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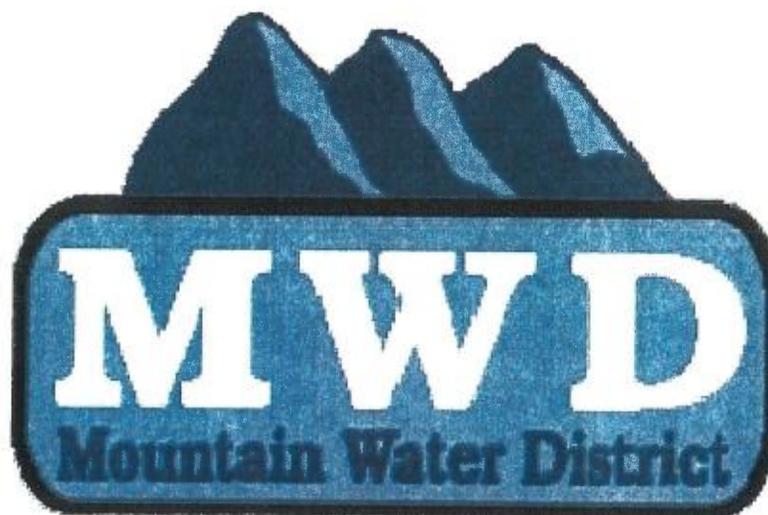
MOUNTAIN WATER DISTRICT
PIKE COUNTY, KY

PSC FIRST REQUEST FOR
INFORMATION

CASE NO. 2014-00342

Vol. 1 of 7

Q: 1-6 (except 4)



TAMMY

1. Provide the minutes of the meeting of Pike County Fiscal Court at which the current salary level for members of Mountain District's Board of Commissioners was approved.

Witness: Sawyers

Response: Attached

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

January 6, 2009

ORD. NO. 01.06.09.006

IN RE: AUTHORIZATION FOR SALARY RATE FOR
MOUNTAIN WATER BOARD MEMBERS

Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Chris Harris, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES payment of \$300 salary per person or \$500 if the member has attended class, to be nunc pro tunc at the same rate as previously paid for many years until changed in the future by the Judge/Executive for members of the Mountain Water Board.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Wayne T. Rutherford	Yes
Magistrate Jeff Anderson	Yes
Magistrate Vernon "Chick" Johnson	Yes
Magistrate Leo Murphy	Yes
Magistrate Kenneth Robinson	Yes
Magistrate Hilman Dotson	Yes
Magistrate Chris Harris	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Wayne T. Rutherford
PIKE COUNTY FISCAL COURT BY AND THROUGH
JUDGE/EXECUTIVE WAYNE T. RUTHERFORD

ATTEST:

Rose Farley
FISCAL COURT CLERK

Tammy Olson

Farley, Rose (Pike County) [Rose.Farley@ky.gov]
Monday, October 27, 2014 9:45 AM
To: Tammy Olson
Subject: January 6, 2009 Fiscal Court Minutes

**PIKE COUNTY FISCAL COURT
MINUTES OF REGULAR MEETING**

**Pike County Courthouse
Pikeville, Kentucky**

January 6, 2009, at 5:30 p.m.

PRESIDING: Judge/Executive Wayne T. Rutherford

OTHER MEMBERS OF COURT PRESENT:

**Magistrate Jeff Anderson
Magistrate Vernon "Chick" Johnson
Magistrate Leo Murphy
Magistrate Kenneth Robinson
Magistrate Hilman Dotson
Magistrate Chris Harris**

ALSO PRESENT:

**Deputy Judge John Doug Hays
Johnda Billiter/Treasurer
Bobby Branham/Executive Assistant
Roland Case/Asst. County Attorney
Rose Farley/Clerk
Roger Ford/Energy and Technology
Frank Hatcher/Roads
Rhonda James/Finance
Jimmy Kiser/Floodplain Coordinator
Mike Lyons/Solid Waste
Carrie Moore/Exec. Asst.
Carol Napier/Social Services/Seniors
Jeanne Robinson/Executive Assistant
Jimmy Dale Sanders/PRIDE
Frankie Stacy/Purchasing/Finance
Melanie Stephens/Big Sandy ADD
Obie Tackett/Public Works**

A regular meeting of the Pike County Fiscal Court was held on January 6, 2009, at 5:30 p.m., in the Pike County Fiscal Courtroom of the Pike County Courthouse with Judge/Executive Wayne T. Rutherford presiding. County Judge John Doug Hays led the opening prayer and Magistrate Leo Murphy led the Pledge of Allegiance. Both in the prayer and during Judge Rutherford's remarks following, the Court remembered and expressed condolences to Jimmy Kiser upon the death of his father. Judge Rutherford said he had known Jimmy's father well and stated, "You were blessed to have the father that you had."

Upon motion by Magistrate Hilman Dotson and second by Magistrate Leo Murphy, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the court meeting minutes for November 18, 2008.

(Ref. Court Ord. No. 01.06.09.001)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

No one came forward for Public Comment at this meeting.

Both the county sheriff and the county clerk run budgets on a calendar year rather than fiscal year so their budgets must be presented to the Court and filed in Frankfort in January. Judge Rutherford stated to Lillian P. Elliott, County Clerk, and Charles F. "Fuzzy" Keesee, Pike County Sheriff, "Your tenure means you have done an excellent job for the people of Pike County." Ms. Elliott came first to present her budget. She said she might not have the fees that she normally has and would return to Court if she needed more money but wanted to submit this budget with a lesser amount. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Hilman Dotson, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES and ACCEPTS the budget of Pike County Clerk Lillian P. Elliott for 2009 as submitted to the Fiscal Court on this date in the total sum of \$2,108,755.

(Ref. Court Ord. No. 01.06.09.002)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Sheriff Keesee came forward to present his budget for 2009. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES and ACCEPTS the budget of Pike County Sheriff Charles F. Keesee for 2009 as submitted to the Fiscal Court on this date in the total sum of \$1,610,533.

(Ref. Court Ord. No. 01.06.09.003)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Several retiring employees were to be honored today and Judge Rutherford presented a resolution for each. He explained that because of the new retirement act by the legislature, many employees had to retire earlier than planned.

Sandy Hunt was secretary in the Road Department for twenty-six years. The Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Sandy Hunt

WHEREAS, Sandy Hunt has faithfully and honorably served the citizens of Pike County, Kentucky, as a 26-year employee of the Pike County Fiscal Court; and,

WHEREAS, through her service as a Secretary and Computer Operator in the Pike County Finance Department an Office Manager in the Pike County Purchasing Department and an Office Manager in the Pike County Road Department, Sandy Hunt has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Sandy Hunt will be sorely missed by her fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Sandy Hunt a prosperous, healthy and happy retirement;

NOW, THEREFORE, BE IT RESOLVED by the Pike County Fiscal Court to honor Sandy Hunt for meritorious service upon her retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Frank Hatcher, Road Commissioner.

A longtime employee, Rex Lockhart, of the Solid Waste Department was over the landfill for fifteen years and was of great assistance in dealing with the people about the biomass plant. The Resolution to honor him reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Rex Lockhart

WHEREAS, Rex Lockhart has faithfully and honorably served the citizens of Pike County, Kentucky, as a 15-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his services as a Heavy Equipment Operator in the Pike County Road Department, and a Landfill Operator and Special Crew Supervisor in the Pike County Solid Waste Department, Rex Lockhart has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Rex Lockhart will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Rex Lockhart for meritorious service upon his retirement as a loyal county employee.

NOW, THEREFORE BE IT RESOLVED by the Pike County Fiscal Court to honor Rex Lockhart for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Mike Lyons, Solid Waste Commissioner.

Glen Childers was also an employee of Commissioner Mike Lyons of Solid Waste for twenty-six years, working as scalehouse operator, handling money and Judge Rutherford said never at any time was there a question about the money whatsoever. The Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Glen Childers

WHEREAS, Glen Childers has faithfully and honorably served the citizens of Pike County, Kentucky, as a 26-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his service as a Truck Driver, Foreman, Landfill Operator and Scalehouse Operator in the Pike County Solid Waste Department, and a Crew Chief in the Road Department, Glen Childers has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Glen Childers will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court to honor Glen Childers for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Mike Lyons, Solid Waste Commissioner.

Donnie Scaggs worked for twenty-four years in different districts and was once a union steward. The

Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Donnie Scaggs

WHEREAS, Donnie Scaggs has faithfully and honorably served the citizens of Pike County, Kentucky, as a 24-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his service as a Light Equipment Operator and a Heavy Equipment Operator in the Pike County Road Department, and a Compliance/Enforcement Officer in the Pike County Solid Waste Department, Donnie Scaggs has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Donnie Scaggs will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Donnie Scaggs a prosperous, healthy and happy retirement;

NOW, THEREFORE, BE IT RESOLVED by the Pike County Fiscal Court to honor Donnie Scaggs for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Frank Hatcher, Road Commissioner.

Road work was presented. Upon motion by Magistrate Jeff Anderson and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY ACCEPTS the road work recommendations of the magistrates as presented in the court meeting of this date which read as follows:

ROAD WORK RECOMMENDATIONS

ROAD NO. ROAD NAME RECOMMENDATIONS

District One:

1402	Millers Creek/Upper Johns Crk	Pull section of ditch
1042	Maynard Branch/Sycamore	Pull section of ditches
1315	Flutty Branch/Rt. Fork Brushy	Pull section of ditch; fix end of drain; gravel turnaround spot
	Sycamore Mt. and Mill Fork/ Sycamore	Shoulder section with gravel
1107	Big Branch/Lower Brushy	Pull section of trees; cut trees out of

--	Oak View Drive/N. Mayo Trail	roadway
1034	Sycamore/Lower Johns Creek	Cut tree out of roadway and unblock it
○	Flutty Branch/Rt. Fork Brushy	Pull section of ditches
--	Mullins/North Mayo Trail	Fix driveway that garbage truck tore up
		Gravel around mailboxes

District Two:

3835	Cabin Fork	Remove fallen tree
5990	Wolf/Belcher	Remove fallen tree
3205	Douglas Drive	Removal fallen rock
3225	Whispering Hills	Open ditches
3432	Buck Tackett Road	Install five (5) ton weight signs
911#	Dorton Hill	Replace sign
911#	Blackburn Lane	"
911#	Colley Hill	"
911#	Hughes Lane	"
3514	Anderson Fork	Cold patch
3060	Sookey Creek	Cold patch
3522	Osborne Fork	Remove fallen tree
3205	Douglas Drive	Remove fallen tree
3620	Orchard Branch	Gravel road
3264	Right Fork/Dry Fork	Open ditches
3265	Tackett Road	Open ditches
3060	Sookeys Creek	Open ditches
○	Dry Branch at Shelby	Remove fallen tree
	Left Fork/Island Creek	Open ditches and drains
2809	Coon Branch	Gravel road
2934	Ray Branch	Open ditches
2809	Coon Branch	Open drains, ditches
911#	Prater Branch	Replace 911 sign
911#	Buzzard Roost	"
911#	Rays Branch	"
5985	Kelly Mountain	Open ditches
5983	Anderson Road	"
3890	Big Shelby	"
3864	Blaze Branch	"
3858	Fleming Branch	"
3079	Deadning Fork	Remove fallen tree
3060	Sookey Creek	Shoulder road
3156	Little Fork/Little Robinson Creek	Shoulder road; remove tree
CMTY/2	Mitchell Cemetery Road	Open drains

District Three:

1604	Ramey Fork Road	Fix three (3) breaks and rechannel creek (FEMA 07)
○	Grassy Fork	FEMA 07 - Repair breaks
	Big Card Road	Remove fallen tree
1573	Knob Fork	Clean up small slide
5512	River Road Draffin	DGA

5530	Jessie Branch Road	Clean out underpass and DGA
6622	Peddler Fork Road	Gravel
5823	Kettlecamp Road	Clean drains
	Grassy Road	Clean up brush
	Motley Fork Road	Repair break
1579	Bevins Lane	Repair end of bridge
5593	Trace Fork	School House Hollow - gravel portion of road at Nettie Wallace's

District Four:

5930	Sycamore Road	Fix potholes and gravel
3007	Dry Fork/Sycamore	Remove fallen tree from creekbed
5101	Water Plant Road/Marrowbone	Clean out drains; dip ditches
5360	Hays Duty Road/Poorbottom/ Marrowbone	Clean out drains; dip ditches
5466	Hellier Bottom/Hellier/ Allegheny	Clean out drains; dip ditches
5030	Wolf Road/Marrowbone	Clean out drains; dip ditches
5433	Maynard Branch/Bowling Fork	Clean out drains; dip ditches
5335	Lookout Street/Marrowbone	Clean out drains; dip ditches
5159	Ratliff Elkhorn/ Marrowbone	Clean out drains; dip ditches
5402	May Tackin Road Marrowbone	Clean out drains; dip ditches
5159	Ratliff Elkhorn Marrowbone	Clean out drains; dip ditches
5402	May Tackin Road/Bowling Fork Wolfpit/Marrowbone	Clean out drains; dip ditches Clean out drains; dip ditches
5391	Henry Clay Street/Henry Clay Hill	Clean out drains; dip ditches
5144	Senior Citizens Road/Marrowbone	Clean out drains; dip ditches
5437	Meade Road/Bowling Fork	Clean out drains; dip ditches
5113	Willow Tree Hollow; Marrowbone	Clean out drains; dip ditches
5455	Hardwood Road/Hellier	Clean out drains; dip ditches
5143	Wild rose Drive/Marrowbone	Clean out drains; dip ditches
5270	Ratliff Road/Marrowbone	Clean out drains; dip ditches
5118	James Coleman Road/Marrowbone	Clean out drains; dip ditches

District Five:

Working on current projects

District Six:

8225	Narrows Branch	Repair break
8610	Harve Varney Road	Clean drain
	Six Camp	Clean drain
8615	May Fork	Clean road
7536	Old Coburn Mt. Road	Clear tree from road

8225	Narrows Branch	Pull ditches
7841	Lowe Street	Gravel road
7806	Carl Shelton Road	Gravel road
	Lowe Street	Dip creek
	Fonso Stanley	Install drain
7704	Stratton Fork	Cut trees
8110	Booth Hill	Grade road
7158	Bevins Road	Grade road
7158	Bevins Road	Repair breaks
8339	Davis Branch	Dip creek
8110	Booth Hill	Pull ditches
7600	Dix Fork	Cut trees
7172	Smith Cemetery	Install drains

(Ref. Court Ord. No. 01.06.09.004)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Magisterial comments were called for.

Magistrate Vernon "Chick" Johnson of District Two praised Sandy Hunt for her great work during her years in the Road Department and said she was very cooperative to work with.

Magistrate Murphy of District Three added his praise of Ms. Hunt as well.

Magistrate Murphy brought up the large electric bill at his home and Judge Rutherford said he had gone to the Public Service Commission after Carol Napier, Commissioner of Social Services and Senior Citizens Program, had spoken with him about this. Magistrate Murphy noted the fuel adjustment is very high on the bills. Judge Rutherford said he had served with Commissioner David Armstrong of the Public Service Commission as county judge and tried to see him. He reported that Mountain Water District had requested an increase in the various fees it charges. Judge Rutherford wrote a letter about this because of the economic situation of the nation and counties.

He reported many calls from the public. He stated he told the Commission that Pike County people should not have to choose between purchase of food, medicine or paying their utility bills. He found out the fuel adjustment clause cannot be adjusted by the Commission; they must have a public hearing. He said the escalation in electric bills is caused by the fuel adjustment clause. He will ask the Commission to put on hold any requests for any increase in rates at this time.

Magistrate Jeff Anderson said he discussed several options with the water board last week. He asked if there was any discussion about the situation north of Pikeville and Judge Rutherford said he was informed no one knew anything about that.

Magistrate Chris Harris said he and Magistrate Hilman Dotson went to the meeting where Mountain Water stated its costs have risen to provide water and that is the reason for the increase. He hopes this can be prevented. Judge Rutherford said at their request he and Deputy Judge Hays met about a month ago with the attorney, CPA and chairman of the board. He said the company reported its mandatory reserve is gone. Judge Rutherford felt this was because \$126,000 had to be paid because the houses were counted incorrectly. He also found no employee looking out for the water district's interest. He declared he has met every other month with a representative he thought was from Mountain Water but who turned out to be an employee of a contractor. He said the City of Pikeville has a contract. He spoke with Ms. Akers at the City and told her about the fuel clause and she agreed with him. Ms. Napier said some emergency money would be coming this month through CAP (Community Action Program). She stated that money could be used for low-income people to help with bills.

Magistrate Harris of District Six reported several calls from people who wanted to know why the County had put an insurance premium tax on their bill. People are receiving letters from an insurance company stating local government can tax insurance premiums and he stressed Pike County is the only one around which does not have this tax. Judge Rutherford said he and Rhonda James, Finance Commissioner, were aware of this. Magistrate Harris said the Court could, through legislative permission, tax the insurance premium but he avowed this County did not do that and has no payroll tax. He said, "We do a good job on this Court of being good stewards of the taxpayers' dollars." Judge Rutherford said he has contacted KACO and the county judges' association and informed them of this very fact. He reiterated a public hearing must be held first before any fuel adjustment may be made.

Assistant Pike County Attorney R. Roland Case asked Magistrate Harris to explain what the Davis family trust donation in his district means. Magistrate Harris responded that complaints had been received about a house near the mouth of Turkey Creek at the hospital and upon investigation it was found the owner is a retired serviceman living in Ohio. He offered to donate the property to the County if it would bear the expense of tearing down the building. The property is held in a Davis family trust and the owner offered to serve as trustee to donate it. Upon motion by

Magistrate Chris Harris and second by Magistrate Jeff Anderson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES Judge/Executive Wayne T. Rutherford to execute any documentation necessary to formally accept a piece of property as a gift to Pike County; the property is located at the mouth of Turkey Creek near the Appalachian Regional Hospital and is to be donated by the Davis Family Trust to Pike County from a family member living in Colorado.

(Ref. Court Ord. No. 01.06.09.005)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Attorney Case continued his report by saying that the Mountain Water Board members' rate of compensation was set under Judge/Executive Karen F. Gibson when the members felt they were not being paid enough to serve. Attorney Case at that time researched the rate and found by statute, members were being paid the maximum. He said he thought there was an order of the Court setting the rate and at a later point in this meeting, Treasurer Johnda Billiter did find such 1998 court order. He read aloud KRS 74.020(6) and he suggested a salary of \$3,600 or \$6,000 and the court order should read "nunc pro tunc" to clarify the record and have the Court approve it. Judge Rutherford said there is an order in the file from Ms. Toni Akers, Chairman of the Mountain Water District Board and he said this has been paid for many years. Attorney Case said the rate would hold until the Judge re-sets the rate. *[Clerk's Note: Court Order No. 10-16-98.018 states authorization for "...restoration of pay of the Commissioners to \$300.00 per month, depending upon the financial condition of the Board" with unanimous vote.]* Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Chris Harris, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES payment of \$300 salary per person or \$500 if the member has attended class, to be nunc pro tunc at the same rate as previously paid for many years until changed in the future by the Judge/Executive for members of the Mountain Water Board.

(Ref. Court Ord. No. 01.06.09.006)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Treasurer's business began. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Murphy, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the Treasurer to make any necessary transfers and interfund transfers for bills, payroll and health and life insurance if needed.

(Ref. Court Ord. No. 01.06.09.007)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Magistrate Leo Murphy and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check in the sum of \$300 for registration fees for Roger Ford to attend the Twelfth Annual LMOP (Landfill Methane Outreach) Conference.

(Ref. Court Ord. No. 01.06.09.008)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check in the sum of \$600 for registration fees for the Twelfth Annual LMOP Conference for Commissioner of Solid Waste Mike Lyons and Gerald McNamee at \$300 each to repay Commissioner Lyons who had earlier placed the charge on his credit card.

(Ref. Court Ord. No. 01.06.09.009)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Judge Rutherford explained that the County currently has 1.2 million tons in the landfill and is trying to be in compliance with the rule that once one million tons is reached, there must be a plan to do something with the methane. He said Roger Ford and Commissioner Lyons are working with Kellogg's to try to pipe the methane up to it.

Upon motion by Magistrate Leo Murphy and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check to the Hilton Baltimore in the sum of \$712.78 for two (2) rooms at the Twelfth annual LMOP Conference.

(Ref. Court Ord. No. 01.06.09.010)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Magistrate Johnson asked why the following amount for the Shelby Creek Rescue Squad was not \$10,000 as it always been but \$30 short. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the sum of \$9,970 to be passed on to the Shelby Creek Rescue Squad upon receipt of the LGEDF funds.

(Ref. Court Ord. No. 01.06.09.011)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Attorney Case asked for authorization to pay some bills related to the new, proposed Judicial Center for Pike County. He said the condemnation actions had resulted in costs that needed to be paid now: 1) The Sheriff of Pike County for service of summons; 2) the Fayette County Sheriff for service of summons on the U.S. Attorney; 3) issuance of three separate checks to the commissioners who were appointed for seven actions and three commissioners; 4) Warning Order Attorney Fee to Steve Hogg. Documentation for these bills will be submitted to Jeff Lilly, Project Manager, at the next AOC meeting on January 15, 2009, for reimbursement to the County. Upon motion by Magistrate Jeff Anderson and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the issuance of checks by the Treasurer and Finance Commissioner as outlined below for costs of filing condemnation lawsuits pertaining to the construction of the new Judicial Center for Pike County:

1. Pike County Sheriff for service of summons
2. Fayette County Sheriff for service of summons on the U.S. Attorney for \$30
3. Three separate checks to the commissioners who were appointed at the sum of \$250 each with seven (7) actions and three (3) commissioners for a total sum of \$1,750
4. Warning Order Attorney Steve Hogg

(Ref. Court Ord. No. 01.06.09.012)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Judge Rutherford called for Executive Session. Upon motion by Magistrate Chris Harris and second by Magistrate Leo Murphy, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES moving into Executive Session pursuant to KRS 61.810(1)(f) to discuss specific personnel matters.

(Ref. Court Ord. No. 01.06.09.013)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Following roll call after Executive Session, Judge Rutherford asked Deputy Judge Hays to read the personnel recommendations. Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Jeff Anderson,

THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the following personnel action:

1. Authorization to place **Samuel Newsome** as fulltime mini-packer driver in Solid Waste Area Three at Robinson Creek at a 3-H pay rate. Mr. Newsome was the only fulltime employee to bid. He does have a CDL permit but not license and is given 60 days to obtain his license.
2. Authorization to transfer **Dehna "Shae" Tackett** from the Solid Waste Department as Temporary Monitor to the Animal Shelter as Animal Shelter helper at a 3-H pay rate effective December 22, 2008
3. Authorization for **Jack Hopkins** to fill in for Chris Bunch from December 17 through December 26, 2008, at a 4-A pay rate. He returned to his original position on December 29, 2008.

(Ref. Court Ord. No. 01.06.09.014)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Jeff Anderson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the transfer of Collene Chaney, currently Executive Secretary to Judge Rutherford in his office, to the position formerly held by Sandy Hunt as secretary of the Road Department at a 3-A pay rate.

(Ref. Court Ord. No. 01.06.09.015)

VOTE WAS TAKEN AS FOLLOWS:

Judge/ Executive Wayne T. Rutherford	Yes
Magistrate Jeff Anderson	Yes
Magistrate Vernon "Chick" Johnson	No **
Magistrate Leo Murphy	Yes
Magistrate Kenneth Robinson	No
Magistrate Hilman Dotson	Yes
Magistrate Chris Harris	No **

MOTION CARRIED.

** Magistrate Johnson explained his vote by stating he had always been treated nicely by Mrs. Chaney but he felt there was much political influence and it would be difficult to receive fair treatment with road situations. He expressed his feeling that her husband was one

of his political enemies and this could hurt District Two.

**
Magistrate Harris explained his vote by stating he felt Mrs. Chaney had been courteous and professional to everyone but her appointment in the Judge's office was a political appointment and by this, a political employee would be moved to a permanent county job which would stay from administration to administration. He said this has never been done before and he did not feel comfortable with it.

Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Hilman Dotson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the placement of Stephanie Clevinger to replace Collene Chaney as Executive Secretary in Judge/Executive Wayne T. Rutherford's office at a 3-A pay rate.

(Ref. Court Ord. No. 01.06.09.016)

VOTE WAS TAKEN AS FOLLOWS:

Judge/ Executive Wayne T. Rutherford	Yes
Magistrate Jeff Anderson	Yes
Magistrate Vernon "Chick" Johnson	No
Magistrate Leo Murphy	Yes
Magistrate Kenneth Robinson	Yes
Magistrate Hilman Dotson	Yes
Magistrate Chris Harris	Yes

MOTION CARRIED.

There being no further business to come before the Court at this time, Judge Rutherford ADJOURNED the meeting.

PIKE COUNTY FISCAL COURT BY AND THROUGH
JUDGE/EXECUTIVE WAYNE T. RUTHERFORD

ATTEST:

FISCAL COURT CLERK

PIKE COUNTY FISCAL COURT
MINUTES OF REGULAR MEETING

Pike County Courthouse
Pikeville, Kentucky

*Approved
1-20-09
RF*

January 6, 2009, at 5:30 p.m.

PRESIDING: Judge/Executive Wayne T. Rutherford

OTHER MEMBERS OF COURT PRESENT:

Magistrate Jeff Anderson
Magistrate Vernon "Chick" Johnson
Magistrate Leo Murphy
Magistrate Kenneth Robinson
Magistrate Hilman Dotson
Magistrate Chris Harris

ALSO PRESENT:

Deputy Judge John Doug Hays
Johnda Billiter/Treasurer
Bobby Branham/Executive Assistant
Roland Case/Asst. County Attorney
Rose Farley/Clerk
Roger Ford/Energy and Technology
Frank Hatcher/Roads
Rhonda James/Finance
Jimmy Kiser/Floodplain Coordinator
Mike Lyons/Solid Waste
Carrie Moore/Exec. Asst.
Carol Napier/Social Services/Seniors
Jeanne Robinson/Executive Assistant
Jimmy Dale Sanders/PRIDE
Frankie Stacy/Purchasing/Finance
Melanie Stephens/Big Sandy ADD
Obie Tackett/Public Works

A regular meeting of the Pike County Fiscal Court was held on January 6, 2009, at 5:30 p.m., in the Pike County Fiscal Courtroom of the Pike County Courthouse with Judge/Executive Wayne T. Rutherford presiding. Deputy Judge John Doug Hays led the opening prayer and Magistrate Leo Murphy led the Pledge of Allegiance. Both in the prayer and during Judge Rutherford's remarks following, the Court remembered and expressed condolences to Jimmy Kiser upon the death of his father. Judge Rutherford said he had known Jimmy's father well and stated, "You were blessed to have the father that you had."

Upon motion by Magistrate Hilman Dotson and second by Magistrate Leo Murphy, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the court meeting minutes for November 18, 2008.

(Ref. Court Ord. No. 01.06.09.001)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

No one came forward for Public Comment at this meeting.

Both the county sheriff and the county clerk run budgets on a calendar year rather than fiscal year so their budgets must be presented to the Court and filed in Frankfort in January. Judge Rutherford stated to Lillian P. Elliott, Pike County Clerk, and Charles F. "Fuzzy" Keese, Pike County Sheriff, "Your tenure means you have done an excellent job for the people of Pike County." Ms. Elliott came first to present her budget. She said she might not have the fees that she normally has and would return to Court if she needed more money but wanted to submit this budget with a lesser amount. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Hilman Dotson, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES and ACCEPTS the budget of Pike County Clerk Lillian P. Elliott for 2009 as submitted to the Fiscal Court on this date in the total sum of \$2,108,755.

