enter closed session. Secretary Thomas seconded the motion. The motion passed by unanimous vote and the Board entered into closed session at 1:02 p.m EDT.

At 1:20 p.m. EDT, meeting attendees were invited to return to the meeting. Secretary Thomas made a motion to return to open session. Commissioner Dunahoo seconded the motion. The motion passed by unanimous vote.

Secretary Brinkman relayed that the Board had just received a status update of the Wholesaler Agreement, including a review of its key terms and provisions. The document was still in draft form and there were some technical provisions that needed to be concluded in negotiations with counterparties, but the Board believed that the Agreement was sufficiently negotiated and agreed upon for approval by the Board. Secretary Brinkman announced that he would entertain a motion to approve the Wholesaler Agreement among the Commonwealth of Kentucky, OpenFiber Kentucky, LLC, and the Kentucky Wired Operations Company, LLC, as presented to the Board, with the authority for the officers of KCNA to finalize certain technical provisions of the Agreement that do not affect the material terms and conditions of the Agreement, subject to the final approval of the Wholesaler Agreement by the Finance and Administration Cabinet, which would be party to it. Mr. Lawson made the motion requested by Secretary Brinkman. Mr. English seconded the motion. The motion passed by unanimous vote.

KCNA Advisory Group Update: Phillip Brown, KCNA

After the approval of the Wholesaler Agreement, Secretary Brinkman introduced Phillip Brown and asked that he provide an update of the KCNA Advisory Group.

According to Mr. Brown, the KCNA Advisory Group ("KAG") is required by both the original executive order creating KCNA and by the statute most recently passed in the 2017 Regular Session of the General Assembly. The draft structure that he presented would satisfy that statutory requirement. The draft was a product of a contract engagement with The Solarity Group, a business management consulting firm based in Lexington, Kentucky. Mr. Lawson and Jared Arnett, the Executive Director of Shaping Our Appalachian Region (SOAR), also helped craft the draft structure.

Mr. Brown continued by giving an overview of the proposed KAG structure. The proposed KAG includes the fourteen (14) members designated by statute, as well as three (3) additional liaison members not mandated by statute. The members are statewide grassroots influencers of the Project, who will seek to provide input, advice, voices of influence, and stakeholder buy-in to the Project. Mr. Brown was sensitive to the fact that adding additional members to KAG – making seventeen (17) total members, instead of fourteen (14) – might make it too big to be functional, but his work group believed that this number was the bare minimum necessary to satisfy the statutory mandate. The three (3) added members would represent employment/jobs sector, the Kentucky media, and broadband advocates and access providers.

If implemented, KCNA would begin reaching out to potential KAG members, which would represent a significant next step in the development of the Project. After confirming members, KAG would develop multiple work groups with each designated member functioning as its head (e.g. the designee representing the Justice and Public Safety Cabinet would head a work group concerned with public safety). Mr. Brown recognized that this would result in a large number of work groups, but he stressed that these groups would only meet on an as needed basis. He did expect the KAG to meet on a regular basis, however. He suggested that KAG would meet each month.

Mr. Brown concluded by applauding the work done by The Solarity Group and others who provided input into the KAG structure. According to him, it is a very good start and KCNA would like to take the next step and move from draft to execution.

Secretary Brinkman thanked Mr. Brown, The Solarity Group, and others present for their work on the KAG project. He noted that this structure was good and that the Board wanted full input and buy-in from all affected constituencies. With that, Mr. Brown committed to begin outreach to the different potential KAG members and begin planning for an eventual meeting.

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

Secretary Brinkman next requested that Mr. Brown provide a status report on the Project. Mr. Brown began by remarking that from this point forward, on a regular basis, his updates would begin by giving a lookback to the previous meeting and provide a benchmark for how the Project has progressed in the interim. He reported that he did not have a three (3) month outlook prepared for this meeting, but instead will discuss the current status of the Project.

According to Mr. Brown, at the previous Board meeting he projected that, in the coming months, engineering would be completed on rings 1A and 1B, progress would be made on any outstanding pole attachment agreements, make-ready construction would begin on the initial

rings, an addition 100,000 linear feet of underground conduit would be laid, and, hopefully, some limited fiber installation would occur. At this point, two (2) months later, make-ready engineering across all five (5) rings was 99.6% complete, the detailed route design was 57.91% complete, and site design had been completed at 71.47%, so the total ring engineering was 81.98% complete. Since the last meeting, an additional 74,000 linear feet of underground conduit had been installed, and KCNA had made significant progress on at least three (3) of the outstanding pole attachment agreements. The remaining outstanding pole attachment agreements were not with private sector providers, but with municipal utility pole owners, so KCNA was carrying on conversations with utility ownership and local elected officials working towards finalizing these agreements. Mr. Brown believed these would be resolved soon.

In summary, Mr. Brown commented that while the Project has not made as much progress as anticipated, progress has been made in all Project areas and he anticipated significant progress on make-ready construction in the next quarter. Secretary Brinkman thanked Mr. Brown for his presentation and lauded the hard work KCNA has been doing. He assured those present, that although the progress is not visible to the public, substantial progress is being made each day by the KCNA team and its Project partners.

Secretary Brinkman next asked if there were any more questions or comments. Seeing none, he noted during the last meeting of the Board, the Board had decided to hold regular meetings on the third Thursday of the last month of each quarter. Seeing that December 21, 2017 would be the regularly scheduled meeting date for the fourth quarter, Secretary Brinkman suggested – and the Board agreed – to move the meeting date to December 14, 2017 to avoid meeting during Christmas holiday. He also recommended that in December, the Board should preset the meeting the dates for all its 2018 meetings.

Secretary Brinkman then asked the Board if there was any old or new business to discuss. Mr. Lawson pointed out that even though it had only been two months, Mr. Brown and KCNA had done a tremendous job and he applauded their work.

With that, Secretary Brinkman asked for a motion to adjourn. The motion was made by Secretary Thomas. Commissioner Dunahoo seconded the motion. The meeting was adjourned with unanimous approval at 1:34 p.m EDT.

Respectfully Submitted,



Secretary Scott Brinkman, Chair
Kentucky Communications Network Authority