(Ref. Court Ord. No. 01.06.09.002)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Sheriff Keese came forward to present his budget for 2009. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES and ACCEPTS the budget of Pike County Sheriff Charles F. Keese for 2009 as submitted to the Fiscal Court on this date in the total sum of \$1,610,533.

(Ref. Court Ord. No. 01.06.09.003)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Several retiring employees were to be honored today and Judge Rutherford presented a resolution for each. He explained that because of the new retirement act by the legislature, many employees had to retire earlier than planned. Sandy Hunt was secretary in the Road Department for twenty-six years. The Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Sandy Hunt

WHEREAS, Sandy Hunt has faithfully and honorably served the citizens of Pike County, Kentucky, as a 26-year employee of the Pike County Fiscal Court; and,

WHEREAS, through her service as a Secretary and Computer Operator in the Pike County Finance Department an Office Manager in the Pike County Purchasing Department and an Office Manager in the Pike County Road Department, Sandy Hunt has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Sandy Hunt will be sorely missed by her fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Sandy Hunt a prosperous, healthy and happy retirement;

NOW, THEREFORE, BE IT RESOLVED by the Pike County Fiscal Court to honor Sandy Hunt for meritorious service upon her retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Frank Hatcher, Road Commissioner.

A longtime employee, Rex Lockhart, of the Solid Waste Department was over the landfill for fifteen years and was of great assistance in dealing with the people about the biomass plant. The Resolution to honor him reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Rex Lockhart

WHEREAS, Rex Lockhart has faithfully and honorably served the citizens of Pike County, Kentucky, as a 15-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his services as a Heavy Equipment Operator in the Pike County Road Department, and a Landfill Operator and Special Crew Supervisor in the Pike County Solid Waste Department, Rex Lockhart has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Rex Lockhart will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Rex Lockhart for meritorious service upon his retirement as a loyal county employee.

NOW, THEREFORE BE IT RESOLVED by the Pike County Fiscal Court to honor Rex Lockhart for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Mike Lyons, Solid Waste Commissioner.

Glen Childers was also an employee of Commissioner Mike Lyons of Solid Waste for twenty-six years, working as scalehouse operator, handling money and Judge Rutherford said never at any time was there a question about the money whatsoever. The Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Glen Childers

WHEREAS, Glen Childers has faithfully and honorably served the citizens of Pike County, Kentucky, as a 26-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his service as a Truck Driver, Foreman, Landfill Operator and Scalehouse Operator in the Pike County Solid Waste Department, and a Crew Chief in the Road Department, Glen Childers has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Glen Childers will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court to honor Glen Childers for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Mike Lyons, Solid Waste Commissioner.

Donnie Scaggs worked for twenty-four years in different districts and was once a union steward. The Resolution reads as follows:

**RESOLUTION OF
THE PIKE COUNTY FISCAL COURT**

In Honor of Donnie Scaggs

WHEREAS, Donnie Scaggs has faithfully and honorably served the citizens of Pike County, Kentucky, as a 24-year employee of the Pike County Fiscal Court; and,

WHEREAS, through his service as a Light Equipment Operator and a Heavy Equipment Operator in the Pike County Road Department, and a Compliance/Enforcement Officer in the Pike County Solid Waste Department, Donnie Scaggs has exemplified a strong work ethic and devotion to the progress and wellbeing of the citizens of Pike County; and,

WHEREAS, Donnie Scaggs will be sorely missed by his fellow county employees and the members of the Pike County Fiscal Court; and,

WHEREAS, on behalf of the people of Pike County, the Fiscal Court wishes Donnie Scaggs a prosperous, healthy and happy retirement;

NOW, THEREFORE, BE IT RESOLVED by the Pike County Fiscal Court to honor Donnie Scaggs for meritorious service upon his retirement as a loyal county employee.

Witness our hands this the 6th day of January, 2009.

Signed by Wayne T. Rutherford, Judge/Executive and All Six Magistrates, as well as Frank Hatcher, Road Commissioner.

Road work was presented. Upon motion by Magistrate Jeff Anderson and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY ACCEPTS the road work recommendations of the magistrates as presented in the court meeting of this date which read as follows:

ROAD WORK RECOMMENDATIONS

<u>ROAD NO.</u>	<u>ROAD NAME</u>	<u>RECOMMENDATIONS</u>
<u>District One:</u>		
1402	Millers Creek/Upper Johns Crk	Pull section of ditch
1042	Maynard Branch/Sycamore	Pull section of ditches
1315	Flutty Branch/Rt. Fork Brushy	Pull section of ditch; fix end of drain; gravel turnaround spot
1036	Sycamore Mt. and Mill Fork/Sycamore	Shoulder section with gravel
1107	Big Branch/Lower Brushy	Pull section of trees; cut trees out of roadway
--	Oak View Drive/N. Mayo Trail	Cut tree out of roadway and unblock it
1034	Sycamore/Lower Johns Creek	Pull section of ditches
1315	Flutty Branch/Rt. Fork Brushy	Fix driveway that garbage truck tore up
--	Mullins/North Mayo Trail	Gravel around mailboxes

District Two:

3835	Cabin Fork	Remove fallen tree
5990	Wolf/Belcher	Remove fallen tree
3205	Douglas Drive	Removal fallen rock
3225	Whispering Hills	Open ditches
3432	Buck Tackett Road	Install five (5) ton weight signs
911#	Dorton Hill	Replace sign
911#	Blackburn Lane	"
911#	Colley Hill	"
911#	Hughes Lane	"
3514	Anderson Fork	Cold patch
3060	Sookey Creek	Cold patch
3522	Osborne Fork	Remove fallen tree
3205	Douglas Drive	Remove fallen tree
3620	Orchard Branch	Gravel road
3264	Right Fork/Dry Fork	Open ditches
3265	Tackett Road	Open ditches
3060	Sookeys Creek	Open ditches
3263	Dry Branch at Shelby	Remove fallen tree
2900	Left Fork/Island Creek	Open ditches and drains
2809	Coon Branch	Gravel road
2934	Ray Branch	Open ditches
2809	Coon Branch	Open drains, ditches
911#	Prater Branch	Replace 911 sign
911#	Buzzard Roost	"

911#	Rays Branch	"
5985	Kelly Mountain	Open ditches
5983	Anderson Road	"
3890	Big Shelby	"
3864	Blaze Branch	"
3858	Fleming Branch	"
3079	Deadning Fork	Remove fallen tree
3060	Sookey Creek	Shoulder road
3156	Little Fork/Little Robinson Creek	Shoulder road; remove tree
CMTY/2	Mitchell Cemetery Road	Open drains

District Three:

1604	Ramey Fork Road	Fix three (3) breaks and rechannel creek (FEMA 07)
1601	Grassy Fork	FEMA 07 - Repair breaks
6701	Big Card Road	Remove fallen tree
1573	Knob Fork	Clean up small slide
5512	River Road Draffin	DGA
5530	Jessie Branch Road	Clean out underpass and DGA
6622	Peddler Fork Road	Gravel
5823	Kettlecamp Road	Clean drains
1601	Grassy Road	Clean up brush
6610	Motley Fork Road	Repair break
1579	Bevins Lane	Repair end of bridge
5593	Trace Fork	School House Hollow - gravel portion of road at Nettie Wallace's

District Four:

5930	Sycamore Road	Fix potholes and gravel
3007	Dry Fork/Sycamore	Remove fallen tree from creekbed
5101	Water Plant Road/Marrowbone	Clean out drains; dip ditches
5360	Hays Duty Road/Poorbottom/Marrowbone	Clean out drains; dip ditches
5466	Hellier Bottom/Hellier/Allegheny	Clean out drains; dip ditches
5030	Wolf Road/Marrowbone	Clean out drains; dip ditches
5433	Maynard Branch/Bowling Fork	Clean out drains; dip ditches
5335	Lookout Street/Marrowbone	Clean out drains; dip ditches
5159	Ratliff Elkhorn/ Marrowbone	Clean out drains; dip ditches
5402	May Tackin Road Marrowbone	Clean out drains; dip ditches
5159	Ratliff Elkhorn Marrowbone	Clean out drains; dip ditches
5402	May Tackin Road/Bowling Fork	Clean out drains; dip ditches
5121	Wolfpit/Marrowbone	Clean out drains; dip ditches
5391	Henry Clay Street/Henry Clay Hill	Clean out drains; dip ditches
5144	Senior Citizens Road/Marrowbone	Clean out drains; dip ditches
5437	Meade Road/Bowling Fork	Clean out drains; dip ditches
5113	Willow Tree Hollow; Marrowbone	Clean out drains; dip ditches
5455	Hardwood Road/Hellier	Clean out drains; dip ditches
5143	Wild rose Drive/Marrowbone	Clean out drains; dip ditches
5270	Ratliff Road/Marrowbone	Clean out drains; dip ditches
5118	James Coleman Road/Marrowbone	Clean out drains; dip ditches

District Five:

Working on current projects

District Six:

8225	Narrows Branch	Repair break
8610	Harve Varney Road	Clean drain
8389	Six Camp	Clean drain
8615	May Fork	Clean road
7536	Old Coburn Mt. Road	Clear tree from road
8225	Narrows Branch	Pull ditches
7841	Lowe Street	Gravel road
7806	Carl Shelton Road	Gravel road
7841	Lowe Street	Dip creek
7718	Fonso Stanley	Install drain
7704	Stratton Fork	Cut trees
8110	Booth Hill	Grade road
7158	Bevins Road	Grade road
7158	Bevins Road	Repair breaks
8339	Davis Branch	Dip creek
8110	Booth Hill	Pull ditches
7600	Dix Fork	Cut trees
7172	Smith Cemetery	Install drains

(Ref. Court Ord. No. 01.06.09.004)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Magisterial comments were called for.

Magistrate Vernon "Chick" Johnson of District Two praised Sandy Hunt for her great work during her years in the Road Department and said she was very cooperative to work with.

Magistrate Murphy of District Three added his praise of Ms. Hunt as well.

Magistrate Murphy brought up the large electric bill at his home and Judge Rutherford said he had gone to the Public Service Commission after Carol Napier, Commissioner of Social Services and Senior Citizens Program, had spoken with him about this. Magistrate Murphy noted the fuel adjustment is very high on the bills. Judge Rutherford said he had served with Commissioner David Armstrong of the Public Service Commission as county judge and tried to see him. He reported that Mountain Water District had requested an increase in the various fees it charges. Judge Rutherford wrote a letter about this because of the economic situation of the nation and counties.

He reported many calls from the public. He stated he told the Commission that Pike County people should not have to choose between purchase of food, medicine or paying their utility bills. He found out the fuel adjustment clause cannot be adjusted by the Commission; they must have a public hearing. He said the escalation in electric bills is caused by the fuel adjustment clause. He will ask the Commission to put on hold any requests for any increase in rates at this time.

Magistrate Jeff Anderson said he discussed several options with the water board last week. He asked if there was any discussion about the situation north of Pikeville and Judge Rutherford said he was informed no one knew anything about that.

Magistrate Chris Harris said he and Magistrate Hilman Dotson went to the meeting where Mountain Water stated its costs have risen to provide water and that is the reason for the increase. He hopes this can be prevented. Judge Rutherford said at their request he and Deputy Judge Hays met about a month ago with the attorney, CPA and chairman of the board. He said the company reported its mandatory reserve is gone. Judge Rutherford felt this was because \$126,000 had to be paid because the houses were counted incorrectly. He also found no employee looking out for the water district's interest. He declared he has met every other month with a representative he thought was from Mountain Water but who turned out to be an employee of a contractor. He said the City of Pikeville has a contract. He spoke with Ms. Akers at the City and told her about the fuel clause and she agreed with him. Ms. Napier said some emergency money would be coming this month through CAP (Community Action Program). She stated that money could be used for low-income people to help with bills.

Magistrate Harris of District Six reported several calls from people who wanted to know why the County had put an insurance premium tax on their bill. People are receiving letters from an insurance company stating local government can tax insurance premiums and he stressed Pike County is the only one around which does not have this tax. Judge Rutherford said he and Rhonda James, Finance Commissioner, were aware of this. Magistrate Harris said the Court could, through legislative permission, tax the insurance premium but he avowed this County did not do that and has no payroll tax. He said, "We do a good job on this Court of being good stewards of the taxpayers' dollars." Judge Rutherford said he has contacted KACO and the county judges' association and informed them of this very fact. He reiterated a public hearing must be held first before any fuel adjustment may be made.

Assistant Pike County Attorney R. Roland Case asked Magistrate Harris to explain what the Davis family trust donation in his district means. Magistrate Harris responded that complaints had been received about a house near the mouth of Turkey Creek at the hospital and upon investigation it was found the owner is a retired

serviceman living in Colorado. He offered to donate the property to the County if it would bear the expense of tearing down the building. The property is held in a Davis family trust and the owner offered to serve as trustee to donate it. Upon motion by Magistrate Chris Harris and second by Magistrate Jeff Anderson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES Judge/Executive Wayne T. Rutherford to execute any documentation necessary to formally accept a certain piece of property as a gift to Pike County; the property is located at the mouth of Turkey Creek near the Appalachian Regional Hospital and is to be donated by the Davis Family Trust to Pike County from a family member living in Colorado.

(Ref. Court Ord. No. 01.06.09.005)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Attorney Case continued his report by saying that the Mountain Water Board members' rate of compensation was set under Judge/Executive Karen F. Gibson when the members felt they were not being paid enough to serve. Attorney Case at that time researched the rate and found by statute, members were being paid the maximum. He said he thought there was an order of the Court setting the rate and at a later point in this meeting, Treasurer Johnda Billiter did find such 1998 court order. He read aloud KRS 74.020(6) and he suggested a salary of \$3,600 or \$6,000 and the court order should read "nunc pro tunc" to clarify the record and have the Court approve it. Judge Rutherford said there is a letter in the file from Ms. Toni Akers, Chairman of the Mountain Water District Board and he said this has been paid for many years. Attorney Case said the rate would hold until the Judge re-sets the rate. *[Clerk's Note: Court Order No. 10-16-98.018 states authorization for "...restoration of pay of the Commissioners to \$300.00 per month, depending upon the financial condition of the Board" with unanimous vote.]* Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Chris Harris, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES payment of \$300 salary per person or \$500 if the member has attended class, to be nunc pro tunc at the same rate as previously paid for many years until changed in the future by the Judge/Executive for members of the Mountain Water Board.

(Ref. Court Ord. No. 01.06.09.006)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Treasurer's business began. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Leo Murphy, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the Treasurer to make any necessary transfers and interfund transfers for bills, payroll and health and life insurance if needed.

(Ref. Court Ord. No. 01.06.09.007)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Magistrate Leo Murphy and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check in the sum of \$300 for registration fees for Roger Ford to attend the Twelfth Annual LMOP (Landfill Methane Outreach) Conference.

(Ref. Court Ord. No. 01.06.09.008)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check in the sum of \$600 for registration fees for the Twelfth Annual LMOP Conference for Commissioner of Solid Waste Mike Lyons and Gerald McNamee at \$300 each to repay Commissioner Lyons who had earlier placed the charge on his credit card.

(Ref. Court Ord. No. 01.06.09.009)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Judge Rutherford explained that the County currently has 1.2 million tons in the landfill and is trying to be in compliance with the rule that once one million tons is reached, there must be a plan to do something with the methane. He said Roger Ford and Commissioner Lyons are working with Kellogg's to try to pipe the methane up to it.

Upon motion by Magistrate Leo Murphy and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES issuance of a check to the Hilton Baltimore in the sum of \$712.78 for two (2) rooms at the Twelfth annual LMOP Conference.

(Ref. Court Ord. No. 01.06.09.010)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Magistrate Johnson asked why the following amount for the Shelby Creek Rescue Squad was not \$10,000 as it always been but \$30 short. Upon motion by Magistrate Vernon "Chick" Johnson and second by Magistrate Kenneth Robinson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the sum of \$9,970 to be passed on to the Shelby Creek Rescue Squad upon receipt of the LGEDF funds.

(Ref. Court Ord. No. 01.06.09.011)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Attorney Case asked for authorization to pay some bills related to the new, proposed Judicial Center for Pike County. He said the condemnation actions had resulted in costs that needed to be paid now: 1) The Sheriff of Pike County for service of summons; 2) the Fayette County Sheriff for service of summons on the U.S. Attorney; 3) issuance of three separate checks to the commissioners who were appointed for seven actions and three commissioners; 4) Warning Order Attorney Fee to Steve Hogg. Documentation for these bills will be submitted to Jeff Lilly, Project Manager, at the next AOC meeting on January 15, 2009, for reimbursement to the County. Upon motion by Magistrate Jeff Anderson and second by Magistrate Vernon "Chick" Johnson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the issuance of checks by the Treasurer and Finance Commissioner as outlined below for costs of filing condemnation lawsuits pertaining to the construction of the new Judicial Center for Pike County:

1. Pike County Sheriff for service of summons
2. Fayette County Sheriff for service of summons on the U.S. Attorney for \$30
3. Three separate checks to the commissioners who were appointed at the sum of \$250 each with seven (7) actions and three (3) commissioners for a total sum of \$1,750
4. Warning Order Attorney Steve Hogg

(Ref. Court Ord. No. 01.06.09.012)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Judge Rutherford called for Executive Session. Upon motion by Magistrate Chris Harris and second by Magistrate Leo Murphy, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES moving into Executive Session pursuant to KRS 61.810(1)(f) to discuss specific personnel matters.

(Ref. Court Ord. No. 01.06.09.013)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Following roll call after Executive Session, Judge Rutherford asked Deputy Judge Hays to read the personnel recommendations. Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Jeff Anderson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the following personnel action:

1. Authorization to place **Samuel Newsome** as fulltime mini-packer driver in Solid Waste Area Three at Robinson Creek at a 3-H pay rate. Mr. Newsome was the only fulltime employee to bid. He does have a CDL permit but not license and is given 60 days to obtain his license.
2. Authorization to transfer **Dehna "Shae" Tackett** from the Solid Waste Department as Temporary Monitor to the Animal Shelter as Animal Shelter helper at a 3-H pay rate effective December 22, 2008
3. Authorization for **Jack Hopkins** to fill in for Chris Bunch from December 17 through December 26, 2008, at a 4-A pay rate. He returned to his original position on December 29, 2008.

(Ref. Court Ord. No. 01.06.09.014)

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Jeff Anderson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the transfer of Collene Chaney, currently Executive Secretary to Judge Rutherford in his office, to the position formerly held by Sandy Hunt as secretary of the Road Department at a 3-A pay rate.

(Ref. Court Ord. No. 01.06.09.015)

VOTE WAS TAKEN AS FOLLOWS:

Judge/ Executive Wayne T. Rutherford	Yes
Magistrate Jeff Anderson	Yes
Magistrate Vernon "Chick" Johnson	No **
Magistrate Leo Murphy	Yes
Magistrate Kenneth Robinson	No
Magistrate Hilman Dotson	Yes
Magistrate Chris Harris	No **

MOTION CARRIED.

** Magistrate Johnson explained his vote by stating he had always been treated nicely by Mrs. Chaney but he felt there was much political influence and it would be difficult to receive fair treatment with road situations. He expressed his feeling that her husband was one of his political enemies and this could hurt District Two.

** Magistrate Harris explained his vote by stating he felt Mrs. Chaney had been courteous and professional to everyone but her appointment in the Judge's office was a political appointment and by this, a

political employee would be moved to a permanent county job which would stay from administration to administration. He said this has never been done before and he did not feel comfortable with it.

Upon motion by Judge/Executive Wayne T. Rutherford and second by Magistrate Hilman Dotson, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the placement of Stephanie Clevinger to replace Collene Chaney as Executive Secretary in Judge/Executive Wayne T. Rutherford's office at a 3-A pay rate.

(Ref. Court Ord. No. 01.06.09.016)

VOTE WAS TAKEN AS FOLLOWS:

Judge/ Executive Wayne T. Rutherford	Yes
Magistrate Jeff Anderson	Yes
Magistrate Vernon "Chick" Johnson	No
Magistrate Leo Murphy	Yes
Magistrate Kenneth Robinson	Yes
Magistrate Hilman Dotson	Yes
Magistrate Chris Harris	Yes

MOTION CARRIED.

There being no further business to come before the Court at this time, Judge Rutherford ADJOURNED the meeting.

Wayne T. Rutherford
 PIKE COUNTY FISCAL COURT BY AND THROUGH
 JUDGE/EXECUTIVE WAYNE T. RUTHERFORD

ATTEST:

Rene Farley
 FISCAL COURT CLERK

Michael R. Spears, CPA, PSC

Certified Public Accountant

MOUNTAIN WATER DISTRICT

June 30, 2014

PROFORMA FINANCIAL STATEMENTS AND ACCOUNTANTS' REPORT

Michael R. Spears, C.P.A., P.S.C.

Certified Public Accountant
To the Board of Commissioners

Mountain Water District
Pikeville, KY 41501

We have compiled the accompanying pro form balance Sheet of Mountain Water District as of June 30, 2014, and the related statement of pro forma income for the fiscal year then ended, with the application of Public Service Commission's required Exhibit B, under PSC regulations. We have not audited or reviewed the accompanying pro forma financial information and, accordingly, do not express an opinion or provide any assurance about whether the pro forma financial information is in accordance with accounting principles generally accepted in the United States of America.

The accompanying presentation and this report were prepared for the Water District's application to the Commonwealth of Kentucky before the Public Service Commission to increase rates to fund improvements to existing facilities.

Management is responsible for the preparation and fair presentation of the pro forma financial information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the pro forma financial information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of pro forma financial information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the pro forma financial information.

The objective of this pro forma financial information is to show what the significant effects on the historical information might have been had the application of Exhibit B occurred at an earlier date. However, the pro forma financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned transaction actually occurred earlier.

Management has elected to omit the statements of retained earnings, cash flows and a complete summary of significant accounting policies. If the omitted pro forma financial statements and disclosures were included in the pro forma presentation, they might influence the user's conclusions about the District's results of operations for the period... Accordingly, this pro forma is not designed for those who are not informed about such matters.

We have also compiled the Statement of Income Pro Forma –Water and compiled the Statement of Income Pro Forma – Sewer and, accordingly do not express an opinion, or any other form of assurance, on such information.

We are not independent with respect to Mountain Water District because we perform certain monthly accounting services that impaired our independence.

Michael R. Spears, CPA
Prestonsburg, KY
October 30, 2014

MOUNTAIN WATER DISTRICT
BALANCE SHEET- Pro Forma
June 30, 2014

ASSETS

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Current Assets			
Cash in Bank	\$ 353,287	\$ (485,028)	\$ (131,741)
Cash in Bank - Restricted	2,549,677		2,549,677
Accounts Receivable	703,801		703,801
Receivable UMG Repair and Maintenance	103,367		103,367
FEMA Receivable - 2010 Flood	14,562		14,562
Other Current Assets	625		625
Total Current Assets	<u>3,725,319</u>	<u>(485,028)</u>	<u>\$ 3,240,291</u>
Non Current Assets			
Plant in Service	130,591,674		130,591,674
Less: Accumulated Depreciation	<u>(46,190,486)</u>		<u>(46,190,486)</u>
Net Plant in Service	84,401,188	-	84,401,188
Bond Refinancing costs - net	92,316		92,316
Construction in Progress	<u>6,008,417</u>		<u>6,008,417</u>
Total Non Current Assets	<u>90,501,921</u>		<u>90,501,921</u>
Total Assets	<u>\$ 94,227,240</u>	<u>\$ (485,028)</u>	<u>\$ 93,742,212</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
BALANCE SHEET- Pro Forma
June 30, 2014

LIABILITIES & EQUITY

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Current Liabilities:			
Accounts Payable	\$ 613,931		\$ 613,931
Current Portion Due - Notes Payable	747,605		747,605
Customer Deposits	309,252		309,252
Accrued Payroll and Related Expenses	4,935		4,935
Accrued Interest on Long Term Debt	171,278		171,278
Other Current Liabilities	21,616		21,616
Total Current Liabilities	1,868,617	-	1,868,617
Long-Term Liabilities:			
Notes Payable	6,259,524		6,259,524
Notes Payable - Ky Infrastructure Authority	3,348,008		3,348,008
Bonds Payable - Rural Development	3,851,500		3,851,500
Less: Current Portion Due	(747,605)		(747,605)
Total Long-Term Liabilities	12,711,427	-	12,711,427
Net Assets	79,647,196	(485,028)	79,162,168
Total Equity & Liabilities	\$ 94,227,240	\$ (485,028)	\$ 93,742,212

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Combined)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Metered Sales - Residential Water	\$ 6,396,413	\$ -	\$ 6,396,413
Metered Sales - Commercial Water	676,112		676,112
Metered Sales - Industrial Water	44,366		44,366
Metered Sales - Public Authority Water	239,040		239,040
Metered Sales - Multi Family Water	264,966		264,966
Fire Protection Revenue	1,200		1,200
Customer Late Payment Charges	165,153		165,153
Other Water Service Revenue	244,741		244,741
Service Connection Fees Water	146,700		146,700
Sewer Revenues - Residential	672,652		672,652
Sewer Revenues - Commercial	215,842		215,842
Service Connection Fees Waste Water	1,245		1,245
Total Operating Revenue	<u>9,068,430</u>	<u>-</u>	<u>9,068,430</u>
Operating Expenses			
Depreciation Expense	2,673,688		2,673,688
Amortization Expense	3,444		3,444
Depreciation Expense - Sewer	970,013		970,013
Payroll Taxes	11,816		11,816
Commissioners Salaries	30,000		30,000
Salaries	124,224		124,224
Materials and Supplies	20,077		20,077
Accounting	72,550		72,550
Legal	39,034		39,034
Contract Service- UMG Management	5,812,428	58,124	5,870,552
Contract Service- UMG Electric		29,762	29,762
Contract Service- Repair and Maintenance	465,864	4,659	470,523
Contract Service- Expenses Assumed by UMG	(350,460)		(350,460)
Rate Case Expense		41,500	41,500
Sewer Contract Services - UMG Management	1,224,409	12,245	1,236,654
Sewer Contract Services - UMG Electric		3,526	3,526
Sewer Contract Services - Repair and Maintenance	98,136	981	99,117
Sewer Contract Service - Expenses Assumed by UMG	(73,830)		(73,830)
Rental of Building - Real Property	100		100
Advertising	3,963		3,963
Other Legal PSC Expense	4,918		4,918
Education, Dues and Meetings	31,397		31,397
Settlement Expense	3,010		3,010
Service Fee Expense	3,730		3,730
Bank Service Fees	23,857		23,857
Retirement Expense	20,760		20,760
Tank Painting and Repair Contract		334,231	334,231
R & M Overage (Underage) Water	(40,056)		(40,056)
R & M Overage (Underage) Sewer	213,168		213,168
Total Operating Expenses	<u>11,386,240</u>	<u>485,028</u>	<u>11,871,268</u>
Operating Income (Loss)	<u>(2,317,810)</u>	<u>(485,028)</u>	<u>(2,802,838)</u>
Other Income (Expense)			
Interest Income Water	3,040		3,040
Interest Income Sewer	19		19
Gain(Loss) on Sale of Fixed Assets	2,800		2,800
Interest Expense Water	(375,237)		(375,237)
Interest Expense Sewer	(52,296)		(52,296)
Total Other Income (Expense)	<u>(421,674)</u>	<u>-</u>	<u>(421,674)</u>
Changes in Net Assets	<u>\$ (2,739,484)</u>	<u>\$ (485,028)</u>	<u>\$ (3,224,512)</u>

See Summary of Significant Assumptions and Accountants' Report

Mountain Water District
Notes to the Pro Forma Financial Statements
As of June 30, 2014

Note 1 – Summary of Significant Assumptions Underlying the Pro Forma

The June 30, 2014 pro forma financial information is based upon actual income and expenses for the fiscal year ended June 30, 2014 and financial information extracted from Exhibit B, stated on the pro forma basis.

- **Contract Services- UMG Management** is adjusted for a 1% increase as per the current management contract in the amount of \$58,124, which represents approximately 83% of the increase allocated to the Water Department. The 1% increase is the amount the district is currently contractually obligated to under the last contract signed in 2014.
- **Contract Services- UMG Electric** is adjusted by 3%, the lowest rate increase available per AEP to be adjusted January of 2015. The amount adjusted is \$29,762, which represents approximately 83% of the increase allocated to the Water Department.
- **Contract Services- Repair and Maintenance** is adjusted for a 1% increase as per the current management contract for repair and maintenance in the amount of \$4,659, which represents approximately 83% of the increase allocated to the Water Department.
- **Rate Case Expense** is adjusted for the estimated amount of \$41,500, the expenses associated with the filing of this Rate application to the PSC.
- **Sewer Contract Services- UMG Management** is adjusted for a 1% increase as per the current management contract in the amount of \$12,245, which represents approximately 17% of the increase allocated to the Sewer Department. The 1% increase is the amount the district is currently contractually obligated to under the last contract signed in 2014.
- **Sewer Contract Services - UMG Electric** is adjusted by 3%, the lowest rate increase available per AEP to be adjusted January of 2015. The amount adjusted is \$3,526, which represents approximately 17% of the increase allocated to the Sewer Department.
- **Sewer Contract Services- Repair and Maintenance** is adjusted for a 1% increase as per the current management contract for repair and maintenance in

Mountain Water District
Notes to the Pro Forma Financial Statements
As of June 30, 2014

**Note 1 – Summary of Significant Assumptions Underlying the Pro Forma
(continued)**

the amount of \$981, which represents approximately 17% of the increase allocated to the Sewer Department

- **Tank Painting and Repair Contract** is adjusted by \$334, 231, which is the annual payment on the Southern Corrosion contract which is currently on hold due to financial constraints as agreed upon. The contract is to be continued as soon as the cash flow will allow. The repair and maintenance of these tanks is vital to the ongoing ability to provide water to the customers of Mountain Water District. This amount is allocated to the Water Department.

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Water)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Metered Sales - Residential Water	\$ 6,396,413	\$ -	\$ 6,396,413
Metered Sales - Commercial Water	676,112		676,112
Metered Sales - Industrial Water	44,366		44,366
Metered Sales - Public Authority Water	239,040		239,040
Metered Sales - Multi Family Water	264,966		264,966
Fire Protection Revenue	1,200		1,200
Customer Late Payment Charges	165,153		165,153
Other Water Service Revenue	244,741		244,741
Service Connection Fees Water	146,700		146,700
Total Operating Revenue	<u>8,178,691</u>	<u>-</u>	<u>8,178,691</u>
Operating Expenses			
Depreciation Expense	2,673,688		\$ 2,673,688
Amortization Expense	3,444		3,444
Payroll Taxes	11,816		11,816
Commissioners Salaries	30,000		30,000
Salaries	124,224		124,224
Materials and Supplies	20,077		20,077
Accounting	72,550		72,550
Legal	39,034		39,034
Contract Service- UMG Management	5,812,428	58,124	5,870,552
Contract Service- UMG Electric		29,762	29,762
Contract Service- Repair and Maintenance	465,864	4,659	470,523
Contract Service- Expenses Assumed by UMG	(350,460)		(350,460)
Rate Case Expense		41,500	41,500
Rental of Building - Real Property	100		100
Advertising	3,963		3,963
Other Legal PSC Expense	4,918		4,918
Education, Dues and Meetings	31,397		31,397
Settlement Expense	3,010		3,010
Service Fee Expense	3,730		3,730
Bank Service Fees	23,857		23,857
Retirement Expense	20,760		20,760
Tank Painting and Repair Contract		334,231	334,231
R & M Overage (Underage) Water	(40,056)		(40,056)
Total Operating Expenses	<u>8,954,344</u>	<u>468,276</u>	<u>9,422,620</u>
Operating Income (Loss)	(775,653)	(468,276)	(1,243,929)
Other Income (Expense)			
Interest Income Water	3,040		3,040
Gain(Loss) on Sale of Fixed Assets	2,800		2,800
Interest Expense Water	(375,237)		(375,237)
Total Other Income (Expense)	<u>(369,397)</u>	<u>-</u>	<u>(369,397)</u>
Changes in Net Assets	<u>\$ (1,145,050)</u>	<u>\$ (468,276)</u>	<u>\$ (1,613,326)</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Sewer)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Sewer Revenues - Residential	\$ 672,652	\$ -	\$ 672,652
Sewer Revenues - Commercial	215,842		215,842
Service Connection Fees Waste Water	1,245		1,245
Total Operating Revenue	<u>889,739</u>	<u>-</u>	<u>889,739</u>
Operating Expenses			
Depreciation Expense - Sewer	970,013		970,013
Sewer Contract Services - UMG Management	1,224,409	12,245	1,236,654
Sewer Contract Services - UMG Electric		3,526	3,526
Sewer Contract Services - Repair and Maintenance	98,136	981	99,117
Sewer Contract Service - Expenses Assumed by UMG	(73,830)		(73,830)
R & M Overage (Underage) Sewer	213,168		213,168
Total Operating Expenses	<u>2,431,896</u>	<u>16,752</u>	<u>2,448,648</u>
Operating Income (Loss)	(1,542,157)	(16,752)	(1,558,909)
Other Income (Expense)			
Interest Income Sewer	19		19
Interest Expense Sewer	(52,296)		(52,296)
Total Other Income (Expense)	<u>(52,277)</u>	<u>-</u>	<u>(52,277)</u>
Changes in Net Assets	<u>\$ (1,594,434)</u>	<u>\$ (16,752)</u>	<u>\$ (1,611,186)</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	Total
Sales													
METERED SALES - RESID	547,513	534,302	529,762	510,447	523,434	499,667	589,105	551,968	500,606	505,831	526,881	576,897	6,396,412
METERED SALES - COMM	52,220	60,461	62,085	61,466	59,614	58,994	66,889	63,421	46,925	46,505	47,887	49,645	676,112
METERED SALES - INDUS	3,024	3,397	3,161	3,117	3,932	3,138	3,602	4,280	4,548	4,859	2,823	4,485	44,365
METERED SALES - PUBLI	19,869	25,575	26,262	28,308	22,888	14,190	15,487	16,956	16,750	16,108	17,321	19,326	239,040
METERED SALES - MULTI	20,608	22,012	20,259	20,944	25,659	23,592	25,981	23,084	19,965	19,929	20,139	22,794	264,965
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	1,200
CUSTOMER LATE PAYME	13,720	15,204	13,106	13,319	11,713	12,099	15,486	17,387	11,062	13,493	13,694	14,870	165,155
OTHER WATER SERVICE	12,627	14,904	14,395	19,353	12,438	14,506	25,370	16,125	19,268	16,545	19,149	60,061	244,741
SERVICE CONNECTION F	12,449	14,825	12,335	13,640	9,840	9,810	16,002	13,829	9,625	9,275	13,415	11,655	146,701
SERVICE CONNECTION F	165	60	90	60	60	60	0	150	390	90	0	120	1,245
SEWER REVENUE -RESID	59,188	59,975	62,078	61,721	61,729	53,859	66,476	59,456	50,545	55,991	49,417	32,217	672,652
SEWER REVENUE - COM	18,450	20,628	20,396	16,724	20,130	16,702	11,593	18,809	17,184	17,478	18,705	19,043	215,841
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	759,933	771,443	764,029	749,199	751,537	706,717	836,091	785,565	696,968	706,204	729,531	811,213	9,068,429
Gross Profit	759,933	771,443	764,029	749,199	751,537	706,717	836,091	785,565	696,968	706,204	729,531	811,213	9,068,429
Operating Expenses													
DEPRECIATION EXPENSE	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,811	2,673,686
AMORTIZATION EXPENSE	287	287	287	287	287	287	287	287	287	287	287	287	3,440
DEPRECIATION EXPENSE	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,839	970,014
PAYROLL TAXES - FICA &	975	975	975	975	975	975	994	994	994	994	994	996	11,815
COMP COMMISSIONERS -	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
COMPENSATION - ADMINI	10,257	10,257	10,257	10,257	10,257	10,257	10,447	10,447	10,447	10,447	10,447	10,447	124,221
MATERIALS AND SUPPLIE	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,674	20,077
CONTRACT SERVICE - AC	8,325	6,285	3,980	26,621	4,212	3,040	3,422	3,828	3,982	2,884	2,521	3,450	72,550
CONTRACT SERVICE - LE	3,843	3,212	2,030	1,994	6,706	2,393	2,668	2,864	4,350	3,190	2,936	2,848	39,032
CONTRACT SERVICE - UM	484,369	484,369	484,369	484,369	484,369	484,369	484,369	484,369	484,369	484,369	484,369	484,369	5,812,428
CONTRACT SERVICES - R	38,822	38,822	38,822	38,822	38,822	38,822	38,822	38,822	38,822	38,822	38,822	38,822	465,864
CONTRACT MGMNT EXP	(15,237)	(13,294)	(7,801)	(15,272)	(8,311)	(122,652)	301	(6,257)	(15,547)	(11,076)	(18,043)	(117,271)	(350,459)
CONTRACT SERVICES - U	102,034	102,034	102,034	102,034	102,034	102,034	102,034	102,035	102,034	102,034	102,034	102,034	1,224,412
CONTRACT SERVICES - R	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	98,136
CONTRACT MANAGEMEN	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,158)	(73,826)
RENTAL OF BLDG - REAL	0	0	0	0	0	0	0	0	0	0	100	0	100
ADVERTISING	0	237	1,029	352	0	884	0	0	636	96	0	729	3,963
OTHER LEGAL PSC EXPE	0	0	0	0	4,918	0	0	0	0	0	0	0	4,918

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	Total
EDUCATION, DUES, MEET SETTLEMENT EXPENSES	2,285	3,270	3,084	5,695	2,564	1,300	1,678	4,586	1,107	2,397	1,387	2,044	31,398
SERVICE FEE EXPENSE	0	10	0	0	500	0	0	0	0	0	2,500	0	3,010
BANK SERVICE FEES EXP	311	311	311	311	311	311	310	311	311	311	310	311	3,726
Retirement Expense	1,680	1,556	2,927	1,237	2,507	1,334	2,058	1,644	2,058	2,756	1,220	2,880	23,858
R & M OVERAGE/UNDERS	1,721	1,721	1,721	1,721	1,721	1,721	1,739	1,739	1,739	1,739	1,739	1,739	20,758
R & M OVERAGE SEWER	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(40,056)
	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>17,764</u>	<u>213,168</u>
Total Operating Expens	<u>963,938</u>	<u>964,318</u>	<u>968,291</u>	<u>983,669</u>	<u>976,138</u>	<u>849,341</u>	<u>973,395</u>	<u>969,935</u>	<u>959,855</u>	<u>963,516</u>	<u>955,889</u>	<u>857,955</u>	<u>11,386,233</u>
Operating Income (Loss)	<u>(204,005)</u>	<u>(192,875)</u>	<u>(204,262)</u>	<u>(234,470)</u>	<u>(224,601)</u>	<u>(142,624)</u>	<u>(137,304)</u>	<u>(184,370)</u>	<u>(262,887)</u>	<u>(257,312)</u>	<u>(226,358)</u>	<u>(46,742)</u>	<u>(2,317,804)</u>
Other Income (Expense)													
INTEREST INCOME	201	197	324	207	197	313	168	158	315	162	175	623	3,041
INTEREST INCOME	0	0	0	0	0	2	2	15	0	0	0	0	19
Gain (Loss) on Sale of Fixed	0	0	0	2,800	0	0	0	0	0	0	0	0	2,800
INTEREST EXPENSE - TE	(31,269)	(31,269)	(31,269)	(31,270)	(31,269)	(31,270)	(31,270)	(31,270)	(31,270)	(31,270)	(31,270)	(31,271)	(375,236)
INTEREST EXPENSE - TE	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(52,297)
Total Other Income (Exp)	<u>(35,426)</u>	<u>(35,430)</u>	<u>(35,303)</u>	<u>(32,621)</u>	<u>(35,430)</u>	<u>(35,313)</u>	<u>(35,458)</u>	<u>(35,455)</u>	<u>(35,313)</u>	<u>(35,466)</u>	<u>(35,453)</u>	<u>(35,006)</u>	<u>(421,673)</u>
Net Income (Loss) Befor	<u>(239,431)</u>	<u>(228,305)</u>	<u>(239,565)</u>	<u>(267,091)</u>	<u>(260,031)</u>	<u>(177,937)</u>	<u>(172,762)</u>	<u>(219,825)</u>	<u>(298,200)</u>	<u>(292,778)</u>	<u>(261,811)</u>	<u>(81,748)</u>	<u>(2,739,477)</u>
Net Income (Loss)	<u>(239,431)</u>	<u>(228,305)</u>	<u>(239,565)</u>	<u>(267,091)</u>	<u>(260,031)</u>	<u>(177,937)</u>	<u>(172,762)</u>	<u>(219,825)</u>	<u>(298,200)</u>	<u>(292,778)</u>	<u>(261,811)</u>	<u>(81,748)</u>	<u>\$ (2,739,477)</u>

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**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

ccount	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
900	A	WATER DEPREC. - CLEARING	0.00	(193,029.87)		(0.04)
		R42 WATER DEPRECIATION			193,029.83	
901	A	SEWER DEPREC. - CLEARING	0.00	(157,448.50)		0.00
		R43 SEWER DEPREC			157,448.50	
902	A	AMORT. EXP - CLEARING	0.00	(3,153.37)		(0.04)
		R44 AMORT			3,153.33	
903	A	WATER INT EXP - CLEARING	0.00	(33,072.37)		(0.04)
		R45 WATER INT EXP			33,072.33	
904	A	SEWER INT EXP - CLEARING	0.00	1,701.12		0.04
		R46 SEWER INT EXP			(1,701.08)	
905	A	WATER MGMNT FEE - CLEARING	0.00	1,201,287.58		0.00
		R47 WATER MGMNT FEE			(594,813.58)	
		R54 RECLASS BETWEEN PERIODS			55,143.00	
		R55 TO ADJUST CLEARING ACCTS			(661,617.00)	
906	A	SEWER MGMNT FEE - CLEARING	0.00	(1,212,325.13)		(0.46)
		R48 SEWER MGMNT FEE			605,850.67	
		R54 RECLASS BETWEEN PERIODS			(55,143.00)	
		R55 TO ADJUST CLEARING ACCTS			661,617.00	
907	A	SEWER CONT MGMNT EXP ASSUMED	0.00	67,667.38		0.00
		R49 SEWER EXP ASSUMED			(56,557.38)	
		R54 RECLASS BETWEEN PERIODS			1,017.00	
		R55 TO ADJUST CLEARING ACCTS			(12,127.00)	
908	A	COMMISSIONER PR CLEARING	0.00	(8,497.00)		(465.00)
		R50 COMMISSIONER PR			9,065.00	
		R54 RECLASS BETWEEN PERIODS			(1,033.00)	
909	A	CONT MGMNT EXP ASSUMED	0.00	107,822.00		0.00
		R51 CONTRACT MGMNT EXP ASSUMED			(118,932.00)	
		R54 RECLASS BETWEEN PERIODS			(1,017.00)	
		R55 TO ADJUST CLEARING ACCTS			12,127.00	
910	A	BANK FEES - CLEARING	0.00	(13,888.59)		0.00
		R52 BANK FEES			13,888.59	
911	A	OVERAGE CLEARING	0.00	(151,950.01)		0.00
		R53 OVERAGE			151,950.01	
912	A	MAT & SUPPLIES CLEARING	0.00	(19,423.00)		0.00
		R54 RECLASS BETWEEN PERIODS			19,423.00	
913	A	SERVICE FEE EXP CLEARING	0.00	310.95		0.40
		R54 RECLASS BETWEEN PERIODS			(310.55)	
914	A	R & M OVERAGE CLEARING	0.00	(6,741.00)		(1.00)
		R56 TO ADJUST CONT SERVICES			(8.00)	
		R56 TO ADJUST CONT SERVICES			8.00	
		R57 TO ADJUST OVERAGE			6,740.00	
1003.02	A	LAND AND LAND RIGHTS	37,942.57	37,942.57		50,649.57
		C4 TO RECLASS EASEMENT			1,540.00	
		R36 TO RECLASS EASEMENTS			11,167.00	
1003.03	A	LAND AND LAND RIGHTS	2,400.00	2,400.00		2,400.00
1003.04	A	LAND AND LAND RIGHTS	381,193.87	381,193.87		381,193.87
1003.05	A	LAND AND LAND RIGHTS	113,338.51	113,338.51		113,338.51
1004.02	A	STRUCTURES AND IMPROVEMENTS	204,308.75	208,258.75		208,258.75
1004.03	A	STRUCTURES AND IMPROVEMENTS	116,996.68	116,996.68		116,996.68
1004.05	A	STRUCTURES AND IMPROVEMENTS	390,299.31	390,299.31		390,299.31
1005.02	A	COLLECTING/IMPOUND RESERVOIRS	59,137.31	59,137.31		59,137.31
1005.17	A	COLLECTION SEWERS	23,204,925.60	23,204,925.60		23,204,925.60
1011.02	A	PUMPING EQUIPMENT	3,105,266.41	3,105,266.41		3,105,266.41
1011.17	A	PUMPING EQUIPMENT	26,000.00	26,000.00		26,000.00
1020.03	A	WATER TREATMENT PLANT	9,114,957.10	9,114,957.10		9,114,957.10
1020.17	A	TREATMENT AND DISPOSAL EQUIP.	4,392,745.83	4,392,745.83		4,392,745.83
1030.04	A	DISTRIBUTION RESERVOIRS/STANDS	7,875,172.98	7,875,172.98		7,875,172.98
1031.04	A	TRANSMISSION/DISTRIBUTION MAINS	65,576,996.84	65,623,910.14		65,623,910.14
1033.04	A	WATER SERVICES	5,993,878.50	6,118,702.66		6,186,323.52
		13 new water hookups for June 2014			9,041.31	
		C6 TO RECLASS TAPS FROM CIP			58,579.55	
1033.17	A	SEWER SERVICES	279,762.51	313,360.69		323,532.96
		C7 TO RECLASS SEWER TAP FEE FROM CIP			10,172.27	
1034.04	A	WATER METERS & INSTALLATIONS	3,931,627.39	3,966,023.09		3,970,543.75
		13 new water hookups for June 2014			4,520.66	
1034.17	A	SEWER METERS & INSTALLATIONS	123,225.43	128,911.60		128,911.60

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

ccount	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
1035.04	A	HYDRANTS	1,213,509.53	1,218,628.81		1,221,380.22
		14 Capitalize Fire Hydl. @ E. Big Creek Rd			2,751.41	
1040.05	A	OFFICE FURNITURE & EQUIPMENT	271,081.84	271,081.84		271,081.84
1040.17	A	OFFICE FURNITURE & EQUIPMENT	54,506.70	54,506.70		54,506.70
1041.05	A	TRANSPORTATION EQUIPMENT	1,160,980.24	1,160,980.24		1,160,980.24
1041.17	A	TRANSPORTATION EQUIPMENT	12,579.54	12,579.54		12,579.54
1043.05	A	TOOLS, SHOP & GARAGE EQUIPMENT	136,207.24	136,207.24		136,207.24
1043.17	A	TOOLS & MISC. EQUIPMENT	51,581.12	51,581.12		51,581.12
1044.05	A	LABORATORY EQUIPMENT	11,524.82	11,524.82		11,524.82
1045.05	A	POWER OPERATED EQUIPMENT	383,549.25	383,549.25		383,549.25
1045.17	A	POWER OPERATED EQUIPMENT	0.00	0.00		45,750.00
		R40 TO RECLASS FIXED ASSET			45,750.00	
1046.05	A	COMMUNICATION EQUIPMENT	1,967,969.30	1,967,969.30		1,967,969.30
1047.00	A	Bond Refinancing Cost	92,316.17	92,316.17		92,316.17
1050.00	A	CONSTRUCTION IN PROGRESS	1,534,148.85	3,332,157.01		3,166,633.92
		C2 TO RECLASS TAPS			(1,972.33)	
		C3 RECLASS INV. 73690 & 73695			(10,901.15)	
		C4 TO RECLASS EASEMENT			(1,540.00)	
		C6 TO RECLASS TAPS FROM CIP			(58,579.55)	
		R11 TO RECLASS PAYMENTS			(91,890.18)	
		S3 RECLASS WW REHAB CHECK			(610.00)	
		S4 RECLASS FASTENAL FORREST HILLS			(29.88)	
1055.00	A	CIP-MATERIALS & SUPPLIES	0.00	14,871.59		0.00
		9 R/C Deposit to 2nd Maj. Various Project			11,368.43	
		C3 RECLASS INV. 73690 & 73695			10,901.15	
		R32 TO RECLASS MATERIALS			(14,605.74)	
		R36 TO RECLASS EASEMENTS			(11,167.00)	
		R38 TO ADJUST			(11,368.43)	
1057.17	A	CONSTRUCTION IN PROGRESS	2,396,324.87	2,842,553.05		2,841,782.99
		C2 TO RECLASS TAPS			1,972.33	
		C7 TO RECLASS SEWER TAP FEE FROM CIP			(10,172.27)	
		S1 TO RECLASS WW DRAW			4,435.00	
		S2 RECLASS MAJESTIC			2,355.00	
		S3 RECLASS WW REHAB CHECK			610.00	
		S4 RECLASS FASTENAL FORREST HILLS			29.88	
1104.02	A	A/D STRUCTURES & IMPROVEMENTS	(170,804.36)	(177,810.70)		(175,821.26)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(636.94)	
		R24 TO ADJUST ACCUM. DEPRECIATION			2,626.38	
1104.03	A	A/D STRUCTURES & IMPROVEMENTS	(114,010.82)	(119,482.44)		(115,914.04)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(497.42)	
		R24 TO ADJUST ACCUM. DEPRECIATION			4,065.82	
1104.04	A	A/D STRUCTURES & IMPROVEMENTS	0.00	0.00		0.00
1104.05	A	A/D - STRUCTURES & IMPROVEMENTS	(245,015.00)	(260,028.46)		(255,877.24)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(1,364.86)	
		R24 TO ADJUST ACCUM. DEPRECIATION			5,516.08	
1105.02	A	A/D COLLECT/IMPOUND RESER VOIRS	(59,135.56)	(61,804.60)		(59,135.56)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(242.64)	
		R24 TO ADJUST ACCUM. DEPRECIATION			2,911.68	
1105.17	A	A/D COLLECTION SEWERS	(3,510,209.23)	(4,053,866.41)		(4,250,734.47)
		3 ACC.DEPRECIATION FOR WW FOR JUNE 2014			(49,423.38)	
		R25 TO ADJUSR SEWER ACC DEPREC			(147,444.68)	
1111.02	A	A/D PUMPING EQUIPMENT	(2,116,472.02)	(2,259,934.90)		(2,201,579.03)
		2 EXPENSE DEPRECIATION FOR				

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
		JUNE 2014			(13,042.08)	
	R24	TO ADJUST ACCUM. DEPRECIATION			71,397.95	
1111.17	A	A/D PUMPING EQUIPMENT	(15,578.63)	(15,578.63)		(20,778.63)
	R25	TO ADJUSR SEWER ACC DEPREC			(5,200.00)	
1120.03	A	A/D WATER TREATMENT PLANT	(1,403,773.74)	(1,412,114.60)		(1,631,317.65)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(758.26)	
	R24	TO ADJUST ACCUM. DEPRECIATION			(218,444.79)	
1120.17	A	A/D TREATMENT & DISPOSAL EQUIP	(1,668,130.80)	(1,852,797.37)		(1,876,786.82)
	3	ACC.DEPRECIATION FOR WW FOR JUNE 2014			(16,787.87)	
	R25	TO ADJUSR SEWER ACC DEPREC			(7,201.58)	
1130.04	A	A/D DISTRIB RESERVOIRS/STANDS	(3,990,612.06)	(4,215,815.28)		(4,198,335.69)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(20,473.02)	
	R24	TO ADJUST ACCUM. DEPRECIATION			37,952.61	
1131.04	A	A/D TRANS/DISTRIBUTION MAINS	(22,158,460.92)	(23,442,953.69)		(23,794,147.05)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(116,772.07)	
	R24	TO ADJUST ACCUM. DEPRECIATION			(234,421.29)	
1133.04	A	A/D SERVICES	(2,014,321.37)	(2,156,115.99)		(2,164,610.23)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(12,890.42)	
	R24	TO ADJUST ACCUM. DEPRECIATION			4,396.18	
1133.17	A	A/D - SERVICES FOR SEWER	(22,650.34)	(24,498.01)		(30,501.15)
	3	ACC.DEPRECIATION FOR WW FOR JUNE 2014			(167.97)	
	R25	TO ADJUSR SEWER ACC DEPREC			(5,835.17)	
1134.04	A	A/D METERS/METER INSTALLATIONS	(1,786,269.96)	(1,903,042.00)		(1,886,234.04)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(10,615.64)	
	R24	TO ADJUST ACCUM. DEPRECIATION			27,423.60	
1134.17	A	A/D - METERS/INSTALLS SEWER	(12,492.14)	(13,416.36)		(15,665.40)
	3	ACC.DEPRECIATION FOR WW FOR JUNE 2014			(84.02)	
	R25	TO ADJUSR SEWER ACC DEPREC			(2,165.02)	
1135.04	A	A/D HYDRANTS	(490,223.66)	(521,918.84)		(521,090.89)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(2,881.38)	
	R24	TO ADJUST ACCUM. DEPRECIATION			3,709.33	
1140.05	A	A/D OFFICE FURNITURE/EQUIPMENT	(257,420.38)	(282,442.96)		(261,725.37)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(2,274.78)	
	R24	TO ADJUST ACCUM. DEPRECIATION			22,992.37	
1140.17	A	A/D OFFICE FURNITURE/EQUIPMENT	(30,012.31)	(30,181.16)		(31,132.60)
	3	ACC.DEPRECIATION FOR WW FOR JUNE 2014			(15.35)	
	R25	TO ADJUSR SEWER ACC DEPREC			(936.09)	
1141.05	A	A/D TRANSPORTATION EQUIPMENT	(923,929.00)	(1,074,064.48)		(1,004,410.43)
	2	EXPENSE DEPRECIATION FOR JUNE 2014			(13,648.68)	
	R24	TO ADJUST ACCUM. DEPRECIATION			83,302.73	
1141.17	A	A/D TRANSPORTATION EQUIPMENT	(12,579.38)	(12,579.38)		(12,579.38)
1143.05	A	A/D TOOLS, SHOP, GARAGE EQUIP	(120,059.37)	(131,736.53)		(126,071.35)

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(1,061.56)	
		R24 TO ADJUST ACCUM. DEPRECIATION			6,726.74	
1143.17	A	A/D TOOLS & MISC. EQUIPMENT	(26,159.35)	(26,621.90)		(29,647.78)
		3 ACC.DEPRECIATION FOR WW FOR JUNE 2014			(42.05)	
		R25 TO ADJUSR SEWER ACC DEPREC			(2,983.83)	
1144.05	A	A/D LABORATORY EQUIPMENT	(8,585.36)	(9,252.62)		(8,839.77)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(60.66)	
		R24 TO ADJUST ACCUM. DEPRECIATION			473.51	
1145.05	A	A/D POWER OPERATED EQUIPMENT	(376,001.57)	(393,642.15)		(383,527.81)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(5,762.78)	
		R24 TO ADJUST ACCUM. DEPRECIATION			61,627.12	
		R40 TO RECLASS FIXED ASSET			(45,750.00)	
1146.05	A	A/D COMMUNICATION EQUIPMENT	(1,007,857.48)	(1,032,888.20)		(1,128,001.66)
		2 EXPENSE DEPRECIATION FOR JUNE 2014			(2,275.52)	
		R24 TO ADJUST ACCUM. DEPRECIATION			(92,837.94)	
1147.00	A	A/AMORT - BOND REFINANCING COST	(2,580.23)	(2,580.23)		(6,020.58)
		R26 TO ADJUST ACC AMORT			(3,440.35)	
1250.00	A	MWD INTERCOMPANY TRANSFERS	0.00	60,481.38		0.00
		4 RECLASS EMPLOYEE RETIREMENT			(2,316.61)	
		5 RECLASS EMPLOYEE INSURANCE			(794.86)	
		7 RECLASS BOND PAYMENT			(44,344.27)	
		9 R/C Deposit to 2nd Maj. Various Project			(11,368.43)	
		10 R/C Mike Spears Acct. Service for June 2014			(2,200.00)	
		11 R/C Elect.Sewer Cust. Deposit			(584.00)	
		12 R/C Elect. Customer Dept.			(3,750.00)	
		R38 TO ADJUST			4,876.79	
1255.00	A	Regions Bank Escrow	267,920.10	267,920.10		441,290.04
		R6 TO RECORD DEPOSITS IN REGIONS			532,863.70	
		R7 TO RECORD DISBURSEMENTS IN REGIONS			(359,493.76)	
1261.00	A	BB & T - DEPRECIATION RESERVE	516,209.88	635,183.41		635,183.41
1262.00	A	CTB - SHELBY COAL DEVELOPMENT	61,024.26	61,207.59		61,207.59
1263.00	A	BB & T - Sinking Fund	167,797.54	131,301.41		131,301.41
1268.00	A	CTB - JOHNS CREEK WATER PROJ.	2,271.84	2,271.84		2,271.84
1269.00	A	BB&T - Special Projects	1,466.42	1,327.00		1,327.00
1271.00	A	CTB - CUSTOMER DEPOSIT ESCROW	386,976.74	374,632.36		374,632.36
1272.00	A	CTB - FEMA Receivables	90.00	90.00		90.00
1272.17	A	CTB-SEWER CUSTOMER DEPOSIT ACC	16,984.68	18,661.97		18,661.97
1273.00	A	CTB - O & M RESERVES	16,525.29	16,541.82		16,541.82
1274.00	A	Community Trust Bank - Misc Line Extensio	7,960.87	23,264.46		23,264.46
1276.17	A	CTB - PHELPS SEWER PROJECT	14,636.47	14,636.47		14,636.47
1280.00	A	CTB - DIST. WIDE TAP FEES	224,354.69	214,872.16		214,872.16
1285.17	A	CTB - R & M RESERVE	497,208.75	633,849.51		633,849.51
1290.00	A	CTB - Phelps Water Line Extension	(99.95)	(99.95)		(99.95)
1293.17	A	CTB - Cowpen Sewer Project	1,860.10	1,860.10		1,860.10
1311.00	A	Petty Cash	320.18	320.18		320.18
1312.00	A	CTB - Operating Account	276,415.16	1,206.43		1,206.43
1314.00	A	CTB-MWD Payroll Account	8,642.77	8,238.02		8,238.02
1319.17	A	CTB - Dist Wide WW Tap Fees	43,178.56	35,624.77		35,624.77
1323.17	A	CTB - Phelps/Buskirk WW RD	8.52	8.52		8.52
1324.00	A	WATER TEATMENT PLANT UPGRADE	(9.50)	0.50		0.50
1326.00	A	CTB. Water Treatment Raw Water Intake Pr	25.00	25.00		25.00
1341.17	A	BIG CREEK SEWER-COAL SETTLEMEN	24,134.24	24,134.24		24,134.24

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
1342.00	A	Penny Rd Water and Sewer	44,867.77	44,867.77		44,867.77
1343.00	A	CTB-LMI Service Connection 08-09	656.08	656.08		656.08
1345.00	A	CTB-Various Short Line Ext.	62.17	90.96		90.96
1346.00	A	CTB-Various Water Line Ext.	100.00	100.00		100.00
1347.00	A	CTB.M.W.D. Telemetry Project	100.00	100.00		100.00
1348.00	A	CTB-M.W.D. Watson Hill Waterline Ext. Pr	85.00	85.00		85.00
1349.17	A	CTB.Long Fork Of Virgie Sewer Project Acc	100.00	100.00		100.00
1350.00	A	M.W.D. Jonican Project	(20.00)	0.00		0.00
1350.17	A	M.W.D. Belfry Pond Sewer	100.00	100.00		100.00
1351.00	A	M.W.D. 2nd Magistrial-Various	0.00	(50.00)		(50.00)
1360.00	A	CTB- Recycling Revenue Acct.	924.71	1,261.81		1,261.81
1360.17	A	CTB-Smith Fork WW Phase II	100.00	100.00		100.00
1381.00	A	CTB. PCFC Projects	226,172.94	191,080.84		191,080.84
1382.00	A	CTB - R & M REIMBURSEMENT ACCT.	45.01	473.39		473.39
1383.00	A	CTB.-M.W.D. Rehab Project	57,353.24	23,550.16		23,550.16
1400.00	A	FEMA REC. 2010 FLOOD	14,561.72	14,561.72		14,561.72
1411.00	A	RECEIVABLE - WATER SALES	642,694.41	(92,287.26)		654,923.13
		8 Customer Billing June 2014			25,725.61	
		8 Customer Billing June 2014			681,960.57	
		15 Customer late charges for june 2014			15,344.24	
		R1 TO ADJUST A/R TO ACTUAL			24,179.97	
1413.00	A	RECEIVABLE - RETURNED CHECKS	1,172.97	18,770.70		1,154.78
		R3 TO ADJUST RET CHKS TO JUN BAL			(17,615.92)	
1418.00	A	RECEIVABLE - OTHER FEES, ETC..	11,323.49	(42,827.13)		10,728.19
		8 Customer Billing June 2014			7,766.54	
		R2 TO ADJUST REC. OTHER FEES			27,619.65	
		R4 TO RECLASS POSTING ERROR			18,169.13	
1425.00	A	RECEIVABLE- UMG R AND M	105,258.03	(34,571.70)		103,366.74
		6 RECLASS R & M AND AEP FOR JUNE 2014			129,313.30	
		R39 TO ADJUST REC UMG			8,625.14	
1427.17	A	RECEIVABLE - SEWER REVENUE	75,292.49	22,450.08		74,657.06
		8 Customer Billing June 2014			80,671.71	
		R1 TO ADJUST A/R TO ACTUAL			(28,464.73)	
1431.00	A	PROVISION FOR UNCOLLECTIBLES	(49,019.37)	(37,661.95)		(37,661.95)
1847.00	A	CLEARING - TRANSPORTATION	0.00	18,169.13		0.00
		R4 TO RECLASS POSTING ERROR			(18,169.13)	
1862.00	A	OTHER DEFERRED DEBTS	625.00	625.00		625.00
2000.00	L	Accounts Payable	(395,861.04)	(412,590.69)		(421,215.83)
		R39 TO ADJUST REC UMG			(8,625.14)	
2012.00	L	A/P UMG R&M OVERAGE 2012	(81,002.49)	(81,002.49)		0.00
		R34 TO RECORD OVERAGE ETC			81,002.49	
2013.00	L	A/P - UMG OVERAGE (JUL TO DEC 2013)	0.00	0.00		(117,483.67)
		R33 TO COMBINE ACTIVITY AND FORGIVENESS			(98,350.53)	
		R34 TO RECORD OVERAGE ETC			(19,133.14)	
2014.00	L	A/P - UMG OVERAGE 2014	0.00	0.00		(74,765.49)
		R35 TO RECORD 2014 OVERAGE			(74,765.49)	
2150.00	L	RETAINED EARNINGS (DEFICIT)	17,046,526.28	17,046,526.28		17,046,526.28
2167.17	L	RETAINED EARNINGS (SEWER)	1,804,895.00	1,804,895.00		1,804,895.00
2200.00	L	RD Loan -WTP	(629,000.00)	(629,000.00)		(621,000.00)
		R5 TO RECLASS PAYMENT			8,000.00	
2202.00	L	Note Payable Ky. Rural Water	(6,270,000.00)	(5,781,763.03)		(6,100,000.00)
		7 RECLASS BOND PAYMENT			44,344.27	
		R27 TO ADJUST NOTE			(14,618.23)	
		R6 TO RECORD DEPOSITS IN REGIONS			(532,131.24)	
		R7 TO RECORD DISBURSEMENTS IN REGIONS			257,709.38	
		R8 TO ADJUST NOTE			(73,541.15)	
2205.00	L	RD Bond 91-33	(1,534,000.00)	(1,512,000.00)		(1,512,000.00)
2206.17	L	RD Bond - Shelby Sewer Project	(678,500.00)	(668,000.00)		(668,000.00)
2213.17	L	RD Bond - 91-01 Phelps Sewer	(384,000.00)	(377,500.00)		(377,500.00)
2218.00	L	KIA LOAN B291-07 MULTI AREA	(2,329,679.17)	(2,136,893.48)		(2,136,893.48)
2219.00	L	KIA LOAN B291-01 INDIAN CREEK	(153,527.55)	(140,885.50)		(140,885.50)
2220.00	L	RD Loan 91-40 Water Treatment Upgrade	0.00	8,000.00		0.00
		R5 TO RECLASS PAYMENT			(8,000.00)	

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
2221.00	L	KIA LOAN F01-07 WATER PLANT	(711,024.48)	(652,020.25)		(652,020.25)
2223.00	L	RD BOND 91-24 RUSSELL FK WTP	(688,000.00)	(673,000.00)		(673,000.00)
2224.17	L	KIA LOAN A03-06 SO WMSN III	(110,675.79)	(101,547.81)		(101,547.81)
2225.17	L	KIA Shelby III Phase II	(333,668.88)	(316,661.43)		(316,661.43)
2231.00	L	CTB-FEMA loan 60100599434-N	0.00	0.00		0.00
2248.00	L	LESS AMOUNT DUE WITHIN ONE YEAR	747,605.00	747,605.00		747,605.00
2248.17	L	LESS AMT DUE WITHIN 1 YR	16,923.00	16,923.00		16,923.00
2283.00	L	Note (500,000) paid from UMG 2009	(92,229.40)	(92,229.40)		0.00
		R10 TO RECORD PYMNTS BY UMG AND ADJUST NOTES			94,366.20	
		R10 TO RECORD PYMNTS BY UMG AND ADJUST NOTES			(2,136.80)	
2284.00	L	CTB- WTP line of credit	(47,426.87)	(47,426.87)		0.00
		R11 TO RECLASS PAYMENTS			91,890.18	
		R11 TO RECLASS PAYMENTS			(288.44)	
		R12 TO RECLASS DRAWS ON WTP LOC			(44,174.87)	
2285.00	L	N/P - WTP LOC NEW	0.00	0.00		(45,750.00)
		C1 TO RECLASS LINE DRAWS			(45,750.00)	
2300.00	L	N/P - CTB VEH.#124	(2,356.23)	(2,356.23)		0.00
		R13 SEE #10			2,376.76	
		R13 SEE #10			(20.53)	
2301.00	L	N/P - CTB VEH. #125	(2,356.23)	(2,356.23)		0.00
		R14 SEE #10			2,376.76	
		R14 SEE #10			(20.53)	
2303.00	L	2011 Silverado 388340	(15,744.51)	(15,744.51)		(8,010.15)
		R15 SEE #10			8,278.80	
		R15 SEE #10			(544.44)	
2304.00	L	#135 2011 Nissan	(9,848.47)	(9,848.47)		(1,994.63)
		R16 SEE #10			8,133.24	
		R16 SEE #10			(279.40)	
2305	L	#136 2011 Silverado	(15,740.46)	(15,740.46)		(8,005.92)
		R17 SEE #10			8,278.80	
		R17 SEE #10			(544.26)	
2306.00	L	#137 2012 Colorado	(12,895.46)	(12,895.46)		(7,668.73)
		R18 SEE #10			5,540.88	
		R18 SEE #10			(314.15)	
2307.00	L	N/P - CTB VEH.#138 2012 SILVERADO	(27,151.74)	(27,151.74)		(20,384.79)
		R19 SEE #10			7,661.16	
		R19 SEE #10			(894.21)	
2308.00	L	N/P - CTB VEH. # 139 2012 SILVERADO	(26,951.74)	(26,951.74)		(20,176.95)
		R20 SEE #10			7,661.16	
		R20 SEE #10			(886.37)	
2309.00	L	N/P - CTB VEH.#140 2012 SILVERADO	(21,810.25)	(21,810.25)		(16,565.95)
		R21 SEE #10			6,030.96	
		R21 SEE #10			(786.66)	
2311.00	L	A/P - UMG PER CONTRACT	(57,062.65)	(57,062.65)		0.00
		R34 TO RECORD COVERAGE ETC			57,062.65	
2312.00	L	N/P - CTB VEH.#141 2012 SILVERADO	(22,718.71)	(22,718.71)		(16,036.74)
		R22 SEE #10			7,510.40	
		R22 SEE #10			(828.43)	
2314.00	L	N/P - CTB VEH #142	(19,654.92)	(19,654.92)		(14,929.65)
		R23 SEE #10			5,457.81	
		R23 SEE #10			(732.54)	
2328.00	L	TERM NOTES - CURRENT PORTION DU	(747,605.00)	(747,605.00)		(747,605.00)
2328.17	L	SEWER NOTES - CURR PORTION	(16,923.00)	(16,923.00)		(16,923.00)
2350.00	L	CUSTOMER WATER DEPOSITS	(301,469.71)	(294,742.93)		(290,992.93)
		12 R/C Elect. Customer Dept.			3,750.00	
2350.17	L	Customer Sewer Deposit	(16,630.25)	(18,843.19)		(18,259.19)
		11 R/C Elect.Sewer Cust. Deposit			584.00	
2371.00	L	ACCRUED INTEREST	(155,818.00)	(266,759.57)		(148,657.00)
		1 ACCRUE INTEREST ON RD BONDS & KIA LOAN JUNE14			(27,681.00)	
		1 ACCRUE INTEREST ON RD BONDS & KIA LOAN JUNE14			(4,035.00)	
		R28 TO ADJUST ACC INTEREST			149,818.57	
2371.17	L	ACCRUED INTEREST - SEWER	(23,004.00)	(19,964.33)		(22,621.00)
		R28 TO ADJUST ACC INTEREST			(2,656.67)	

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

MWD RIC

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
2411.00	L	FICA TAXES WITHHELD	0.00	6,955.58		(3,069.74)
		r30 TO ADJUST ACC TAXES			(10,025.32)	
2412.00	L	FEDERAL INCOME TAX WITHHELD	0.00	(392.06)		0.00
		r30 TO ADJUST ACC TAXES			392.06	
2413.00	L	KY INCOME TAX WITHHELD	(546.84)	(563.69)		(556.44)
		r30 TO ADJUST ACC TAXES			7.25	
2414.00	L	ACCRUED SUTA	0.00	(1,394.05)		0.00
		r30 TO ADJUST ACC TAXES			1,394.05	
2415.00	L	ACCRUED FUTA	0.00	(247.62)		0.00
		r30 TO ADJUST ACC TAXES			247.62	
2416.00	L	Accrued CERS	(2,333.97)	(3,625.40)		(1,308.79)
		4 RECLASS EMPLOYEE RETIREMENT			2,316.61	
2421.00	L	SPECIAL CHG COLLECTED - S.W.D.	0.00	(7,945.34)		0.00
		8 Customer Billing June 2014			(709.99)	
		R29 TO ADJUST SPECIAL CHARGE COLLECTED			8,655.33	
2423.00	L	TAXES COLLECTED ON CUST. BILLS	(20,224.78)	5,451.71		(21,615.68)
		8 Customer Billing June 2014			(19,852.41)	
		8 Customer Billing June 2014			(5,063.21)	
		r37 to adjust acc sales tax			(2,151.77)	
2520.00	L	ADVANCES FOR CONSTRUCTION	(2,114,286.17)	(3,859,690.96)		(3,718,768.15)
		C1 TO RECLASS LINE DRAWS			45,750.00	
		C5 TO RECLASS OTHER INCOME			4,084.14	
		C8 TO RECLASS GOV'T GRANT			46,913.80	
		R12 TO RECLASS DRAWS ON WTP LOC			44,174.87	
2527.17	L	ADVANCES FOR CONSTRUCTION - SEV	(2,291,397.28)	(2,741,243.14)		(2,748,033.14)
		S1 TO RECLASS WW DRAW			(4,435.00)	
		S2 RECLASS MAJESTIC			(2,355.00)	
2711.00	L	TAP ON FEES - CUSTOMERS	(5,580,113.78)	(5,685,936.20)		(5,685,936.20)
2711.17	L	TAP ON FEES - WASTEWATER CUST	(403,229.22)	(427,396.83)		(427,396.83)
2712.00	L	CONTRIBUTIONS - GOVT GRANTS	(66,177,127.38)	(66,177,127.38)		(66,224,041.18)
		C8 TO RECLASS GOV'T GRANT			(46,913.80)	
2712.17	L	CONTRIBUTIONS IN AID - SEWER	(23,374,605.41)	(23,374,605.41)		(23,374,605.41)
2713.00	L	CONTRIBUTIONS - OTHER AID	(8,464,988.88)	(8,464,988.88)		(8,464,988.88)
2717.17	L	CONTRIBUTION IN AID - SEWER	(1,883,509.26)	(1,883,509.26)		(1,883,509.26)
2820.00	L	INTERFUND TRANSFER (AUDIT)	(1,991,673.56)	(1,991,673.56)		(1,991,673.56)
2820.17	L	INTERFUND TRANSFER (AUDIT)	1,991,673.56	1,991,673.56		1,991,673.56
3900.00	L	Retained Earnings	9,937,090.92	12,701,541.33		12,701,541.33
4030.00	E	DEPRECIATION EXPENSE	1,315,483.51	1,114,034.40		1,336,845.20
		2 EXPENSE DEPRECIATION FOR JUNE 2014			205,258.71	
		R24 TO ADJUST ACCUM. DEPRECIATION			210,581.92	
		R42 WATER DEPRECIATION			(193,029.83)	
4030.02	E	AMORTIZATION EXPENSE	1,706.04	1,433.35		1,720.37
		R26 TO ADJUST ACC AMORT			3,440.35	
		R44 AMORT			(3,153.33)	
4030.17	E	DEPRECIATION EXPENSE - SEWER	465,681.95	404,170.70		485,009.21
		3 ACC.DEPRECIATION FOR WW FOR JUNE 2014			66,520.64	
		R25 TO ADJUSR SEWER ACC DEPREC			171,766.37	
		R43 SEWER DEPREC			(157,448.50)	
4083.00	E	PAYROLL TAXES - FICA & U.C.	2,995.44	6,014.77		5,967.11
		r30 TO ADJUST ACC TAXES			7,984.34	
		R50 COMMISSIONER PR			(9,065.00)	
		R54 RECLASS BETWEEN PERIODS			1,033.00	
4191.00	R	INTEREST INCOME	(1,377.76)	(1,318.65)		(1,601.11)
		R6 TO RECORD DEPOSITS IN REGIONS			(282.46)	
4191.17	R	INTEREST INCOME	0.00	(17.05)		(17.05)
4273.00	E	INTEREST EXPENSE - TERM DEBT	205,009.47	156,348.35		187,618.97
		1 ACCRUE INTEREST ON RD BONDS & KIA LOAN JUNE14			27,681.00	
		1 ACCRUE INTEREST ON RD BONDS & KIA LOAN JUNE14			4,035.00	

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
	R10	TO RECORD PYMNTS BY UMG AND ADJUST NOTES			2,136.80	
	R11	TO RECLASS PAYMENTS			288.44	
	R13	SEE #10			20.53	
	R14	SEE #10			20.53	
	R15	SEE #10			544.44	
	R16	SEE #10			279.40	
	R17	SEE #10			544.26	
	R18	SEE #10			314.15	
	R19	SEE #10			894.21	
	R20	SEE #10			886.37	
	R21	SEE #10			786.66	
	R22	SEE #10			828.43	
	R23	SEE #10			732.54	
	R27	TO ADJUST NOTE			14,618.23	
	R28	TO ADJUST ACC INTEREST			(149,818.57)	
	R45	WATER INT EXP			(33,072.33)	
	R7	TO RECORD DISBURSEMENTS IN REGIONS			86,009.38	
	R8	TO ADJUST NOTE			73,541.15	
4273.17	E	INTEREST EXPENSE - TERM DEBT	25,255.00	21,790.40		26,148.15
	R28	TO ADJUST ACC INTEREST			2,656.67	
	R46	SEWER INT EXP			1,701.08	
4611.00	R	METERED SALES - RESIDENTIAL	(3,187,016.98)	(2,673,329.55)		(3,251,287.34)
	8	Customer Billing June 2014			(564,890.18)	
	R1	TO ADJUST A/R TO ACTUAL			(24,179.97)	
	R29	TO ADJUST SPECIAL CHARGE COLLECTED			(8,655.33)	
	R3	TO ADJUST RET CHKS TO JUN BAL			17,615.92	
	r37	to adjust acc sales tax			2,151.77	
4612.00	R	METERED SALES - COMMERCIAL	(351,129.31)	(271,627.66)		(321,272.59)
	8	Customer Billing June 2014			(49,644.93)	
4613.00	R	METERED SALES - INDUSTRIAL	(21,701.76)	(20,111.81)		(24,597.25)
	8	Customer Billing June 2014			(4,485.44)	
4614.00	R	METERED SALES - PUBLIC AUTH.	(131,904.21)	(82,623.02)		(101,948.91)
	8	Customer Billing June 2014			(19,325.89)	
4615.00	R	METERED SALES - MULTI FAMILY	(127,916.89)	(109,097.18)		(131,891.61)
	8	Customer Billing June 2014			(22,794.43)	
4621.00	R	FIRE PROTECTION REVENUE	(600.00)	(500.00)		(600.00)
	8	Customer Billing June 2014			(100.00)	
4710.00	R	CUSTOMER LATE PAYMENT CHARGES	(113,733.27)	(70,648.24)		(85,992.48)
	15	Customer late charges for june 2014			(15,344.24)	
4718.00	R	OTHER WATER SERVICE REVENUE	(15,092.37)	(96,228.06)		(156,518.09)
	8	Customer Billing June 2014			(28,586.24)	
	C5	TO RECLASS OTHER INCOME			(4,084.14)	
	R2	TO ADJUST REC. OTHER FEES			(27,619.65)	
4741.00	R	SERVICE CONNECTION FEES	(90,769.13)	(73,801.81)		(73,801.81)
4741.17	R	SERVICE CONNECTION FEES FOR WAS	(1,495.00)	(750.00)		(750.00)
5211.17	R	SEWER REVENUE -RESIDENTIAL	(321,652.61)	(280,997.84)		(314,102.12)
	8	Customer Billing June 2014			(61,569.01)	
	R1	TO ADJUST A/R TO ACTUAL			28,464.73	
5212.17	R	SEWER REVENUE - COMMERCIAL	(114,222.06)	(83,708.43)		(102,811.13)
	8	Customer Billing June 2014			(19,102.70)	
6031.00	E	COMP COMMISSIONERS - AUTO DIST	15,000.00	15,000.00		15,000.00
6031.09	E	COMPENSATION - ADMINISTRATOR	61,539.96	62,680.80		62,680.80
6200.08	E	MATERIALS AND SUPPLIES USED	20,898.01	76,027.01		10,039.38
	6	RECLASS R & M AND AEP FOR JUNE 2014			(67,662.01)	
	R32	TO RECLASS MATERIALS			14,605.74	
	R38	TO ADJUST			6,491.64	
	R54	RECLASS BETWEEN PERIODS			(19,423.00)	
6320.08	E	CONTRACT SERVICE - ACCOUNTING	18,438.00	17,887.00		20,087.00
	10	R/C Mike Spears Acct. Service for June 2014			2,200.00	
6330.08	E	CONTRACT SERVICE - LEGAL	18,472.75	18,855.00		18,855.00
6360.08	E	CONTRACT SERVICE - UMG MANAGEM	3,800,534.25	3,066,284.87		2,906,213.94
	R41	TO ADJUST MANAGEMENT				

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

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Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
		FEEES TO SEWER			(660,927.51)	
	R47	WATER MGMNT FEE			594,813.58	
	R54	RECLASS BETWEEN PERIODS			(55,143.00)	
	R56	TO ADJUST CONT SERVICES			(38,814.00)	
6360.09	E	CONTRACT SERVICES - R & M	0.00	194,110.00		232,932.00
	R56	TO ADJUST CONT SERVICES			38,822.00	
6361.08	E	CONTRACT MGMNT EXP ASSUMED	(188,259.32)	(50,620.92)		(167,891.70)
	13	new water hookups for June 2014			(13,561.97)	
	14	Capitalize Fire Hydl. @ E. Big Creek Rd			(2,751.41)	
	R10	TO RECORD PYMNTS BY UMG AND ADJUST NOTES			(94,366.20)	
	R13	SEE #10			(2,376.76)	
	R14	SEE #10			(2,376.76)	
	R15	SEE #10			(8,278.80)	
	R16	SEE #10			(8,133.24)	
	R17	SEE #10			(8,278.80)	
	R18	SEE #10			(5,540.88)	
	R19	SEE #10			(7,661.16)	
	R20	SEE #10			(7,661.16)	
	R21	SEE #10			(6,030.96)	
	R22	SEE #10			(7,510.40)	
	R23	SEE #10			(5,457.81)	
	R34	TO RECORD OVERAGE ETC			(118,932.00)	
	R41	TO ADJUST MANAGEMENT FEEES TO SEWER			61,698.53	
	R51	CONTRACT MGMNT EXP ASSUMED			118,932.00	
	R54	RECLASS BETWEEN PERIODS			1,017.00	
6362.17	E	CONTRACT SERVICES - UMG MANAGE	0.00	510,172.15		612,205.99
	R41	TO ADJUST MANAGEMENT FEEES TO SEWER			660,927.51	
	R48	SEWER MGMNT FEE			(605,850.67)	
	R54	RECLASS BETWEEN PERIODS			55,143.00	
	R56	TO ADJUST CONT SERVICES			(8,186.00)	
6363.17	E	CONTRACT SERVICES - R & M	0.00	40,890.00		49,068.00
	R56	TO ADJUST CONT SERVICES			8,178.00	
6364.17	E	CONTRACT MANAGEMENT - EXP ASSU	0.00	(30,757.90)		(36,916.05)
	R41	TO ADJUST MANAGEMENT FEEES TO SEWER			(61,698.53)	
	R49	SEWER EXP ASSUMED			56,557.38	
	R54	RECLASS BETWEEN PERIODS			(1,017.00)	
6410.05	E	RENTAL OF BLDG - REAL PROPERTY	0.00	100.00		100.00
6500.08	E	AUTO & TRANSPORTATION EXPENSE	5,955.77	0.00		0.00
6600.08	E	ADVERTISING	4,963.19	1,461.50		1,461.50
6701.00	E	OTHER LEGAL PSC EXPENSE	3,657.00	0.00		0.00
6752.08	E	EDUCATION, DUES, MEETINGS, ETC.	20,900.56	12,403.51		13,198.37
	5	RECLASS EMPLOYEE INSURANCE			794.86	
6758.09	E	SETTLEMENT EXPENSES	0.00	2,500.00		2,500.00
6759.00	E	SERVICE FEE EXPENSE	3,966.21	1,552.25		1,862.80
	R54	RECLASS BETWEEN PERIODS			310.55	
6759.08	E	BANK SERVICE FEEES EXP	17,477.73	11,180.64		12,617.05
	R52	BANK FEEES			(13,888.59)	
	R6	TO RECORD DEPOSITS IN REGIONS			(450.00)	
	R7	TO RECORD DISBURSEMENTS IN REGIONS			7,768.75	
	R7	TO RECORD DISBURSEMENTS IN REGIONS			7,556.25	
	R7	TO RECORD DISBURSEMENTS IN REGIONS			450.00	
6800.00	E	Retirement Expense	11,027.31	10,432.08		10,432.08
7000.06	E	Major Equipment R & M	0.00	1,814.31		0.00
	6	RECLASS R & M AND AEP FOR JUNE 2014			(1,814.31)	
7001.06	E	Hand Tools R & M	0.00	99.94		0.00
	6	RECLASS R & M AND AEP FOR				

**MOUNTAIN WATER DISTRICT
Trial Balance Worksheet**

Basis: Adjusted

Account	T	Description	Jun 30, 2013	Jun 30, 2014 Unadjusted	Adjustments	Jun 30, 2014 Adjusted
		JUNE 2014			(99.94)	
7001.17	E	Hnad Tools R & M Sewer	0.00	43.54		0.00
		6 RECLASS R & M AND AEP FOR			(43.54)	
		JUNE 2014				
7002.06	E	PS/LS R & M	0.00	7,818.59		0.00
		6 RECLASS R & M AND AEP FOR			(7,818.59)	
		JUNE 2014				
7002.17	E	PS/LS R & M Sewer	0.00	37,365.23		0.00
		6 RECLASS R & M AND AEP FOR			(37,365.23)	
		JUNE 2014				
7003.06	E	Vehicle R & M	0.00	2,811.68		0.00
		6 RECLASS R & M AND AEP FOR			(2,811.68)	
		JUNE 2014				
7003.17	E	Vehicle R & M Sewer	0.00	505.85		0.00
		6 RECLASS R & M AND AEP FOR			(505.85)	
		JUNE 2014				
7006.06	E	General R & M	0.00	9,230.52		0.00
		6 RECLASS R & M AND AEP FOR			(9,230.52)	
		JUNE 2014				
7006.17	E	General R & M Sewer	0.00	1,961.63		0.00
		6 RECLASS R & M AND AEP FOR			(1,961.63)	
		JUNE 2014				
7008.06	E	R & M OVERAGE/UNDERAGE	0.00	(16,689.26)		(20,027.25)
		R33 TO COMBINE ACTIVITY AND			98,350.53	
		FORGIVENESS			74,765.49	
		R35 TO RECORD 2014 OVERAGE			(151,950.01)	
		R53 OVERAGE			(24,504.00)	
		R57 TO ADJUST OVERAGE				
7008.17	E	R & M OVERAGE SEWER	0.00	88,820.00		106,584.00
		R57 TO ADJUST OVERAGE			17,764.00	
		Total	0.00	0.00	0.00	0.00
		Profit/(Loss)	<u>(1,352,091.48)</u>	<u>(2,032,972.69)</u>	<u>705,852.26</u>	<u>(1,327,120.43)</u>

Current Year:	Current Profit/(Loss)	<u>(81,745.10)</u>	Year To Date Profit/(Loss)	<u>(1,327,120.43)</u>
Prior Year:	Current Profit/(Loss)	<u>(303,326.01)</u>	Year To Date Profit/(Loss)	<u>(1,352,091.48)</u>

Prepared by _____

MOUNTAIN WATER DISTRICT
Adjusting Journal Entries

MWD RIC

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Reviewed by _____

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
1	Adjusting	06/30/14					
		4273.00	INTEREST EXPENSE - TERM D	27,681.00			
		4273.00	INTEREST EXPENSE - TERM D	4,035.00			
		2371.00	ACCRUED INTEREST		27,681.00		
		2371.00	ACCRUED INTEREST		4,035.00		
						(31,716.00)	
			ACCRUE INTEREST ON RD BONDS & KIA LOAN JUNE14				
2	Adjusting	06/30/14					
		4030.00	DEPRECIATION EXPENSE	205,258.71			
		1104.02	A/D STRUCTURES & IMPROVE		636.94		
		1104.03	A/D STRUCTURES & IMPROVE		497.42		
		1104.05	A/D - STRUCTURES & IMPROV		1,364.86		
		1105.02	A/D COLLECT/IMPOUND RESE		242.64		
		1111.02	A/D PUMPING EQUIPMENT		13,042.08		
		1120.03	A/D WATER TREATMENT PLA		758.26		
		1130.04	A/D DISTRIB RESERVOIRS/ST/		20,473.02		
		1131.04	A/D TRANS/DISTRIBUTION MA		116,772.07		
		1133.04	A/D SERVICES		12,890.42		
		1134.04	A/D METERS/METER INSTALL		10,615.64		
		1135.04	A/D HYDRANTS		2,881.38		
		1140.05	A/D OFFICE FURNITURE/EQUI		2,274.78		
		1141.05	A/D TRANSPORTATION EQUIP		13,648.68		
		1143.05	A/D TOOLS, SHOP, GARAGE EC		1,061.56		
		1144.05	A/D LABORATORY EQUIPMEN		60.66		
		1145.05	A/D POWER OPERATED EQUIP		5,762.78		
		1146.05	A/D COMMUNICATION EQUIP		2,275.52		
						(205,258.71)	
			EXPENSE DEPRECIATION FOR JUNE 2014				
3	Adjusting	06/30/14					
		4030.17	DEPRECIATION EXPENSE - SE	66,520.64			
		1105.17	A/D COLLECTION SEWERS		49,423.38		
		1120.17	A/D TREATMENT & DISPOSAL		16,787.87		
		1133.17	A/D - SERVICES FOR SEWER		167.97		
		1134.17	A/D - METERS/INSTALLS SEW		84.02		
		1140.17	A/D OFFICE FURNITURE/EQUI		15.35		
		1143.17	A/D TOOLS & MISC. EQUIPME		42.05		
						(66,520.64)	
			ACC.DEPRECIATION FOR WW FOR JUNE 2014				
4	Adjusting	06/30/14					
		2416.00	Accrued CERS	2,316.61			
		1250.00	MWD INTERCOMPANY TRANS		2,316.61		
						0.00	
			RECLASS EMPLOYEE RETIREMENT				

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
5	Adjusting	06/30/14					
		6752.08	EDUCATION, DUES, MEETING	794.86			
		1250.00	MWD INTERCOMPANY TRANS		794.86		
			RECLASS EMPLOYEE INSURANCE			(794.86)	
6	Adjusting	06/30/14					
		7000.06	Major Equipment R & M		1,814.31		
		7001.06	Hand Tools R & M		99.94		
		7001.17	Hnad Tools R & M Sewer		43.54		
		7002.06	PS/LS R & M		7,818.59		
		7002.17	PS/LS R & M Sewer		37,365.23		
		7003.06	Vehicle R & M		2,811.68		
		7003.17	Vehicle R & M Sewer		505.85		
		7006.06	General R & M		9,230.52		
		7006.17	General R & M Sewer		1,961.63		
		6200.08	MATERIALS AND SUPPLIES U		67,662.01		
		1425.00	RECEIVABLE- UMG R AND M	129,313.30			
			RECLASS R & M AND AEP FOR JUNE 2014			129,313.30	
7	Adjusting	06/30/14					
		1250.00	MWD INTERCOMPANY TRANS		44,344.27		
		2202.00	Note Payable Ky. Rural Water	44,344.27			
			RECLASS BOND PAYMENT			0.00	
8	Adjusting	06/30/14					
		4611.00	METERED SALES - RESIDENTI		564,890.18		
		4612.00	METERED SALES - COMMERC		49,644.93		
		4613.00	METERED SALES - INDUSTRIA		4,485.44		
		4615.00	METERED SALES - MULTI FAM		22,794.43		
		4614.00	METERED SALES - PUBLIC AU		19,325.89		
		2423.00	TAXES COLLECTED ON CUST.		19,852.41		
		2423.00	TAXES COLLECTED ON CUST.		5,063.21		
		5211.17	SEWER REVENUE -RESIDENTI		61,569.01		
		5212.17	SEWER REVENUE - COMMERC		19,102.70		
		4621.00	FIRE PROTECTION REVENUE		100.00		
		2421.00	SPECIAL CHG COLLECTED - S.		709.99		
		4718.00	OTHER WATER SERVICE REVEN		28,586.24		
		1411.00	RECEIVABLE - WATER SALES	25,725.61			
		1411.00	RECEIVABLE - WATER SALES	681,960.57			
		1427.17	RECEIVABLE - SEWER REVEN	80,671.71			
		1418.00	RECEIVABLE - OTHER FEES, E	7,766.54			

770,498.82

Customer Billing June 2014

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
9	Adjusting	06/30/14					
		1055.00	CIP-MATERIALS & SUPPLIES	11,368.43			
		1250.00	MWD INTERCOMPANY TRANS		11,368.43		
			R/C Deposit to 2nd Maj. Various Project			0.00	
10	Adjusting	06/30/14					
		6320.08	CONTRACT SERVICE - ACCOU	2,200.00			
		1250.00	MWD INTERCOMPANY TRANS		2,200.00		
			R/C Mike Spears Acct. Service for June 2014			(2,200.00)	
11	Adjusting	06/30/14					
		2350.17	Customer Sewer Deposit	584.00			
		1250.00	MWD INTERCOMPANY TRANS		584.00		
			R/C Elect.Sewer Cust. Deposit			0.00	
12	Adjusting	06/30/14					
		2350.00	CUSTOMER WATER DEPOSITS	3,750.00			
		1250.00	MWD INTERCOMPANY TRANS		3,750.00		
			R/C Elect. Customer Dept.			0.00	
13	Adjusting	06/30/14					
		1033.04	WATER SERVICES	9,041.31			
		1034.04	WATER METERS & INSTALLA	4,520.66			
		6361.08	CONTRACT MGMNT EXP ASSI		13,561.97		
			new water hookups for June 2014			13,561.97	
14	Adjusting	06/30/14					
		1035.04	HYDRANTS	2,751.41			
		6361.08	CONTRACT MGMNT EXP ASSI		2,751.41		
			Capitalize Fire Hydl. @ E. Big Creek Rd			2,751.41	

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
15	Adjusting	06/30/14					
		1411.00	RECEIVABLE - WATER SALES	15,344.24			
		4710.00	CUSTOMER LATE PAYMENT C		15,344.24		
			Customer late charges for june 2014			15,344.24	
C1	Adjusting	06/30/14					
		2520.00	ADVANCES FOR CONSTRUCTI	45,750.00			
		2285.00	N/P - WTP LOC NEW		45,750.00		
			TO RECLASS LINE DRAWS			0.00	
C2	Adjusting	06/30/14					
		1057.17	CONSTRUCTION IN PROGRES	1,972.33			
		1050.00	CONSTRUCTION IN PROGRES		1,972.33		
			TO RECLASS TAPS			0.00	
C3	Adjusting	06/30/14					
		1055.00	CIP-MATERIALS & SUPPLIES	10,901.15			
		1050.00	CONSTRUCTION IN PROGRES		10,901.15		
			RECLASS INV. 73690 & 73695			0.00	
C4	Adjusting	06/30/14					
		1003.02	LAND AND LAND RIGHTS	1,540.00			
		1050.00	CONSTRUCTION IN PROGRES		1,540.00		
			TO RECLASS EASEMENT			0.00	
C5	Adjusting	06/30/14					
		2520.00	ADVANCES FOR CONSTRUCTI	4,084.14			
		4718.00	OTHER WATER SERVICE REVI		4,084.14		
			TO RECLASS OTHER INCOME			4,084.14	
	Adjusting	06/30/14					
		1050.00	CONSTRUCTION IN PROGRES	58,579.55			
		1033.04	WATER SERVICES		58,579.55		

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			TO RECLASS TAPS FROM CIP			0.00	
C7	Adjusting	06/30/14					
		1057.17	CONSTRUCTION IN PROGRESS		10,172.27		
		1033.17	SEWER SERVICES	10,172.27			
			TO RECLASS SEWER TAP FEE FROM CIP			0.00	
C8	Adjusting	06/30/14					
		2520.00	ADVANCES FOR CONSTRUCTION	46,913.80			
		2712.00	CONTRIBUTIONS - GOVT GRANT		46,913.80		
			TO RECLASS GOV'T GRANT			0.00	
R1	Adjusting	06/30/14					
		1411.00	RECEIVABLE - WATER SALES	24,179.97			
		4611.00	METERED SALES - RESIDENTIAL		24,179.97		
		1427.17	RECEIVABLE - SEWER REVENUE		28,464.73		
		5211.17	SEWER REVENUE - RESIDENTIAL	28,464.73			
			TO ADJUST A/R TO ACTUAL			(4,284.76)	
R10	Adjusting	06/30/14					
		2283.00	Note (500,000) paid from UMG 2014	94,366.20			
		6361.08	CONTRACT MGMT EXP ASSN		94,366.20		
		2283.00	Note (500,000) paid from UMG 2014		2,136.80		
		4273.00	INTEREST EXPENSE - TERM D	2,136.80			
			TO RECORD PYMNTS BY UMG AND ADJUST NOTES			92,229.40	
R11	Adjusting	06/30/14					
		2284.00	CTB- WTP line of credit	91,890.18			
		1050.00	CONSTRUCTION IN PROGRESS		91,890.18		
		2284.00	CTB- WTP line of credit		288.44		
		4273.00	INTEREST EXPENSE - TERM D	288.44			
			TO RECLASS PAYMENTS			(288.44)	

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reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
R12	Adjusting	06/30/14					
		2284.00	CTB- WTP line of credit		44,174.87		
		2520.00	ADVANCES FOR CONSTRUCTI	44,174.87			
			TO RECLASS DRAWS ON WTP LOC			0.00	
R13	Adjusting	06/30/14					
		2300.00	N/P - CTB VEH.#124	2,376.76			
		6361.08	CONTRACT MGMNT EXP ASSI		2,376.76		
		2300.00	N/P - CTB VEH.#124		20.53		
		4273.00	INTEREST EXPENSE - TERM D	20.53			
			SEE #10			2,356.23	
R14	Adjusting	06/30/14					
		2301.00	N/P - CTB VEH. #125	2,376.76			
		6361.08	CONTRACT MGMNT EXP ASSI		2,376.76		
		2301.00	N/P - CTB VEH. #125		20.53		
		4273.00	INTEREST EXPENSE - TERM D	20.53			
			SEE #10			2,356.23	
R15	Adjusting	06/30/14					
		2303.00	2011 Silberado 388340	8,278.80			
		6361.08	CONTRACT MGMNT EXP ASSI		8,278.80		
		2303.00	2011 Silberado 388340		544.44		
		4273.00	INTEREST EXPENSE - TERM D	544.44			
			SEE #10			7,734.36	
R16	Adjusting	06/30/14					
		2304.00	#135 2011 Nissan	8,133.24			
		6361.08	CONTRACT MGMNT EXP ASSI		8,133.24		
		2304.00	#135 2011 Nissan		279.40		
		4273.00	INTEREST EXPENSE - TERM D	279.40			
			SEE #10			7,853.84	
R17	Adjusting	06/30/14					
		2305	#136 2011 Silverado	8,278.80			
		6361.08	CONTRACT MGMNT EXP ASSI		8,278.80		
		2305	#136 2011 Silverado		544.26		
		4273.00	INTEREST EXPENSE - TERM D	544.26			

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
						7,734.54	
			SEE #10				
R18	Adjusting	06/30/14					
		2306.00	#137 2012 Colorado	5,540.88			
		6361.08	CONTRACT MGMNT EXP ASSI		5,540.88		
		2306.00	#137 2012 Colorado		314.15		
		4273.00	INTEREST EXPENSE - TERM D	314.15			
						5,226.73	
			SEE #10				
R19	Adjusting	06/30/14					
		2307.00	N/P - CTB VEH.#138 2012 SILVI	7,661.16			
		6361.08	CONTRACT MGMNT EXP ASSI		7,661.16		
		2307.00	N/P - CTB VEH.#138 2012 SILVI		894.21		
		4273.00	INTEREST EXPENSE - TERM D	894.21			
						6,766.95	
			SEE #10				
	Adjusting	06/30/14					
		1418.00	RECEIVABLE - OTHER FEES, E	27,619.65			
		4718.00	OTHER WATER SERVICE REV		27,619.65		
						27,619.65	
			TO ADJUST REC. OTHER FEES				
R20	Adjusting	06/30/14					
		2308.00	N/P - CTB VEH. # 139 2012 SILV	7,661.16			
		6361.08	CONTRACT MGMNT EXP ASSI		7,661.16		
		2308.00	N/P - CTB VEH. # 139 2012 SILV		886.37		
		4273.00	INTEREST EXPENSE - TERM D	886.37			
						6,774.79	
			SEE #10				
R21	Adjusting	06/30/14					
		2309.00	N/P - CTB VEH.#140 2012 SILVI	6,030.96			
		6361.08	CONTRACT MGMNT EXP ASSI		6,030.96		
		2309.00	N/P - CTB VEH.#140 2012 SILVI		786.66		
		4273.00	INTEREST EXPENSE - TERM D	786.66			
						5,244.30	
			SEE #10				

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
R22	Adjusting	06/30/14					
		2312.00	N/P - CTB VEH.#141 2012 SILVI	7,510.40			
		6361.08	CONTRACT MGMNT EXP ASSI		7,510.40		
		2312.00	N/P - CTB VEH.#141 2012 SILVI		828.43		
		4273.00	INTEREST EXPENSE - TERM D	828.43			
			SEE #10				6,681.97
R23	Adjusting	06/30/14					
		2314.00	N/P - CTB VEH #142	5,457.81			
		6361.08	CONTRACT MGMNT EXP ASSI		5,457.81		
		2314.00	N/P - CTB VEH #142		732.54		
		4273.00	INTEREST EXPENSE - TERM D	732.54			
			SEE #10				4,725.27
R24	Adjusting	06/30/14					
		1104.02	A/D STRUCTURES & IMPROVE	2,626.38			
		1104.03	A/D STRUCTURES & IMPROVE	4,065.82			
		1104.05	A/D - STRUCTURES & IMPROV	5,516.08			
		1105.02	A/D COLLECT/IMPOUND RESE	2,911.68			
		1111.02	A/D PUMPING EQUIPMENT	71,397.95			
		1120.03	A/D WATER TREATMENT PLA		218,444.79		
		1130.04	A/D DISTRIB RESERVOIRS/ST/	37,952.61			
		1131.04	A/D TRANS/DISTRIBUTION MA		234,421.29		
		1133.04	A/D SERVICES	4,396.18			
		1134.04	A/D METERS/METER INSTALL	27,423.60			
		1135.04	A/D HYDRANTS	3,709.33			
		1140.05	A/D OFFICE FURNITURE/EQUI	22,992.37			
		1141.05	A/D TRANSPORTATION EQUIP	83,302.73			
		1143.05	A/D TOOLS, SHOP, GARAGE EC	6,726.74			
		1144.05	A/D LABORATORY EQUIPMEN	473.51			
		1145.05	A/D POWER OPERATED EQUIP	61,627.12			
		1146.05	A/D COMMUNICATION EQUIP		92,837.94		
		4030.00	DEPRECIATION EXPENSE	210,581.92			
			TO ADJUST ACCUM. DEPRECIATION				(210,581.92)
R25	Adjusting	06/30/14					
		1105.17	A/D COLLECTION SEWERS		147,444.68		
		1111.17	A/D PUMPING EQUIPMENT		5,200.00		
		1120.17	A/D TREATMENT & DISPOSAL		7,201.58		
		1133.17	A/D - SERVICES FOR SEWER		5,835.17		
		1134.17	A/D - METERS/INSTALLS SEW		2,165.02		
		1140.17	A/D OFFICE FURNITURE/EQUI		936.09		
		1143.17	A/D TOOLS & MISC. EQUIPME		2,983.83		
		4030.17	DEPRECIATION EXPENSE - SE	171,766.37			
			TO ADJUSR SEWER ACC DEPREC				(171,766.37)

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reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
R26	Adjusting	06/30/14					
		1147.00	A/AMORT - BOND REFINANCI		3,440.35		
		4030.02	AMORTIZATION EXPENSE	3,440.35			
			TO ADJUST ACC AMORT			(3,440.35)	
R27	Adjusting	06/30/14					
		2202.00	Note Payable Ky. Rural Water		14,618.23		
		4273.00	INTEREST EXPENSE - TERM D	14,618.23			
			TO ADJUST NOTE			(14,618.23)	
R28	Adjusting	06/30/14					
		2371.00	ACCRUED INTEREST	149,818.57			
		4273.00	INTEREST EXPENSE - TERM D		149,818.57		
		2371.17	ACCRUED INTEREST - SEWER		2,656.67		
		4273.17	INTEREST EXPENSE - TERM D	2,656.67			
			TO ADJUST ACC INTEREST			147,161.90	
R29	Adjusting	06/30/14					
		2421.00	SPECIAL CHG COLLECTED - S.	8,655.33			
		4611.00	METERED SALES - RESIDENTI		8,655.33		
			TO ADJUST SPECIAL CHARGE COLLECTED			8,655.33	
R3	Adjusting	06/30/14					
		1413.00	RECEIVABLE - RETURNED CH		17,615.92		
		4611.00	METERED SALES - RESIDENTI	17,615.92			
			TO ADJUST RET CHKS TO JUN BAL			(17,615.92)	
r30	Adjusting	06/30/14					
		2411.00	FICA TAXES WITHHELD		10,025.32		
		2412.00	FEDERAL INCOME TAX WITHI	392.06			
		2413.00	KY INCOME TAX WITHHELD	7.25			
		2414.00	ACCRUED SUTA	1,394.05			
		2415.00	ACCRUED FUTA	247.62			
		4083.00	PAYROLL TAXES - FICA & U.C	7,984.34			

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			TO ADJUST ACC TAXES			(7,984.34)	
R31	Adjusting	06/30/14					
			TO GROSS UP PAYROLL			0.00	
R32	Adjusting	06/30/14					
		1055.00	CIP-MATERIALS & SUPPLIES		14,605.74		
		6200.08	MATERIALS AND SUPPLIES USE	14,605.74			
			TO RECLASS MATERIALS			(14,605.74)	
R33	Adjusting	06/30/14					
		2013.00	A/P - UMG OVERAGE (JUL TO 1		98,350.53		
		7008.06	R & M OVERAGE/UNDERAGE	98,350.53			
			TO COMBINE ACTIVITY AND FORGIVENESS			(98,350.53)	
R34	Adjusting	06/30/14					
		2012.00	A/P UMG R&M OVERAGE 2012	81,002.49			
		2311.00	A/P - UMG PER CONTRACT	57,062.65			
		6361.08	CONTRACT MGMNT EXP ASSI		118,932.00		
		2013.00	A/P - UMG OVERAGE (JUL TO)		19,133.14		
			TO RECORD OVERAGE ETC			118,932.00	
R35	Adjusting	06/30/14					
		2014.00	A/P - UMG OVERAGE 2014		74,765.49		
		7008.06	R & M OVERAGE/UNDERAGE	74,765.49			
			TO RECORD 2014 OVERAGE			(74,765.49)	
R36	Adjusting	06/30/14					
		1003.02	LAND AND LAND RIGHTS	11,167.00			
		1055.00	CIP-MATERIALS & SUPPLIES		11,167.00		
			TO RECLASS EASEMENTS			0.00	

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
r37	Adjusting	06/30/14					
		2423.00	TAXES COLLECTED ON CUST.		2,151.77		
		4611.00	METERED SALES - RESIDENTI	2,151.77			
			to adjust acc sales tax			(2,151.77)	
R38	Adjusting	06/30/14					
		1055.00	CIP-MATERIALS & SUPPLIES		11,368.43		
		1250.00	MWD INTERCOMPANY TRANS	4,876.79			
		6200.08	MATERIALS AND SUPPLIES US	6,491.64			
			TO ADJUST			(6,491.64)	
R39	Adjusting	06/30/14					
		1425.00	RECEIVABLE- UMG R AND M	8,625.14			
		2000.00	Accounts Payable		8,625.14		
			TO ADJUST REC UMG			0.00	
R4	Adjusting	06/30/14					
		1847.00	CLEARING - TRANSPORTATIO		18,169.13		
		1418.00	RECEIVABLE - OTHER FEES, E	18,169.13			
			TO RECLASS POSTING ERROR			0.00	
R40	Adjusting	06/30/14					
		1145.05	A/D POWER OPERATED EQUIP		45,750.00		
		1045.17	POWER OPERATED EQUIPME	45,750.00			
			TO RECLASS FIXED ASSET			0.00	
R41	Adjusting	06/30/14					
		6360.08	CONTRACT SERVICE - UMG M		660,927.51		
		6362.17	CONTRACT SERVICES - UMG I	660,927.51			
		6361.08	CONTRACT MGMNT EXP ASSI	61,698.53			
		6364.17	CONTRACT MANAGEMENT - F		61,698.53		
			TO ADJUST MANAGEMENT FEES TO SEWER			0.00	

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
R42	Adjusting	06/30/14					
		4030.00 900	DEPRECIATION EXPENSE WATER DEPREC. - CLEARING	193,029.83	193,029.83		
			WATER DEPRECIATION			193,029.83	
R43	Adjusting	06/30/14					
		4030.17 901	DEPRECIATION EXPENSE - SE SEWER DEPREC. - CLEARING	157,448.50	157,448.50		
			SEWER DEPREC			157,448.50	
R44	Adjusting	06/30/14					
		4030.02 902	AMORTIZATION EXPENSE AMORT. EXP - CLEARING	3,153.33	3,153.33		
			AMORT			3,153.33	
R45	Adjusting	06/30/14					
		4273.00 903	INTEREST EXPENSE - TERM D WATER INT EXP - CLEARING	33,072.33	33,072.33		
			WATER INT EXP			33,072.33	
R46	Adjusting	06/30/14					
		4273.17 904	INTEREST EXPENSE - TERM D SEWER INT EXP - CLEARING	1,701.08	1,701.08		
			SEWER INT EXP			(1,701.08)	
R47	Adjusting	06/30/14					
		6360.08 905	CONTRACT SERVICE - UMG M WATER MGMNT FEE - CLEARI	594,813.58	594,813.58		
			WATER MGMNT FEE			(594,813.58)	
	Adjusting	06/30/14					
		6362.17 906	CONTRACT SERVICES - UMG I SEWER MGMNT FEE - CLEARI	605,850.67	605,850.67		

Prepared by _____

MOUNTAIN WATER DISTRICT
Adjusting Journal Entries

MWD RIC

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			SEWER MGMNT FEE			605,850.67	
R49	Adjusting	06/30/14					
		6364.17 907	CONTRACT MANAGEMENT - I SEWER CONT MGMNT EXP AS	56,557.38	56,557.38		
			SEWER EXP ASSUMED			(56,557.38)	
R5	Adjusting	06/30/14					
		2220.00 2200.00	RD Loan 91-40 Water Treatment I RD Loan -WTP	8,000.00	8,000.00		
			TO RECLASS PAYMENT			0.00	
R50	Adjusting	06/30/14					
		908 4083.00	COMMISSIONER PR CLEARING PAYROLL TAXES - FICA & U.C	9,065.00	9,065.00		
			COMMISSIONER PR			9,065.00	
R51	Adjusting	06/30/14					
		6361.08 909	CONTRACT MGMNT EXP ASSI CONT MGMNT EXP ASSUMED	118,932.00	118,932.00		
			CONTRACT MGMNT EXP ASSUMED			(118,932.00)	
R52	Adjusting	06/30/14					
		6759.08 910	BANK SERVICE FEES EXP BANK FEES - CLEARING	13,888.59	13,888.59		
			BANK FEES			13,888.59	
R53	Adjusting	06/30/14					
		7008.06 911	R & M OVERAGE/UNDERAGE OVERAGE CLEARING	151,950.01	151,950.01		
			OVERAGE			151,950.01	

Prepared by _____

MOUNTAIN WATER DISTRICT
Adjusting Journal Entries

MWD RIC

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
R54	Adjusting	06/30/14					
		6360.08	CONTRACT SERVICE - UMG M		55,143.00		
		905	WATER MGMNT FEE - CLEARI	55,143.00			
		6362.17	CONTRACT SERVICES - UMG I	55,143.00			
		906	SEWER MGMNT FEE - CLEARI		55,143.00		
		6364.17	CONTRACT MANAGEMENT - I		1,017.00		
		907	SEWER CONT MGMNT EXP AS	1,017.00			
		6361.08	CONTRACT MGMNT EXP ASSI	1,017.00			
		909	CONT MGMNT EXP ASSUMED		1,017.00		
		4083.00	PAYROLL TAXES - FICA & U.C	1,033.00			
		908	COMMISSIONER PR CLEARING		1,033.00		
		6200.08	MATERIALS AND SUPPLIES USE		19,423.00		
		912	MAT & SUPPLIES CLEARING	19,423.00			
		6759.00	SERVICE FEE EXPENSE	310.55			
		913	SERVICE FEE EXP CLEARING		310.55		
						18,079.45	
			RECLASS BETWEEN PERIODS				
R55	Adjusting	06/30/14					
		905	WATER MGMNT FEE - CLEARI		661,617.00		
		906	SEWER MGMNT FEE - CLEARI	661,617.00			
		907	SEWER CONT MGMNT EXP AS		12,127.00		
		909	CONT MGMNT EXP ASSUMED	12,127.00			
						0.00	
			TO ADJUST CLEARING ACCTS				
R56	Adjusting	06/30/14					
		6360.08	CONTRACT SERVICE - UMG M		38,814.00		
		6360.09	CONTRACT SERVICES - R & M	38,822.00			
		914	R & M OVERAGE CLEARING		8.00		
		6362.17	CONTRACT SERVICES - UMG I		8,186.00		
		6363.17	CONTRACT SERVICES - R & M	8,178.00			
		914	R & M OVERAGE CLEARING	8.00			
						0.00	
			TO ADJUST CONT SERVICES				
R57	Adjusting	06/30/14					
		7008.06	R & M OVERAGE/UNDERAGE		24,504.00		
		7008.17	R & M OVERAGE SEWER	17,764.00			
		914	R & M OVERAGE CLEARING	6,740.00			
						6,740.00	
			TO ADJUST OVERAGE				

MWD
Regions BANK
6-30-14

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES

G7204 GREEN

GL# 1255.00

Bal. @ 6-30-13

267920.10

Deposits

(4191.00) Dividends

28246
~~22611~~

(2202.00) Payments (12 @ 44,344.27)

53213124

(6759.08) Admin Fee

45000

Total Deposits

~~53287736~~

53286370

Disbursements:

(2202.00) P + I debt (8-1-13)

25770938

(6759.08) Admin Fee (8-2-13)

776875

(4273.00) P + I Interest (1/29/14)

8600938

(6759.08) Admin Fee

755625

(6759.08) Regions Bank Annual Fee

45000

Total Disbursements

< 35949376 >

Bal. @ 6-30-14

44129004



ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

04/01/2014 through 06/30/2014

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REGIONS BANK
 KRWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT



Statement Period
 Account Number

04/01/2014 through 06/30/2014

Balance Sheet

	AS OF 04/01/2014		AS OF 06/30/2014	
	COST VALUE	MARKET VALUE	COST VALUE	MARKET VALUE
A S S E T S				
CASH	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	0.00	0.00	0.00	0.00
CASH AND EQUIVALENTS				
SHORT TERM INVESTMENTS	308,134.52	308,134.52	441,290.04	441,290.04
TOTAL CASH AND EQUIVALENTS	308,134.52	308,134.52	441,290.04	441,290.04
TOTAL HOLDINGS	308,134.52	308,134.52	441,290.04	441,290.04
TOTAL ASSETS	308,134.52	308,134.52	441,290.04	441,290.04
L I A B I L I T I E S				
TOTAL LIABILITIES	0.00	0.00	0.00	0.00
TOTAL NET ASSET VALUE	308,134.52	308,134.52	441,290.04	441,290.04
TOTAL LIABILITIES AND EQUITY	308,134.52	308,134.52	441,290.04	441,290.04

0100045-0000552



REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
Account Number

04/01/2014 through 06/30/2014
[REDACTED]

Summary Of Fund

MARKET VALUE AS OF 04/01/2014		308,134.52
INTEREST	122.71	
OTHER RECEIPTS	133,032.81	
REALIZED GAIN OR LOSS	0.00	
UNREALIZED GAIN OR LOSS	0.00	
TOTAL MARKET VALUE AS OF 06/30/2014		441,290.04

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT



Statement Period
Account Number

04/01/2014 through 06/30/2014
0000005700

Asset Summary As Of 06/30/2014

DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS	441,290.04	441,290.04	100
TOTAL INVESTMENTS	441,290.04	441,290.04	
CASH	0.00		
DUE FROM BROKER	0.00		
DUE TO BROKER	0.00		
TOTAL MARKET VALUE	441,290.04		

0100085-0000553



REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
Account Number

04/01/2014 through 06/30/2014

Asset Detail As Of 06/30/2014

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS				
441,290.04	CUSIP # 999990302 REGIONS TRUST CASH SWEEP III	441,290.04	441,290.04	100
	TOTAL INVESTMENTS	441,290.04	441,290.04	100
	CASH	0.00		
	DUE FROM BROKER	0.00		
	DUE TO BROKER	0.00		
	NET ASSETS	441,290.04		
	TOTAL MARKET VALUE	441,290.04		

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT



Statement Period
Account Number

04/01/2014 through 06/30/2014
20800

Summary Of Earnings

INCOME EARNED

INTEREST	122.71	
TOTAL INCOME EARNED		122.71
OTHER RECEIPTS		133,032.81
TOTAL INCREASES IN FUND VALUE		133,155.52
TOTAL DECREASES IN FUND VALUE		0.00
NET CHANGE IN NET ASSET VALUE		133,155.52

0100085-0000554



ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

04/01/2014 through 06/30/2014

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
04/01/2014	BEGINNING BALANCE	0.00	308,134.52
04/01/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 04/01/2014 CUSIP # 999990302	35.79	0.00
04/01/2014	PURCHASED 35.79 SHS REGIONS TRUST CASH SWEEP III ON 04/01/2014 AT 1.00 CUSIP # 999990302	35.79-	35.79
04/21/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27 ✓	0.00
04/21/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 04/21/2014 AT 1.00 CUSIP # 999990302	44,344.27-	44,344.27
05/01/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 05/01/2014 CUSIP # 999990302	39.82	0.00
05/01/2014	PURCHASED 39.82 SHS REGIONS TRUST CASH SWEEP III ON 05/01/2014 AT 1.00 CUSIP # 999990302	39.82-	39.82
05/20/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27 ✓	0.00
05/20/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 05/20/2014 AT 1.00 CUSIP # 999990302	44,344.27-	44,344.27
06/02/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 06/01/2014 CUSIP # 999990302	47.10	0.00

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT



Statement Period
Account Number

04/01/2014 through 06/30/2014

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
06/02/2014	PURCHASED 47.1 SHS REGIONS TRUST CASH SWEEP III ON 06/02/2014 AT 1.00 CUSIP # 999990302	47.10-	47.10
06/20/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27 ✓	0.00
06/20/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 06/20/2014 AT 1.00 CUSIP # 999990302	44,344.27-	44,344.27
06/30/2014	ENDING BALANCE	0.00	441,290.04

0100085-0000555



REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
Account Number

01/01/2014 through 03/31/2014
██████████

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ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

01/01/2014 through 03/31/2014

Balance Sheet

	AS OF 01/01/2014		AS OF 03/31/2014	
	COST VALUE	MARKET VALUE	COST VALUE	MARKET VALUE
A S S E T S				
CASH	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	0.00	0.00	0.00	0.00
CASH AND EQUIVALENTS				
SHORT TERM INVESTMENTS	268,574.46	268,574.46	308,134.52	308,134.52
TOTAL CASH AND EQUIVALENTS	268,574.46	268,574.46	308,134.52	308,134.52
TOTAL HOLDINGS	268,574.46	268,574.46	308,134.52	308,134.52
TOTAL ASSETS	268,574.46	268,574.46	308,134.52	308,134.52
L I A B I L I T I E S				
TOTAL LIABILITIES	0.00	0.00	0.00	0.00
TOTAL NET ASSET VALUE	268,574.46	268,574.46	308,134.52	308,134.52
TOTAL LIABILITIES AND EQUITY	268,574.46	268,574.46	308,134.52	308,134.52



REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Page 2

Statement Period
Account Number

01/01/2014 through 03/31/2014
██████████

Summary Of Fund

MARKET VALUE AS OF 01/01/2014		268,574.46
INTEREST	92.88	
OTHER RECEIPTS	133,482.81	
REALIZED GAIN OR LOSS	0.00	
UNREALIZED GAIN OR LOSS	0.00	
ADMINISTRATIVE EXPENSES	450.00-	
OTHER DISBURSEMENTS	93,565.63-	
TOTAL MARKET VALUE AS OF 03/31/2014		308,134.52

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
Account Number

01/01/2014 through 03/31/2014

Asset Summary As Of 03/31/2014

DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS	308,134.52	308,134.52	100
TOTAL INVESTMENTS	308,134.52	308,134.52	
CASH	0.00		
DUE FROM BROKER	0.00		
DUE TO BROKER	0.00		
TOTAL MARKET VALUE	308,134.52		



REGIONS BANK
 KRWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2014 through 03/31/2014

Asset Detail As Of 03/31/2014

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS				
308,134.52	CUSIP # 999990302 REGIONS TRUST CASH SWEEP III	308,134.52	308,134.52	100
TOTAL INVESTMENTS		308,134.52	308,134.52	100
CASH		0.00		
DUE FROM BROKER		0.00		
DUE TO BROKER		0.00		
NET ASSETS		308,134.52		
TOTAL MARKET VALUE		308,134.52		



ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

01/01/2014 through 03/31/2014

Summary Of Earnings

INCOME EARNED

INTEREST

92.88

TOTAL INCOME EARNED

92.88

OTHER RECEIPTS

133,482.81

TOTAL INCREASES IN FUND VALUE

133,575.69

FEES AND OTHER EXPENSES

ADMINISTRATIVE EXPENSES

450.00

TOTAL FEES AND OTHER EXPENSES

450.00

OTHER DISBURSEMENTS

93,565.63

TOTAL DECREASES IN FUND VALUE

94,015.63

NET CHANGE IN NET ASSET VALUE

39,560.06



ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

01/01/2014 through 03/31/2014

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
01/01/2014	BEGINNING BALANCE	0.00	268,574.46
01/02/2014	PURCHASED 30.75 SHS REGIONS TRUST CASH SWEEP III ON 01/02/2014 AT 1.00 CUSIP # 999990302	30.75-	30.75
01/07/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 01/01/2014 CUSIP # 999990302	30.75	0.00
01/21/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27 ✓	0.00
01/21/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 01/21/2014 AT 1.00 CUSIP # 999990302	44,344.27-	44,344.27
01/29/2014	TRANSFERRED TO ACCOUNT 2080014996 KY PROG P&I DEBT SERVICE PAYABLE 2/1/2014	86,009.38-	0.00
01/29/2014	SOLD 86,009.38 SHS REGIONS TRUST CASH SWEEP III ON 01/29/2014 AT 1.00 CUSIP # 999990302	86,009.38	86,009.38-
02/03/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ANNUAL TRUSTEE FEES	450.00 T	0.00
02/03/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 02/01/2014 CUSIP # 999990302	35.16	0.00
02/03/2014	TRANSFERRED TO ACCOUNT 2080014852 KY PROG ADM FEE P & I PAYMENT FROM BORROWER DUE 2/2014	7,556.25-	0.00

2013 Acc. Int.



REGIONS BANK
 KRWF PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2014 through 03/31/2014

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
02/03/2014	SOLD 7,106.25 SHS REGIONS TRUST CASH SWEEP III ON 02/03/2014 AT 1.00 CUSIP # 999990302	7,106.25	7,106.25-
02/03/2014	PURCHASED 35.16 SHS REGIONS TRUST CASH SWEEP III ON 02/03/2014 AT 1.00 CUSIP # 999990302	35.16-	35.16
02/13/2014	FEE TO REGIONS BANK ANNUAL FEE	450.00-	0.00
02/13/2014	SOLD 450 SHS REGIONS TRUST CASH SWEEP III ON 02/13/2014 AT 1.00 CUSIP # 999990302	450.00	450.00-
02/20/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27	0.00
02/20/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 02/20/2014 AT 1.00 CUSIP # 999990302	44,344.27-	44,344.27
03/03/2014	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 03/01/2014 CUSIP # 999990302	26.97	0.00
03/03/2014	PURCHASED 26.97 SHS REGIONS TRUST CASH SWEEP III ON 03/03/2014 AT 1.00 CUSIP # 999990302	26.97-	26.97
03/20/2014	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	44,344.27	0.00



ACCOUNT STATEMENT

REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

Statement Period
Account Number

01/01/2014 through 03/31/2014
██████████

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
03/20/2014	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 03/20/2014 AT 1.00 CUSIP # 999990302	44,344.27 -	44,344.27
03/31/2014	ENDING BALANCE	0.00	308,134.52



REGIONS BANK
KRWFC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
Account Number

01/01/2013 through 12/31/2013

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REGIONS BANK
 KRWFPC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MAINTAIN WATER DIST. REVENUE)

Balance Sheet

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

	AS OF 01/01/2013	AS OF 12/31/2013
	COST VALUE	MARKET VALUE
ASSETS		
CASH	0.00	0.00
TOTAL CASH AND EQUIVALENTS	0.00	0.00
CASH AND EQUIVALENTS	151,060.05	268,574.48
SHORT TERM INVESTMENTS	151,060.05	268,574.48
TOTAL CASH AND EQUIVALENTS	151,060.05	268,574.48
TOTAL ASSETS	151,060.05	268,574.48
LIABILITIES AND EQUITY		
TOTAL LIABILITIES	0.00	0.00
TOTAL LIABILITIES AND EQUITY	151,060.05	268,574.48



REGIONS BANK
 KRWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

Summary Of Fund

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

MARKET VALUE AS OF 01/01/2013

151,060.05

INTEREST

74.77

OTHER RECEIPTS

463,993.74

REALIZED GAIN OR LOSS

0.00

UNREALIZED GAIN OR LOSS

0.00

OTHER DISBURSEMENTS

346,554.10

TOTAL MARKET VALUE AS OF 12/31/2013

268,574.46

REGIONS BANK
KRWEC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
SERIES 2012 E
(MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT



Statement Period
Account Number

01/01/2013 through 12/31/2013

Asset Summary As Of 12/31/2013

DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS			
TOTAL INVESTMENTS	268,574.46	268,574.46	100%
CASH	268,574.46	268,574.46	
PAID FROM BROKER	0.00		
DUE TO BROKER	0.00		
TOTAL MARKET VALUE	268,574.46		



REGIONS BANK
 KRW-C PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

Asset Detail As Of 12/31/2013

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	COST	% OF PORT
SHORT TERM INVESTMENTS				
268,574.46	CUSIP # 999990302 REGIONS TRUST CASI SWEEP III	268,574.46	268,574.46	100
TOTAL INVESTMENTS		268,574.46	268,574.46	100
CASH		268,574.46		
DUP FROM BROKER		0.00		
INF TO BROKER		0.00		
NET ASSETS		268,574.46		
TOTAL MARKET VALUE		268,574.46		

REGIONS BANK
 KIWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

Summary Of Earnings



ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

Page 3

INCOME EARNED		
INTEREST	74.77	
TOTAL RECEIPTS	74.77	
OTHER RECEIPTS	465,993.74	
TOTAL INCREASES IN FUND VALUE	464,000.51	
OTHER DISBURSEMENTS	340,554.10	
TOTAL DECREASES IN FUND VALUE	340,554.10	
NET CHANGE IN NET ASSET VALUE	117,514.41	



REGIONS BANK
 KR/W/C PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

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 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule of Transactions

DATE	DESCRIPTION	CASH	COST
01/01/2013	BEGINNING BALANCE		
01/02/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 01/01/2013 TAX EFFECTIVE 12/31/2012 CUSIP # 80934N872	9.09 ✓	151,050.95
01/02/2013	PURCHASED 1.09 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 01/02/2013 AT 1.00 CUSIP # 80934N872	1.09	1.09
01/22/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.J. CHECKING ACCT# 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109988001 MOUNTAIN WATER DISTRICT	32,913.02 ✓	0.00
01/22/2013	PURCHASED 32,913.02 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 01/22/2013 AT 1.00 CUSIP # 80934N872	32,913.02	32,913.02
02/01/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTL SVC SHS PAYABLE 01/31/2013 CUSIP # 80934N872	1.37 ✓	0.00
02/01/2013	TRANSFERRED TO ACCOUNT 2080014906 KY PROG: PALDEBT SERVICE PAYABLE 2/1/2013	74,005.02	
02/01/2013	SOLD 74,005.02 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 02/01/2013 AT 1.00 CUSIP # 80934N872	74,005.02	74,005.02
02/01/2013	PURCHASED 1.37 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 02/01/2013 AT 1.00 CUSIP # 80934N872	1.37	1.37

Interest 2012

No.

KRWPC BANK
 KRWPC PUBLIC PROJECTS REVENUE
 BONDS FLEXBLF TRM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
02/05/2013	TRANSFERRED TO ACCOUNT 2080014852 KY PROG ADM FEE ANNUAL TRUSTEE FEES DUE 2/2013	450.00 ✓	0.00
02/05/2013	TRANSFERRED TO ACCOUNT 2080014856 KY PROG P&I DEBT SERVICE PAYABLE 2/1/2013	9,580.28 ✓	0.00
02/05/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109988001 ANNUAL TRUSTEE FEES	450.00 ✓	0.00
02/05/2013	SOLD 6,580.28 SHS FEDERATED THEAS OBLIGS FD-INSTL SVC SHS ON 02/05/2013 AT 1.00 CUSIP # 60934N872	6,580.28	6,580.28
02/20/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK ACCT # 0109988001 MOUNTAIN WATER DISTRICT	32,913.02 ✓	0.00
02/20/2013	PURCHASED 32,913.02 SHS FEDERATED THEAS OBLIGS FD-INSTL SVC SHS ON 02/20/2013 AT 1.00 CUSIP # 60934N872	32,913.02	32,913.02
03/01/2013	DIVIDEND ON FEDERATED THEAS OBLIGS FD-INSTL SVC SHS PAYABLE 03/01/2013 TAX EFFECTIVE 02/28/2013 CUSIP # 60934N872	0.88	0.00
03/01/2013	PURCHASED 88 SHS FEDERATED THEAS OBLIGS FD-INSTL SVC SHS ON 03/01/2013 AT 1.00 CUSIP # 60934N872	0.88	0.88
03/20/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK ACCT # 0109988001 MOUNTAIN WATER DISTRICT	32,913.02 ✓	0.00



REGIONS BANK
 KRWFPC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

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 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
03/20/2013	PURCHASED 32,913.02 SHS FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS ON 03/20/2013 AT 1.00 CUSIP # 60934NB72	32,913.02	32,913.00
04/01/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS PAYABLE 04/01/2013 TAX EFFECTIVE 03/31/2013 CUSIP # 60934NB72	1.27	0.00
04/01/2013	PURCHASED 1.27 SHS FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS ON 04/01/2013 AT 1.00 CUSIP # 60934NB72	1.27	1.27
04/22/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 010998001 MOUNTAIN WATER DISTRICT	32,913.02	0.00
04/22/2013	PURCHASED 32,913.02 SHS FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS ON 04/22/2013 AT 1.00 CUSIP # 60934NB72	32,913.02	32,913.02
05/01/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS PAYABLE 05/01/2013 CUSIP # 60934NB72	1.47	0.00
05/01/2013	PURCHASED 1.47 SHS FEDERATED TREAS OBLIGS FD-INSTITL SVC SHS ON 05/01/2013 AT 1.00 CUSIP # 60934NB72	1.47	1.47
05/20/2013	RECEIVED FROM 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C# 010998001 MOUNTAIN WATER DISTRICT	32,913.02	0.00



NECHONS BANK
 KYWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

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 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
05/20/2013	PURCHASED 32,913.02 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 06/20/2013 AT 1.00 CUSIP # 60934N872	32,913.02	32,913.02
05/03/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTL SVC SHS PAYABLE 06/20/2013 CUSIP # 60934N872	1.82	9.00
05/03/2013	PURCHASED 1.82 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 06/20/2013 AT 1.00 CUSIP # 60934N872	1.82	1.82
05/20/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109888001 A/C# RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109888001 MOUNTAIN WATER DISTRICT	32,913.02	0.00
06/20/2013	PURCHASED 32,913.02 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 06/20/2013 AT 1.00 CUSIP # 60934N872	32,913.02	32,913.02
07/01/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTL SVC SHS PAYABLE 07/01/2013 CUSIP # 60934N872	2.03	0.00
07/01/2013	PURCHASED 2.03 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 07/01/2013 AT 1.00 CUSIP # 60934N872	2.03	2.03
07/22/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109888001 A/C# RECEIVED FROM COMMUNITY TRUST BANK A/C# 0109888001 MOUNTAIN WATER DISTRICT	41,344.27	0.00



REGIONS BANK
 KRWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

Statement Period
 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
07/22/2013	PURCHASED 44,344.27 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 07/22/2013 AT 1.00 CUSIP # 60934N872	44,344.27	44,344.27
07/31/2013	TRANSFERRED TO ACCOUNT 2080014852 KY PROG P&I DEBT SERVICE PAYABLE 8/1/2013	257,709.38	0.00
07/31/2013	SOLD 257,709.38 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 07/31/2013 AT 1.00 CUSIP # 60934N872	257,709.38	257,709.38
08/01/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD-INSTL SVC SHS PAYABLE 08/01/2013 CUSIP # 60934N872	2.33	0.00
08/01/2013	PURCHASED 2.33 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 08/01/2013 AT 1.00 CUSIP # 60934N872	2.33	2.33
08/02/2013	TRANSFERRED TO ACCOUNT 2080014852 KY PROG ADM FEE ANNUAL TRUSTEE FEE DUE 8/2013	7,768.75	0.00
08/02/2013	SOLD 7,768.75 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 08/02/2013 AT 1.00 CUSIP # 60934N872	7,768.75	7,768.75
08/14/2013	SOLD 46,776.95 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 08/14/2013 AT 1.00 CUSIP # 60934N872	46,776.95	46,776.95
08/14/2013	SOLD 13.65 SHS FEDERATED TREAS OBLIGS FD-INSTL SVC SHS ON 08/14/2013 AT 1.00 CUSIP # 60934N872	13.65	13.65



KRWTC PUBLIC PROJECTS REVENUE
BONDS FLEXIBLE TERM PROGRAM
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(MOUNTAIN WATER DIST. REVENUE)



ACCOUNT STATEMENT

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Chronological Schedule Of Transactions

08/01/2013 through 12/31/2013

DATE	DESCRIPTION	CASH	COST
08/14/2013	PURCHASE 46,776.95 SHS REGIONS TRUST CASH SWEEP I/O N 08/14/2013 AT 1.00 CUSIP # 999990112	46,776.95	46,776.95
08/14/2013	PURCHASED 13.65 SHS REGIONS TRUST CASH SWEEP I/O N 08/14/2013 AT 1.00 CUSIP # 999990112	13.65	13.65
08/20/2013	RECEIVED FROM COMMUNITY TRUST BANK N.A. CHECKING ACCT # 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C # 010998001 MOUNTAIN WATER DISTRICT	44,344.27	0.00
08/20/2013	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP I/O N 08/20/2013 AT 1.00 CUSIP # 999990112	44,344.27	44,344.27
09/03/2013	DIVIDEND ON FEDERATED TREAS OBLIGS FD INSTL SVC SHS PAYABLE 09/03/2013 CUSIP # 60034N072	0.17	0.00
09/03/2013	INTEREST ON REGIONS TRUST CASH SWEEP I/O PAYABLE 09/03/2013 CUSIP # 999990112	5.05	0.00
09/03/2013	PURCHASED 5.82 SHS REGIONS TRUST CASH SWEEP I/O N 09/03/2013 AT 1.00 CUSIP # 999990112	5.82	5.82
09/26/2013	RECEIVED FROM COMMUNITY TRUST BANK N.A. CHECKING ACCT # 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C # 010998001 MOUNTAIN WATER DISTRICT	44,344.27	0.00



ACCOUNT STATEMENT

REGIONS BANK
 KRWFPC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012 E
 (MOUNTAIN WATER DIST. REVENUE)

Statement Period
 Account Number

01/01/2013 through 12/31/2013

Chronological Schedule Of Transactions

DATE	DESCRIPTION	CASH	COST
09/20/2013	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP II ON 09/20/2013 AT 1.00 CUSIP # 999990112	44,344.27	44,344.27
10/01/2013	INTEREST ON REGIONS TRUST CASH SWEEP II PAYABLE 10/01/2013 CUSIP # 999990112	13.24 ✓	0.00
10/01/2013	SOLD 19.47 SHS REGIONS TRUST CASH SWEEP II ON 10/01/2013 AT 1.00 CUSIP # 999990112	19.47	19.47
10/01/2013	SOLD 135,465.49 SHS REGIONS TRUST CASH SWEEP II ON 10/01/2013 AT 1.00 CUSIP # 999990112	135,465.49	135,465.49
10/01/2013	PURCHASED 135,465.49 SHS REGIONS TRUST CASH SWEEP III ON 10/01/2013 AT 1.00 CUSIP # 999990302	135,465.49	135,465.49
10/01/2013	PURCHASED 32.71 SHS REGIONS TRUST CASH SWEEP III ON 10/01/2013 AT 1.00 CUSIP # 999990302	32.71	32.71
10/21/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT # 0109988001 ACH RECEIVED FROM COMMUNITY TRUST BANK A/C # 0109988001 MOUNTAIN WATER DISTRICT	44,344.27 T ✓	0.00
10/21/2013	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 10/21/2013 AT 1.00 CUSIP # 999990302	44,344.27	44,344.27
11/01/2013	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 11/01/2013 CUSIP # 999990302	19.27 ✓	0.00

REGIONS BANK
 KRWTC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
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 (MOUNTAIN WATER DIST. REVENUE)

Chronological Schedule Of Transactions

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 Account Number

01/01/2013 through 12/31/2013

DATE	DESCRIPTION	CASH	COST
11/01/2013	PURCHASED 1927 SHS REGIONS TRUST CASH SWEEP III ON 11/01/2013 AT 1.00 CUSIP # 099990302	19.27	19.27
11/20/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK ACCT# 010998001 MOUNTAIN WATER DISTRICT	44,344.27	0.00
11/20/2013	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 11/20/2013 AT 1.00 CUSIP # 099990302	44,344.27	44,344.27
12/02/2013	INTEREST ON REGIONS TRUST CASH SWEEP III PAYABLE 12/01/2013 CUSIP # 099990302	24.18	0.00
12/02/2013	PURCHASED 24.18 SHS REGIONS TRUST CASH SWEEP III ON 12/02/2013 AT 1.00 CUSIP # 099990302	24.18	24.18
12/20/2013	RECEIVED FROM COMMUNITY TRUST BANK, N.A. CHECKING ACCT# 010998001 ACH RECEIVED FROM COMMUNITY TRUST BANK ACCT# 010998001 MOUNTAIN WATER DISTRICT	44,344.27	0.00
12/20/2013	PURCHASED 44,344.27 SHS REGIONS TRUST CASH SWEEP III ON 12/20/2013 AT 1.00 CUSIP # 099990302	44,344.27	44,344.27
12/31/2013	BALANCE FWD	0.00	44,344.27



REGIONS BANK
 KRWFC PUBLIC PROJECTS REVENUE
 BONDS FLEXIBLE TERM PROGRAM
 SERIES 2012.E
 (MOUNTAIN WATER DIST. REVENUE)

ACCOUNT STATEMENT

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01/01/2013 through 12/31/2013
 [REDACTED]

IMPORTANT INFORMATION FOR REGIONS CORPORATE TRUST CUSTOMERS:

INVESTMENT AND INSURANCE PRODUCTS ARE NOT FDIC INSURED, ARE NOT A DEPOSIT, ARE NOT BANK GUARANTEED, ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY, AND MAY GO DOWN IN VALUE.

FOR MORE DETAILED INFORMATION REGARDING FEES, PLEASE CONSULT THE FUND PROSPECTUS OR CONTACT YOUR ADMINISTRATOR.

IMPORTANT DISCLOSURE INFORMATION FOR ALL FLORIDA ACCOUNTS:

AN ACTION FOR BREACH OF TRUST BASED ON MATTERS DISCLOSED IN A TRUST ACCOUNTING OR OTHER WRITTEN REPORT OF THE TRUSTEE MAY BE SUBJECT TO A SIX MONTH STATUTE OF LIMITATIONS FROM THE RECEIPT OF THE TRUST ACCOUNTING OR OTHER WRITTEN REPORT. IF YOU HAVE QUESTIONS, PLEASE CONSULT YOUR ATTORNEY.



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Jeff Reed

From: Kevin Lowe [kevin@umgllc.net]
Sent: Wednesday, August 20, 2014 3:29 PM
To: jreed@setel.com
Subject: Bank Recs

Jeff,

FYI, Mike had Carrie print a trial balance for June 2013 and 2014 and had me verify the balances from the trail balance and my bank recs matched instead of sending all the bank recs to you.

Kevin Lowe
Office Manager
Utility Management Group
Mountain Water District Division

MWD
ACCTS RECEIVABLE (WATER & SEWER)
6/30/2014

	CURRENT	31-60	61-90	OVER 90	CUSTOMER (OVERPAYMENT)	TOTALS
LINE AGING	384,985.08	19,557.96	14,033.38	126,712.77	(60,183.51)	485,105.68
PRORATA ADJUSTMENT	244,474.51					244,474.51
CYCLES NOT ON A/R	-					-
TOTALS	629,459.59	19,557.96	14,033.38	126,712.77	(60,183.51)	729,580.19

Less:

Sewer <74,657.06>

Water 654,923.13

Sewer AIR

$\frac{\text{Total AIR}}{\text{JUNE Billing}} \times \text{JUNE Sewer Billing}$

$\frac{729,580.19}{788,357.89} \times 80,671.71 = \underline{\underline{74,657.06}}$

Customer Billing
June 2014

Description		6/11/2014	6/16/2014	6/20/2014	6/25/2014	7/3/2014	6/11/2014	6/16/2014	6/16/2014	6/20/2014	6/30/2014	TOTALS
		SV Cycle 1	M Cycle 2	PC Cycle 3	GV Cycle 4	BC Cycle 5	SV Cycle 6	M Cycle 7	M Cycle 8	PC Cycle 9	GV Cycle 10	
Residential Water	4611-00	132,618.47	69,185.30	68,923.46	76,259.80	64,317.03	13,340.39	23,282.28	30,121.32	15,421.58	71,420.55	564,890.18
Commercial Water	4612-00	14,535.90	8,134.75	8,836.45	5,909.24	2,709.06	1,893.47	580.85	1,942.69	24.30	5,078.22	49,644.93
Industrial Water	4613-00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,485.44	4,485.44
Multi User Water	4615-00	8,468.18	1,068.55	2,996.58	1,057.66	5,207.21	322.86	980.18	889.16	386.99	1,417.06	22,794.43
Other Water	4614-00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Public Authority Water	4614-00	5,764.59	782.14	2,652.96	2,760.05	982.13	370.21	40.04	1,185.91	791.56	3,996.30	19,325.89
School Tax	2423-00	4,839.66	2,372.88	2,523.85	2,578.11	2,194.33	477.77	746.44	1,023.89	505.77	2,589.71	19,852.41
Sales Tax	2423-00	1,498.39	528.34	1,148.94	397.57	428.20	120.66	68.61	155.22	76.83	640.45	5,063.21
Residential Sewer	5211-17	18,431.32	0.00	10,113.79	948.72	2,764.18	1,132.82	0.00	204.50	6,888.15	21,085.53	61,569.01
Commercial Sewer	5212-17	6,352.40	0.00	8,508.35	14.00	286.32	14.00	0.00	0.00	1,197.00	2,730.63	19,102.70
Fire Hydrant	4621-00	50.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Mall Charge	2421-00	0.00	0.00	709.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	709.99
Invoice Billing	4718-00	0.00	0.00	0.00	0.00	20,819.70	7,766.54	0.00	0.00	0.00	0.00	28,586.24
Total Taxes and other Charges	1411-00	6,388.05	2,901.22	4,382.78	3,025.68	2,622.53	598.43	815.05	1,179.11	582.60	3,230.16	25,725.61
Sewer Total	1427-17	24,783.72	0.00	18,622.14	962.72	3,050.50	1,146.82	0.00	204.50	8,085.15	23,816.16	80,671.71
Total not including Invoice Billings		192,558.91	82,071.96	106,414.37	89,975.15	99,708.16	17,672.18	25,698.40	35,522.69	25,292.18	113,443.89	788,357.89
Invoice Totals	1418-00	0.00	0.00	0.00	0.00	0.00	7,766.54	0.00	0.00	0.00	0.00	7,766.54
Total Billing		192,558.91	82,071.96	106,414.37	89,975.15	99,708.16	25,438.72	25,698.40	35,522.69	25,292.18	113,443.89	796,124.43
Total Adjustments												
Total After Adj.												

Customer Billing
July 2014

Description	7/11/2014	7/16/2014	7/21/2014	7/25/2014	8/4/2014	7/11/2014	7/16/2014	7/16/2014	7/21/2014	7/30/2014	TOTALS	
	SV Cycle 1	M Cycle 2	PC Cycle 3	GV Cycle 4	BC Cycle 5	SV Cycle 6	M Cycle 7	M Cycle 8	PC Cycle 9	GV Cycle 10		
Residential Water	4611-00	129,038.61	64,600.86	68,555.95	81,712.14	58,013.14	14,621.40	23,507.57	30,275.19	14,378.58	78,750.90	563,454.34
Commercial Water	4612-00	14,904.07	6,667.78	8,507.54	5,338.39	2,783.83	2,050.01	357.92	2,026.74	27.87	5,345.56	48,009.71
Industrial Water	4613-00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,609.84	4,609.84
Multi User Water	4615-00	9,439.45	1,076.98	2,587.50	976.94	5,515.39	458.71	1,556.65	959.48	380.80	1,592.82	24,544.72
Other Water	4614-00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Authority Water	4614-00	4,398.31	653.52	2,530.19	3,773.58	1,078.87	150.02	40.04	621.32	673.44	5,645.00	19,564.29
School Tax	2423-00	4,729.20	2,188.49	2,486.78	2,752.51	2,020.54	518.32	763.82	1,015.71	474.59	2,875.35	19,825.31
Sales Tax	2423-00	1,594.45	444.25	1,061.52	358.22	445.29	133.57	68.97	160.05	80.81	663.88	5,011.01
Residential Sewer	5211-17	17,734.77	0.00	12,204.82	1,019.97	2,694.75	1,264.29	0.00	219.08	6,296.75	21,988.55	63,422.98
Commercial Sewer	5212-17	7,230.31	0.00	7,521.43	14.00	294.90	14.00	0.00	0.00	1,263.00	2,960.68	19,298.32
Fire Hydrant	4621-00	50.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Mall Charge	2421-00	0.00	0.00	709.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	709.99
Invoice Billing	4718-00	0.00	0.00	0.00	0.00	18,642.60	9,751.25	0.00	0.00	0.00	0.00	28,393.85
Total Taxes and other Charges	1411-00	6,373.65	2,632.74	4,258.29	3,160.73	2,465.83	651.89	832.79	1,175.76	555.40	3,539.23	25,646.31
Sewer Total	1427-17	24,965.08	0.00	19,726.25	1,033.97	2,989.65	1,278.29	0.00	219.08	7,559.75	24,949.23	82,721.30
Total not including Invoice Billings		189,119.17	75,631.88	106,165.72	95,995.75	91,489.31	19,210.32	26,294.97	35,277.57	23,575.84	124,432.58	787,193.11
Invoice Totals	1418-00	0.00	0.00	0.00	0.00	0.00	9,751.25	0.00	0.00	0.00	0.00	9,751.25
Total Billing		189,119.17	75,631.88	106,165.72	95,995.75	91,489.31	28,961.57	26,294.97	35,277.57	23,575.84	124,432.58	796,944.36
Total Adjustments												
Total After Adj.												

Mountain Water District Aging Report

Service Type All
Cycle (All)
Beginning Account All Accounts
Ending Account
Aging Report Options Detail Summary Totals Only
Include Service Detail
Breakdown Route/Report Totals
Aging Amounts To Include All Charges/Arrears All Arrears Arrears > 1 Period Arrears > 2 Periods
Service Status to Include Active Inactive Bad Debt Pending
Sort Order Account Number Name Within Route Straight Name Without Route Totals
Run Report For Historical Aging **Historical Cutoff Date** 06/30/2014 11:59:59 PM
Print Budget Amount

Service	Cyc	Last Pmt	Current	Period 1	Period 2	Period 3	Balance	Unapplied Cash
0104-00102-001 Hobert Johnson	1	05/06/14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$22.58)
0104-00381-005 GARRIA SMITH	1	06/11/14	\$82.41	\$0.00	\$0.00	\$0.00	\$82.41	\$0.00
0104-00590-002 JUDY MYERS	1	06/03/14	\$41.37	\$0.00	\$0.00	\$0.00	\$41.37	\$0.00
0104-00801-004 ALLEN & DELORI	1	06/03/14	\$54.17	\$0.00	\$0.00	\$0.00	\$54.17	\$0.00
0104-01201-006 JOSEPH TACKET	1	06/18/14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$25.51)
0104-01301-002 RHONDA ROBER	1	06/10/14	\$21.82	\$0.00	\$0.00	\$0.00	\$21.82	\$0.00
0104-01501-002 BUTLER ADKINS	1	08/19/14	\$45.99	\$0.00	\$0.00	\$0.00	\$45.99	\$0.00
0104-01701-002 RHONDA (14) AC	1	02/18/14	\$0.00	\$20.29	\$251.66	\$280.94	\$532.89	\$0.00
0104-01801-001 Jayson Bryant	1	06/23/14	\$0.03	\$0.00	\$0.00	\$0.00	\$0.03	\$0.00
0104-01902-005 ERNIE OR TERES	1	05/28/14	\$74.02	\$7.11	\$0.00	\$0.00	\$81.13	\$0.00
0104-02001-002 JUSTIN SULLIVAN	1	06/09/14	\$50.48	\$5.83	\$0.00	\$0.00	\$56.31	\$0.00
0104-02375-002 STEPHANIE & DE	1	06/10/14	\$57.10	\$0.00	\$0.00	\$0.00	\$57.10	\$0.00
0104-02401-001 Gregory Compton	1	06/03/14	\$36.87	\$0.00	\$0.00	\$0.00	\$36.87	\$0.00
0104-02601-003 Myrtle Damron	1	06/04/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-02701-002 RHONDA ROBER	1	06/10/14	\$133.37	\$137.31	\$0.00	\$0.00	\$270.68	(\$137.31)
0104-02951-002 JAMES *** BARTL	1	06/13/14	\$59.21	\$0.00	\$0.00	\$0.00	\$59.21	\$0.00
0104-03101-001 Carol Mullins	1	06/05/14	\$76.13	\$0.00	\$0.00	\$0.00	\$76.13	\$0.00
0104-03201-002 EDWARD MEADC	1	06/02/14	\$54.05	\$0.00	\$0.00	\$0.00	\$54.05	\$0.00
0104-03301-001 Ernie Robinette	1	05/28/14	\$59.25	\$2.77	\$0.00	\$0.00	\$62.02	\$0.00
0104-03501-001 Geraldene Robine	1	05/28/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-03702-011 BRADIE BEGLEY	1	06/02/14	\$53.65	\$0.00	\$0.00	\$0.00	\$53.65	\$0.00
0104-03802-005 Janice ***(13) Isaa	1	09/04/13	\$0.00	\$0.00	\$0.00	\$479.23	\$479.23	\$0.00
0104-03902-011 BECKIE RATLIFF	1	05/16/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-04001-002 VIOLET BONN	1	05/22/14	\$78.11	\$0.00	\$0.00	\$0.00	\$78.11	\$0.00
0104-04435-002 TAMMY & KERNIE	1	06/03/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-04551-001 Chipper McPeek	1	05/28/14	\$69.53	\$0.00	\$0.00	\$0.00	\$69.53	\$0.00
0104-04601-001 Brian Tackett	1	06/12/14	\$51.01	\$0.00	\$0.00	\$0.00	\$51.01	\$0.00
0104-05002-006 MARY MEEKS	1	06/02/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-05101-006 TERESA TOOMAS	1	06/10/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-05203-002 Roosevelt Blair	1	06/24/14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5.11)
0104-05250-001 JIMMY WRIGHT	1	06/02/14	\$45.20	\$0.00	\$0.00	\$0.00	\$45.20	\$0.00
0104-05301-002 JEANIE BARTLEY	1	06/23/14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.96)
0104-05315-002 Virgie Christian Mi	1	05/30/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-05601-003 VIRGIE ALLIANCE	1	05/30/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-05701-001 Kenneth Tackett	1	06/02/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-05801-003 JUSTIN (13) SMAI	1	11/19/13	\$0.00	\$0.00	\$0.00	\$240.98	\$240.98	\$0.00
0104-05902-004 Traci Caudill	1	06/20/14	\$82.09	\$8.00	\$0.00	\$0.00	\$90.09	\$0.00
0104-06001-001 HAROLD DYE	1	06/03/14	\$34.62	\$0.00	\$0.00	\$0.00	\$34.62	\$0.00
0104-06201-004 GREG STEWART	1	06/03/14	\$63.17	\$0.00	\$0.00	\$0.00	\$63.17	\$0.00
0104-06301-005 MIRANDA *** (14)	1	12/13/13	\$0.00	\$0.00	\$0.00	\$135.72	\$135.72	\$0.00

Service	Cyc	Last Pmt	Current	Period 1	Period 2	Period 3	Balance	Unapplied Cash
SEWER			\$190.96	\$0.00	\$0.00	\$0.00	\$190.96	\$0.00
Customer Unapp Cash			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$119.08)
			\$507.47	\$0.00	\$0.00	\$0.00	\$507.47	(\$119.08)
			NetBalance:					\$388.39
			Total Customers:					13

Report Totals

WATER			\$332,454.69	\$15,016.62	\$9,088.22	\$55,855.82	\$412,415.35	(\$3,280.39)
SEWER			\$47,622.34	\$3,672.50	\$4,229.90	\$67,081.47	\$122,608.21	(\$426.98)
MALL CH			\$731.26	\$17.54	\$0.00	\$46.50	\$795.30	\$0.00
FIRE HY			\$38.63	\$0.00	\$0.00	\$0.00	\$38.63	\$0.00
Service Charge			\$0.86	\$22.80	\$0.00	\$0.00	\$23.66	\$0.00
Installment Billing			\$4,137.30	\$828.50	\$715.26	\$3,728.98	\$9,410.04	\$0.00
Customer Unapp Cash			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$56,476.14)
			\$384,985.08	\$19,557.96	\$14,033.38	\$126,712.77	\$545,289.19	(\$60,183.51)
			NetBalance:					\$485,105.68
			Total Customers:					10,146

**Mountain Water District
Unpaid Invoices 2014**

Date Invoiced	Invoice Number	Name	Amount	Date Payment Received	Date of Second Notice	Date of Third Notice	Payment Request Letter	Legal Action	Comments
	111721	Ky Dept. of Transportation	\$311.44						
	111679	Pike Co. Fiscal Court	\$476.03						
	112210	Pike Co. Fiscal Court	\$163.36						
	112957	Pike County Fiscal Court	\$ 203.37						
	113167	Curtis & Colleen Moore	\$ 783.01						
	115255	Pike Co. Fiscal Court	\$ 138.98						
	115704	Ky. Dept. of Transportation	\$ 1,999.47						
	117154	Ky Dept. of Transportation	\$ 224.44						
	116891	Pike Co. Fiscal Court	\$ 490.97						
	119856	Ky Dept. of Transportation	\$ 140.87						
	119480	AMEC	\$ 5,796.25						
			\$10,728.19						

MOUNTAIN WATER DISTRICT
P. O. Box 3157
Pikeville KY 41502

Date: 2-Jul-14

Invoice Number

2014-12

UMG, LLC
158 Town Mountain Road
Suite 101
Pikeville, KY 41501

RE: Amount due per Contract effective January 1, 2011

For the Period: June 16 - 30

Repair and Maintenance Invoices	\$ 47,034.09
Capital Items Heat Pump for Office	
Utilities Invoices	56,332.65
Total Amount Due	<u>\$ 103,366.74</u>

AP Agency
Mgt Fee

103 366.74
322 219.83

425 586.57

425 586.57
421 215.83

GL

4370.74

DIFF

DIFF IS NOT material & most likely due to some of those Bills being paid prior to 6/30/14

Mountain Water District
 PO Box 3157, Pikeville, KY 41502-3157

Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt	
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>	
Vendor ID / Name:		AEP100	American Electric Power						
06/16/14	07/16/14	03022781201JU14	AEP100	American Electric Powe	48.38	06/30/14	0.00	48.38	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Broadhead Holw.							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			48.38		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			48.38		0.00	48.38	
06/16/14	07/16/14	03115372207JU14	AEP100	American Electric Powe	89.47	06/30/14	0.00	89.47	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Collins Ls							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			89.47		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			89.47		0.00	89.47	
06/16/14	07/16/14	03125834303JU14	AEP100	American Electric Powe	102.25	06/30/14	0.00	102.25	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Mall Rd.							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			102.25		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			102.25		0.00	102.25	
06/16/14	07/16/14	03137392407JU14	AEP100	American Electric Powe	101.41	06/30/14	0.00	101.41	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Aflex of Burnwell							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			101.41		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			101.41		0.00	101.41	
06/16/14	07/16/14	03300665100JU14	AEP100	American Electric Powe	100.59	06/30/14	0.00	100.59	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Little Creek							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			100.59		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			100.59		0.00	100.59	
06/16/14	07/16/14	03541127209JU14	AEP100	American Electric Powe	16.06	06/30/14	0.00	16.06	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Taylor Hts							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			16.06		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			16.06		0.00	16.06	
06/16/14	07/16/14	03544652500JU14	AEP100	American Electric Powe	22.75	06/30/14	0.00	22.75	
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State	PO #:				
A/P Acct #: 2000.00		Memo to Payee: Deadening Fork							
<u>Distributions:</u> 6200.08		Electric Expense		1099:			22.75		
06/30/14	1527	R & M REIMBURSEMENT ACCT.			22.75		0.00	22.75	
06/17/14	07/17/14	03049559903JU14	AEP100	American Electric Powe	139.56	06/30/14	0.00	139.56	

Mountain Water District
 PO Box 3157, Pikeville, KY 41502-3157

Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Penny Rd Lift St.						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			139.56	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		139.56		0.00	139.56
06/17/14	07/17/14	03134533201JU14	AEP100	American Electric Powe	84.98	06/30/14	0.00	84.98
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Robinson Creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			84.98	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		84.98		0.00	84.98
06/17/14	07/17/14	03297042800JU14	AEP100	American Electric Powe	50.52	06/30/14	0.00	50.52
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Ky Hwy. 610W						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			50.52	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		50.52		0.00	50.52
06/17/14	07/17/14	03326624800JU14	AEP100	American Electric Powe	32.29	06/30/14	0.00	32.29
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: 425 Sunny Fork						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			32.29	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		32.29		0.00	32.29
06/17/14	07/17/14	03355694708JU14	AEP100	American Electric Powe	55.19	06/30/14	0.00	55.19
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Little fork of Little Robinson						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			55.19	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		55.19		0.00	55.19
06/17/14	07/17/14	03973604105JU14	AEP100	American Electric Powe	105.02	06/30/14	0.00	105.02
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: GW Newsome						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			105.02	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		105.02		0.00	105.02
06/18/14	07/18/14	03300042102JU14	AEP100	American Electric Powe	21.63	06/30/14	0.00	21.63
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Cabin Fork						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			21.63	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		21.63		0.00	21.63
06/18/14	07/18/14	03350421404JU14	AEP100	American Electric Powe	49.34	06/30/14	0.00	49.34
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Elswick Br.						

Mountain Water District
 PO Box 3157, Pikeville, KY 41502-3157

Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date Pmt Date	Due Date Pmt Reference	Payable Number	Vendor ID Source Credit	Vendor Name	Net Balance Amt Paid	Disc Date	Disc Offered Disc Taken	Gross Amt Total Paid
<u>Distributions:</u>		6200.08	Electric Expense		1099:		49.34	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		49.34		0.00	49.34
06/18/14	07/18/14	03411823309JU14	AEP100	American Electric Powe	24.92	06/30/14	0.00	24.92
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Big Shelby BPS						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		24.92	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		24.92		0.00	24.92
06/18/14	07/18/14	03510998432JU14	AEP100	American Electric Powe	657.18	06/30/14	0.00	657.18
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Cons. Billing for June 2014						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		657.18	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		657.18		0.00	657.18
06/18/14	07/18/14	03782640100JU14	AEP100	American Electric Powe	19.73	06/30/14	0.00	19.73
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Dorton Creek BPS						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		19.73	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		19.73		0.00	19.73
06/19/14	07/19/14	03156041125JU14	AEP100	American Electric Powe	428.71	06/30/14	0.00	428.71
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Daniels Br.						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		428.71	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		428.71		0.00	428.71
06/19/14	07/19/14	03170191104JU14	AEP100	American Electric Powe	2,191.11	06/30/14	0.00	2,191.11
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Lower Pompey Rd.						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		2,191.11	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		2,191.11		0.00	2,191.11
06/19/14	07/19/14	03395887403JU14	AEP100	American Electric Powe	34.71	06/30/14	0.00	34.71
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Jenkins bps						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		34.71	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		34.71		0.00	34.71
06/20/14	07/20/14	03111091405JU14	AEP100	American Electric Powe	186.84	06/30/14	0.00	186.84
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: poor btm						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		186.84	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		186.84		0.00	186.84

Mountain Water District
 PO Box 3157, Pikeville, KY 41502-3157

Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
Pmt Date	Pmt Reference	Source Credit			Amt Paid		Disc Taken	Total Paid
06/20/14	07/20/14	03252039403JU14	AEP100	American Electric Powe	15.74	06/30/14	0.00	15.74
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: left fork rockhouse creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			15.74	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			15.74		0.00	15.74
06/20/14	07/20/14	03311410900JU14	AEP100	American Electric Powe	20,089.60	06/30/14	0.00	20,089.60
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: 43 Harless Creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			20,089.60	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			20,089.60		0.00	20,089.60
06/20/14	07/20/14	03318345307JU14	AEP100	American Electric Powe	4,096.98	06/30/14	0.00	4,096.98
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: 43 Harless Creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			4,096.98	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			4,096.98		0.00	4,096.98
06/20/14	07/20/14	03329679207JU14	AEP100	American Electric Powe	15.90	06/30/14	0.00	15.90
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Jimmies Creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			15.90	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			15.90		0.00	15.90
06/20/14	07/20/14	03682715804ju14	AEP100	American Electric Powe	27.78	06/30/14	0.00	27.78
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Honey Fork						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			27.78	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			27.78		0.00	27.78
06/20/14	07/20/14	0369486100JU14	AEP100	American Electric Powe	5,408.92	06/30/14	0.00	5,408.92
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Consolidated for June						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			5,408.92	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			5,408.92		0.00	5,408.92
06/20/14	07/20/14	03695786206JU14	AEP100	American Electric Powe	48.51	06/30/14	0.00	48.51
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: dry fork bps						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			48.51	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			48.51		0.00	48.51
06/20/14	07/20/14	03842629200JU14	AEP100	American Electric Powe	59.89	06/30/14	0.00	59.89
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Harless Creek						

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Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
<u>Distributions:</u>		6200.08	Electric Expense		1099:		59.89	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		59.89		0.00	59.89
06/20/14	07/20/14	03883154001JU14	AEP100	American Electric Powe	18.41	06/30/14	0.00	18.41
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Jimnies Creek						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		18.41	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		18.41		0.00	18.41
06/23/14	07/23/14	02426307514JU14	AEP100	American Electric Powe	9.70	06/30/14.	0.00	9.70
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: HatfieldBtim						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		9.70	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		9.70		0.00	9.70
06/23/14	07/23/14	03114937208JU14	AEP100	American Electric Powe	4,214.27	06/30/14	0.00	4,214.27
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PQ #:		
A/P Acct #: 2000.00		Memo to Payee: Blair Adkins St						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		4,214.27	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		4,214.27		0.00	4,214.27
06/23/14	07/23/14	03862076233JU14	AEP100	American Electric Powe	41.64	06/30/14	0.00	41.64
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: 351 River Rd.						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		41.64	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		41.64		0.00	41.64
06/24/14	07/24/14	03060437807JU14	AEP100	American Electric Powe	174.48	06/30/14	0.00	174.48
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: anderson br.						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		174.48	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		174.48		0.00	174.48
06/24/14	07/24/14	03255032207JU14	AEP100	American Electric Powe	15.76	06/30/14	0.00	15.76
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Elkhorn unit						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		15.76	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		15.76		0.00	15.76
06/24/14	07/24/14	03709717700JU14	AEP100	American Electric Powe	102.06	06/30/14	0.00	102.06
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: keetlecamp bps						
<u>Distributions:</u>		6200.08	Electric Expense		1099:		102.06	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		102.06		0.00	102.06

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Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

<u>Pbl Date</u>	<u>Due Date</u>	<u>Payable Number</u>	<u>Vendor ID</u>	<u>Vendor Name</u>	<u>Net Balance</u>	<u>Disc Date</u>	<u>Disc Offered</u>	<u>Gross Amt</u>
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
06/25/14	07/25/14	03032774204JU14	AEP100	American Electric Powe	27.78	06/30/14	0.00	27.78
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: Adams br.						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			27.78	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			27.78		0.00	27.78
06/25/14	07/25/14	03035005705JU14	AEP100	American Electric Powe	66.07	06/30/14	0.00	66.07
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: ridelline rd						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			66.07	
07/14/14	1559	R & M REIMBURSEMENT ACCT.			66.07		0.00	66.07
06/25/14	07/25/14	03111652602JU14	AEP100	American Electric Powe	104.39	06/30/14	0.00	104.39
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: joes creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			104.39	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			104.39		0.00	104.39
06/25/14	07/25/14	03257214407JU14	AEP100	American Electric Powe	16.90	06/30/14	0.00	16.90
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: left fork of joes creek						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			16.90	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			16.90		0.00	16.90
06/25/14	07/25/14	03277429100JU14	AEP100	American Electric Powe	24.10	06/30/14	0.00	24.10
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: Smith fork						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			24.10	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			24.10		0.00	24.10
06/25/14	07/25/14	03440712606JU14	AEP100	American Electric Powe	56.63	06/30/14	0.00	56.63
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: ridge line						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			56.63	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			56.63		0.00	56.63
06/25/14	07/25/14	03478873601JU14	AEP100	American Electric Powe	36.27	06/30/14	0.00	36.27
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: joes creek bps						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			36.27	
07/31/14	1562	R & M REIMBURSEMENT ACCT.			36.27		0.00	36.27
06/25/14	07/25/14	03565580200JU14	AEP100	American Electric Powe	175.01	06/30/14	0.00	175.01
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: Raccon Rd.						

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Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

<u>Pbl Date</u>	<u>Due Date</u>	<u>Payable Number</u>	<u>Vendor ID</u>	<u>Vendor Name</u>	<u>Net Balance</u>	<u>Disc Date</u>	<u>Disc Offered</u>	<u>Gross Amt</u>
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
<u>Distributions:</u> 6200.08		Electric Expense			1099:		175.01	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		175.01		0.00	175.01
06/25/14	07/25/14	03598738502JU14	AEP100	American Electric Powe	286.82	06/30/14	0.00	286.82
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	Grassy 1bps					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		286.82	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		286.82		0.00	286.82
06/25/14	07/25/14	03704794308JU14	AEP100	American Electric Powe	30.95	06/30/14	0.00	30.95
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	scott fork bps					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		30.95	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		30.95		0.00	30.95
06/25/14	07/25/14	03708003565JU14	AEP100	American Electric Powe	491.74	06/30/14	0.00	491.74
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	Office/downstairs					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		491.74	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		491.74		0.00	491.74
06/25/14	07/25/14	03798388017JU14	AEP100	American Electric Powe	94.42	06/30/14	0.00	94.42
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	dry br.					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		94.42	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		94.42		0.00	94.42
06/25/14	07/25/14	03879051005JU14	AEP100	American Electric Powe	113.08	06/30/14	0.00	113.08
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	Winns br.					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		113.08	
07/14/14	1559		R & M REIMBURSEMENT ACCT.		113.08		0.00	113.08
06/25/14	07/25/14	0390143502JU14	AEP100	American Electric Powe	17.60	06/30/14	0.00	17.60
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	Ridgeline tank					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		17.60	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		17.60		0.00	17.60
06/25/14	07/25/14	03961884214JU14	AEP100	American Electric Powe	16.75	06/30/14	0.00	16.75
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee:	dry br. tank					
<u>Distributions:</u> 6200.08		Electric Expense			1099:		16.75	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		16.75		0.00	16.75

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Payable/Payment List

From 06/15/14 To 06/30/14 - As of AP Date 06/30/14
 By Vendor ID

Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
06/26/14	07/26/14	03198561007JU14	AEP100	American Electric Powe	14,166.35	06/30/14	0.00	14,166.35
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: cons. biilling						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			14,166.35	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		14,166.35		0.00	14,166.35
06/26/14	07/26/14	03406562904JU14	AEP100	American Electric Powe	165.46	06/30/14	0.00	165.46
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: Hurricane BPS						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			165.46	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		165.46		0.00	165.46
06/26/14	07/26/14	03542522408JU14	AEP100	American Electric Powe	196.16	06/30/14	0.00	196.16
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: calan br.						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			196.16	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		196.16		0.00	196.16
06/27/14	07/27/14	03202291500JU14	AEP100	American Electric Powe	984.94	06/30/14	0.00	984.94
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee: State Hwy. 194E						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			984.94	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		984.94		0.00	984.94
06/27/14	07/27/14	03565547209JU14	AEP100	American Electric Powe	358.95	06/30/14	0.00	358.95
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: In-State		PO #:	
A/P Acct #: 2000.00		Memo to Payee:						
<u>Distributions:</u> 6200.08		Electric Expense		1099:			358.95	
07/31/14	1562		R & M REIMBURSEMENT ACCT.		358.95		0.00	358.95
Total for vendor AEP100:					56,332.65		0.00	56,332.65
Vendor ID / Name: BAR100		Bartley Hardware, Inc.						
06/17/14	07/17/14	061714	BAR100	Bartley Hardware, Inc.	37.98	06/30/14	0.00	37.98
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: Local		PO #: 4842	
A/P Acct #: 2000.00		Memo to Payee: grass seed						
<u>Distributions:</u> 7006.06		General R & M		1099:			37.98	
06/30/14	1528		R & M REIMBURSEMENT ACCT.		37.98		0.00	37.98
06/20/14	07/20/14	4850	BAR100	Bartley Hardware, Inc.	19.67	06/30/14	0.00	19.67
Disc Terms: net30		Non-Disc Amt:		0.00	Sort Code: Local		PO #: 4850	
A/P Acct #: 2000.00		Memo to Payee: Fittings						
<u>Distributions:</u> 7006.06		General R & M		1099:			19.67	
07/31/14	1563		R & M REIMBURSEMENT ACCT.		19.67		0.00	19.67

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<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
Total for vendor BAR100:					57.65		0.00	57.65
Vendor ID / Name:		CON200 Consolidated Pipe & Supply Co., Inc.						
06/18/14	07/18/14	2840914-000-000	CON200	Consolidated Pipe & Su	2,356.42	06/30/14	0.00	2,356.42
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #: 4809		
A/P Acct #: 2000.00		Memo to Payee: adapters, coupling, cts pj, gate valve, bushing reducers						
<u>Distributions:</u> 7002.06		PS/LS R & M		1099:		2,356.42		
07/31/14	1570	R & M REIMBURSEMENT ACCT.		2,356.42		0.00	2,356.42	
06/18/14	07/18/14	2840922-000-000	CON200	Consolidated Pipe & Su	104.00	06/30/14	0.00	104.00
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #: 4812		
A/P Acct #: 2000.00		Memo to Payee: meter box ext.						
<u>Distributions:</u> 7006.17		General R & M Sewer		1099:		104.00		
07/31/14	1570	R & M REIMBURSEMENT ACCT.		104.00		0.00	104.00	
06/18/14	07/18/14	2840943-000-000	CON200	Consolidated Pipe & Su	820.00	06/30/14	0.00	820.00
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #: 4819		
A/P Acct #: 2000.00		Memo to Payee: sleeve and valve						
<u>Distributions:</u> 7006.06		General R & M		1099:		820.00		
07/31/14	1570	R & M REIMBURSEMENT ACCT.		820.00		0.00	820.00	
06/18/14	07/18/14	2840990	CON200	Consolidated Pipe & Su	260.00	06/30/14	0.00	260.00
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #: 4830		
A/P Acct #: 2000.00		Memo to Payee: Valve box,coupling,adapters						
<u>Distributions:</u> 7006.06		General R & M		1099:		260.00		
07/31/14	1570	R & M REIMBURSEMENT ACCT.		260.00		0.00	260.00	
Total for vendor CON200:					3,540.42		0.00	3,540.42
Vendor ID / Name:		FAS200 FASTENAL						
06/18/14	06/18/14	KYPIK23286	FAS200	FASTENAL	48.97	06/18/14	0.00	48.97
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #: 4847		
A/P Acct #: 2000.00		Memo to Payee: E1 wire connectors						
<u>Distributions:</u> 7002.17		PS/LS R & M Sewer		1099:		48.97		
06/30/14	1536	R & M REIMBURSEMENT ACCT.		48.97		0.00	48.97	
Total for vendor FAS200:					48.97		0.00	48.97
Vendor ID / Name:		GRO100 Grott Locksmith Center, Inc.						
06/24/14	07/24/14	311577	GRO100	Grott Locksmith Center,	19.16	06/30/14	0.00	19.16
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: In-State		PO #: 4861		
A/P Acct #: 2000.00		Memo to Payee: 6 keys						
<u>Distributions:</u> 7006.06		General R & M		1099:		19.16		
07/31/14	1574	R & M REIMBURSEMENT ACCT.		19.16		0.00	19.16	

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Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
Total for vendor GRO100:					19.16		0.00	19.16
Vendor ID / Name:		HAY100	Hayes Pipe Supply, Inc.					
06/23/14	07/23/14	539032	HAY100	Hayes Pipe Supply, Inc.	780.72	06/30/14	0.00	780.72
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #:		
A/P Acct #: 2000.00		Memo to Payee: lock and pin seals						
<u>Distributions:</u> 7006.06		General R & M		1099:		780.72		
07/31/14	1575		R & M REIMBURSEMENT ACCT.		780.72		0.00	780.72
Total for vendor HAY100:					780.72		0.00	780.72
Vendor ID / Name:		HER100	Herman West					
06/23/14	06/23/14	062314	HER100	Herman West	1,875.00	06/23/14	0.00	1,875.00
Disc Terms: RCPT		Non-Disc Amt: 0.00		Sort Code: Local		PO #:		
A/P Acct #: 2000.00		Memo to Payee: Paving at (Kenne Village,Brushy,Dry Fork)						
<u>Distributions:</u> 7006.06		General R & M		1099: (Accountant Default)		1,875.00		
06/30/14	1540		R & M REIMBURSEMENT ACCT.		1,875.00		0.00	1,875.00
Total for vendor HER100:					1,875.00		0.00	1,875.00
Vendor ID / Name:		JAT100	J & A TRUCK PARTS					
06/23/14	06/23/14	98347	JAT100	J & A TRUCK PARTS	9.95	06/23/14	0.00	9.95
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #: 4845		
A/P Acct #: 2000.00		Memo to Payee: hook for trailer						
<u>Distributions:</u> 7000.06		Major Equipment R & M		1099:		9.95		
07/31/14	1578		R & M REIMBURSEMENT ACCT.		9.95		0.00	9.95
Total for vendor JAT100:					9.95		0.00	9.95
Vendor ID / Name:		JUS100	Justice Supply Company					
06/23/14	07/23/14	0130935	JUS100	Justice Supply Company	25.48	06/30/14	0.00	25.48
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Local		PO #: 4851		
A/P Acct #: 2000.00		Memo to Payee: pipe and fittings						
<u>Distributions:</u> 7006.06		General R & M		1099:		25.48		
07/31/14	1580		R & M REIMBURSEMENT ACCT.		25.48		0.00	25.48
Total for vendor JUS100:					25.48		0.00	25.48
Vendor ID / Name:		LEO100	Leon's Auto Parts					
06/17/14	07/17/14	363093	LEO100	Leon's Auto Parts	505.85	06/30/14	0.00	505.85
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Local		PO #: 4855		
A/P Acct #: 2000.00		Memo to Payee: #113 Flush Clean, AC oil, compressor						
<u>Distributions:</u> 7003.17		Vehicle R & M Sewer		1099:		505.85		
07/31/14	1581		R & M REIMBURSEMENT ACCT.		505.85		0.00	505.85
06/17/14	07/17/14	363111	LEO100	Leon's Auto Parts	36.50	06/30/14	0.00	36.50

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Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
Pmt Date	Pmt Reference		Source Credit		Amt Paid		Disc Taken	Total Paid
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4856		
A/P Acct #: 2000.00		Memo to Payee: #131 U Joints						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			36.50	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		36.50		0.00	36.50
06/17/14	07/17/14	363112	LEO100	Leon's Auto Parts	29.00	06/30/14	0.00	29.00
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4857		
A/P Acct #: 2000.00		Memo to Payee: air hose for #145						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			29.00	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		29.00		0.00	29.00
06/24/14	07/24/14	363260	LEO100	Leon's Auto Parts	137.49	06/30/14	0.00	137.49
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4870		
A/P Acct #: 2000.00		Memo to Payee: solvent, filters and oil						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			137.49	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		137.49		0.00	137.49
06/25/14	07/25/14	363291	LEO100	Leon's Auto Parts	164.68	06/30/14	0.00	164.68
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4869		
A/P Acct #: 2000.00		Memo to Payee: solvent, oil and filters						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			164.68	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		164.68		0.00	164.68
06/25/14	07/25/14	363299	LEO100	Leon's Auto Parts	45.15	06/30/14	0.00	45.15
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4668		
A/P Acct #: 2000.00		Memo to Payee: break pads #131						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			45.15	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		45.15		0.00	45.15
06/27/14	07/27/14	363361	LEO100	Leon's Auto Parts	40.20	06/30/14	0.00	40.20
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4881		
A/P Acct #: 2000.00		Memo to Payee: #135 Bondo & sandpaper						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			40.20	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		40.20		0.00	40.20
06/27/14	07/27/14	363362	LEO100	Leon's Auto Parts	119.24	06/30/14	0.00	119.24
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4880		
A/P Acct #: 2000.00		Memo to Payee: Filters for green generator						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			119.24	
07/31/14	1581		R & M REIMBURSEMENT ACCT.		119.24		0.00	119.24
Total for vendor LEO100:					1,078.11		0.00	1,078.11
<u>Vendor ID / Name:</u> LOW200		LOWE'S HOME CENTER						
06/26/14	06/26/14	98001946954JU14	LOW200	LOWE'S HOME CENT	897.98	06/26/14	0.00	897.98

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Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
Pmt Date	Pmt Reference		Source Credit		Amt Paid		Disc Taken	Total Paid
Disc Terms:		Non-Disc Amt:	0.00	Sort Code:		PO #:		
A/P Acct #: 2000.00		Memo to Payee: dehumidifier, tool boxes,paint,hasp,,light bulbs						
<u>Distributions:</u> 7006.06		General R & M		1099:			897.98	
07/31/14	1582		R & M REIMBURSEMENT ACCT.		897.98		0.00	897.98
Total for vendor LOW200:					897.98		0.00	897.98
Vendor ID / Name: MIC100		MicroComm						
06/16/14	07/16/14	0036946	MIC100	MicroComm	1,594.00	06/30/14	0.00	1,594.00
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Contractor		PO #:		
A/P Acct #: 2000.00		Memo to Payee: model 1500w/miod600						
<u>Distributions:</u> 7002.06		PS/LS R & M		1099:			1,594.00	
07/31/14	1583		R & M REIMBURSEMENT ACCT.		1,594.00		0.00	1,594.00
Total for vendor MIC100:					1,594.00		0.00	1,594.00
Vendor ID / Name: NOR100		Northside Plumbing and Supply, Inc.						
06/25/14	07/25/14	008529	NOR100	Northside Plumbing and	80.01	06/30/14	0.00	80.01
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: Local		PO #: 4864		
A/P Acct #: 2000.00		Memo to Payee: fittings for Mills BPS						
<u>Distributions:</u> 7002.06		PS/LS R & M		1099:			80.01	
07/31/14	1585		R & M REIMBURSEMENT ACCT.		80.01		0.00	80.01
Total for vendor NOR100:					80.01		0.00	80.01
Vendor ID / Name: NOR200		Northern Tool & Equipment						
06/19/14	07/19/14	111722	NOR200	Northern Tool & Equiprn	717.44	06/30/14	0.00	717.44
Disc Terms: net30		Non-Disc Amt:	0.00	Sort Code: In-State		PO #: 4837		
A/P Acct #: 2000.00		Memo to Payee: tool box for 145						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			717.44	
07/31/14	1584		R & M REIMBURSEMENT ACCT.		717.44		0.00	717.44
Total for vendor NOR200:					717.44		0.00	717.44
Vendor ID / Name: POP100		POP'S CHEVROLET						
06/25/14	06/25/14	55914	POP100	POP'S CHEVROLET	89.78	06/25/14	0.00	89.78
Disc Terms:		Non-Disc Amt:	0.00	Sort Code:		PO #: 4863		
A/P Acct #: 2000.00		Memo to Payee: mass air flow sensor						
<u>Distributions:</u> 7003.06		Vehicle R & M		1099:			89.78	
07/31/14	1586		R & M REIMBURSEMENT ACCT.		89.78		0.00	89.78
Total for vendor POP100:					89.78		0.00	89.78
Vendor ID / Name: RIV100		Riverside Supply, LLC						
06/24/14	07/24/14	0135151	RIV100	Riverside Supply, LLC	51.25	06/30/14	0.00	51.25

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Pbl Date	Due Date	Payable Number	Vendor ID	Vendor Name	Net Balance	Disc Date	Disc Offered	Gross Amt
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Local		PO #: 4860		
A/P Acct #: 2000.00		Memo to Payee: Hose for air compressor @ wtp						
<u>Distributions:</u> 7000.06		Major Equipment R & M		1099:		51.25		
07/31/14	1588		R & M REIMBURSEMENT ACCT.		51.25		0.00	51.25
06/26/14	07/26/14	0135097	RIV100	Riverside Supply, LLC	739.00	06/30/14	0.00	739.00
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Local		PO #:		
A/P Acct #: 2000.00		Memo to Payee: sump pumps						
<u>Distributions:</u> 7006.06		General R & M		1099:		739.00		
07/31/14	1588		R & M REIMBURSEMENT ACCT.		739.00		0.00	739.00
Total for vendor RIV100:					790.25		0.00	790.25
Vendor ID / Name: SES100		SES Small Engine Solutions						
06/20/14	06/20/14	SO000419	SES100	SES Small Engine Solu	81.05	06/20/14	0.00	81.05
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #: 62044		
A/P Acct #: 2000.00		Memo to Payee: cleaned and repaired water pump						
<u>Distributions:</u> 7006.06		General R & M		1099: (Accountant Default)		81.05		
07/31/14	1590		R & M REIMBURSEMENT ACCT.		81.05		0.00	81.05
06/20/14	06/20/14	SO-000418	SES100	SES Small Engine Solu	78.50	06/20/14	0.00	78.50
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #:		
A/P Acct #: 2000.00		Memo to Payee: spark plugs,oil for northstar water pump						
<u>Distributions:</u> 7001.06		Hand Tools R & M		1099: (Accountant Default)		78.50		
07/31/14	1590		R & M REIMBURSEMENT ACCT.		78.50		0.00	78.50
06/24/14	06/24/14	SO-000433	SES100	SES Small Engine Solu	18.44	06/24/14	0.00	18.44
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #: 4859		
A/P Acct #: 2000.00		Memo to Payee: weedeater line						
<u>Distributions:</u> 7001.06		Hand Tools R & M		1099: (Accountant Default)		18.44		
07/31/14	1590		R & M REIMBURSEMENT ACCT.		18.44		0.00	18.44
06/27/14	06/27/14	SO-000442	SES100	SES Small Engine Solu	43.54	06/27/14	0.00	43.54
Disc Terms:		Non-Disc Amt: 0.00		Sort Code:		PO #:		
A/P Acct #: 2000.00		Memo to Payee: weedeater string						
<u>Distributions:</u> 7001.17		Hand Tools R & M Sewer		1099: (Accountant Default)		43.54		
07/31/14	1590		R & M REIMBURSEMENT ACCT.		43.54		0.00	43.54
Total for vendor SES100:					221.53		0.00	221.53
Vendor ID / Name: STA100		State Electric Supply Company						
06/23/14	07/23/14	10170967-00	STA100	State Electric Supply Co	118.21	06/30/14	0.00	118.21
Disc Terms: net30		Non-Disc Amt: 0.00		Sort Code: Out-of-State		PO #: 4824		
A/P Acct #: 2000.00		Memo to Payee: light bulbs						
<u>Distributions:</u> 7006.06		General R & M		1099:		118.21		

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07/31/14	1591		R & M REIMBURSEMENT ACCT.		118.21		0.00	118.21
Total for vendor STA100:					118.21		0.00	118.21
Vendor ID / Name:		USA100	USA BLUEBOOK					
06/17/14	07/17/14	374172	USA100	USA BLUEBOOK	500.03	06/30/14	0.00	500.03
<u>Disc Terms:</u> net30		<u>Non-Disc Amt:</u>	0.00	<u>Sort Code:</u> Out-of-State		<u>PO #:</u> 4844		
<u>A/P Acct #:</u> 2000.00		<u>Memo to Payee:</u> floats						
<u>Distributions:</u> 7006.17		General R & M Sewer		1099:			500.03	
07/31/14	1593		R & M REIMBURSEMENT ACCT.		500.03		0.00	500.03
Total for vendor USA100:					500.03		0.00	500.03
Vendor ID / Name:		VER100	VERMEER SALES & SERVICE					
06/20/14	06/20/14	20076120	VER100	VERMEER SALES & S	1,067.87	06/20/14	0.00	1,067.87
<u>Disc Terms:</u>		<u>Non-Disc Amt:</u>	0.00	<u>Sort Code:</u>		<u>PO #:</u> 4843		
<u>A/P Acct #:</u> 2000.00		<u>Memo to Payee:</u> rings, studs valve replacement, shaft, head asy. hose for bullet						
<u>Distributions:</u> 7000.06		Major Equipment R & M		1099:			1,067.87	
07/31/14	1594		R & M REIMBURSEMENT ACCT.		1,067.87		0.00	1,067.87
Total for vendor VER100:					1,067.87		0.00	1,067.87
Vendor ID / Name:		WAS100	Wascon, Inc.					
06/19/14	07/19/14	39243	WAS100	Wascon, Inc.	18,154.91	06/30/14	0.00	18,154.91
<u>Disc Terms:</u> net30		<u>Non-Disc Amt:</u>	0.00	<u>Sort Code:</u> Out-of-State		<u>PO #:</u>		
<u>A/P Acct #:</u> 2000.00		<u>Memo to Payee:</u>						
<u>Distributions:</u> 7002.17		PS/LS R & M Sewer		1099:			18,154.91	
07/31/14	1596		R & M REIMBURSEMENT ACCT.		18,154.91		0.00	18,154.91
06/27/14	07/27/14	39352	WAS100	Wascon, Inc.	12,962.34	06/30/14	0.00	12,962.34
<u>Disc Terms:</u> net30		<u>Non-Disc Amt:</u>	0.00	<u>Sort Code:</u> Out-of-State		<u>PO #:</u> 4846		
<u>A/P Acct #:</u> 2000.00		<u>Memo to Payee:</u> E- 1 Repair parts						
<u>Distributions:</u> 7002.17		PS/LS R & M Sewer		1099:			12,962.34	
07/31/14	1596		R & M REIMBURSEMENT ACCT.		12,962.34		0.00	12,962.34
06/30/14	07/30/14	39361	WAS100	Wascon, Inc.	2,364.28	06/30/14	0.00	2,364.28
<u>Disc Terms:</u> net30		<u>Non-Disc Amt:</u>	0.00	<u>Sort Code:</u> Out-of-State		<u>PO #:</u>		
<u>A/P Acct #:</u> 2000.00		<u>Memo to Payee:</u> E- 1 repairs						
<u>Distributions:</u> 7002.17		PS/LS R & M Sewer		1099:			2,364.28	
07/31/14	1596		R & M REIMBURSEMENT ACCT.		2,364.28		0.00	2,364.28
Total for vendor WAS100:					33,481.53		0.00	33,481.53
Vendor ID / Name:		ZEB200	ZEBULON STARTER SERVICES, INC.					
06/26/14	06/26/14	229119	ZEB200	ZEBULON STARTER S	40.00	06/26/14	0.00	40.00

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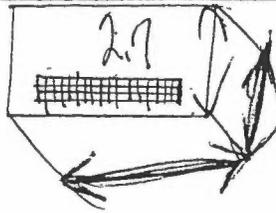
<u>Pbl Date</u>	<u>Due Date</u>	<u>Payable Number</u>	<u>Vendor ID</u>	<u>Vendor Name</u>	<u>Net Balance</u>	<u>Disc Date</u>	<u>Disc Offered</u>	<u>Gross Amt</u>
<u>Pmt Date</u>	<u>Pmt Reference</u>		<u>Source Credit</u>		<u>Amt Paid</u>		<u>Disc Taken</u>	<u>Total Paid</u>
Disc Terms:		Non-Disc Amt:		0.00	Sort Code:		PO #: 4866	
A/P Acct #: 2000.00		Memo to Payee:	hyd. hose for #3 Excavator					
<u>Distributions:</u> 7000.06		Major Equipment R & M		1099:			40.00	
07/31/14	1597		R & M REIMBURSEMENT ACCT.		40.00		0.00	40.00
Total for vendor ZEB200:					40.00		0.00	40.00
Company Total:					103,366.74		0.00	103,366.74

Payment Summary

Checks R & M REIMBURSEMENT ACCT.	103,366.74	
Total Payments R & M REIMBURSEMENT ACCT.		103,366.74
Total Payments		103,366.74

GL Account Distribution Summary

6200.08	MATERIALS AND SUPPLIES USED	56,332.65
7000.06	Major Equipment R & M	1,169.07
7001.06	Hand Tools R & M	96.94
7001.17	Hand Tools R & M Sewer	43.54
7002.06	PS/LS R & M	4,030.43
7002.17	PS/LS R & M Sewer	33,530.50
7003.06	Vehicle R & M	1,379.48
7003.17	Vehicle R & M Sewer	505.85
7006.06	General R & M	5,674.25
7006.17	General R & M Sewer	604.03



Allen
Smy
Jenny Wiley

1

	2013.00 average Jul to Dec. - 2013 average	87327.86
		94717.30
		+ 3633.23
Exp.	RE in average funding	94717.30
		3633.23
	(To Continue Activity & Forgiveness)	98350.53

2

	2012	81002.49
	2013	19133.14
	2311	57062.65
	Exp. Assumed	118932.00
	T.	

3

	2014.00	74765.49
	RE & M	74765.49
	(Record average thru June)	



Mountain Water District

2014.00

Recap of R & M Bills 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over/(Under)</u>	<u>YTD</u>	<u>Wascon</u>	<u>% of R/M</u>
January	\$ 69,398.98	47,000.00	22,398.98	22,398.98	23,196.38	33.42%
February	\$ 61,472.22	47,000.00	14,472.22	36,871.20	11,358.81	18.48%
March	\$ 58,796.12	47,000.00	11,796.12	48,667.32	11,590.21	19.71%
April	\$ 66,025.45	47,000.00	19,025.45	67,692.77	36,861.16	55.83%
May	\$ 33,789.97	47,000.00	(13,210.03)	54,482.74	15,931.70	47.15%
June	\$ 67,282.75	47,000.00	20,282.75	74,765.49	33,481.53	49.76%
July	\$ 56,797.00	47,000.00	9,797.00	84,562.49	21,334.48	37.56%
August	\$ -	47,000.00	(47,000.00)	37,562.49		#DIV/0!
September	\$ -	47,000.00	(47,000.00)	(9,437.51)		#DIV/0!
October	\$ -	47,000.00	(47,000.00)	(56,437.51)		#DIV/0!
November	\$ -	47,000.00	(47,000.00)	(103,437.51)		#DIV/0!
December	\$ -	47,000.00	(47,000.00)	(150,437.51)		#DIV/0!
Total	\$ 413,562.49	\$ 564,000.00	\$(150,437.51)		153,754.28	

Mountain Water District

Recap of R & M Bills 2013

	<u>Actual</u>	<u>Budget</u>	<u>Over/(Under)</u>	<u>YTD</u>	<u>Wascon</u>	<u>% of R/M</u>
January	\$ 55,250.36	47,000.00	8,250.36	8,250.36	29,832.15	53.99%
February	\$ 55,716.88	47,000.00	8,716.88	16,967.24	21,663.29	38.88%
March	\$ 43,525.14	47,000.00	(3,474.86)	13,492.38	18,691.87	42.94%
April	\$ 55,687.04	47,000.00	8,687.04	22,179.42	22,565.46	40.52%
May	\$ 25,084.54	47,000.00	(21,915.46)	263.96	1,790.87	7.14%
June	\$ 54,125.48	47,000.00	7,125.48	7,389.44	34,034.23	62.88%
July	\$ 80,611.64	47,000.00	33,611.64	41,001.08	40,499.49	50.24%
August	\$ 73,099.12	47,000.00	26,099.12	67,100.20	44,358.57	60.68%
September	\$ 80,489.75	47,000.00	33,489.75	100,589.95	30,886.62	38.37%
October	\$ 74,101.15	47,000.00	27,101.15	127,691.10	23,785.32	32.10%
November	\$ 44,547.98	47,000.00	(2,452.02)	125,239.08	16,656.69	37.39%
December	\$ 26,617.63	47,000.00	(20,382.37)	104,856.71	6,975.82	26.21%
Total	\$ 668,856.71	\$ 564,000.00	\$ 104,856.71		291,740.38	

REPORT



BOND SCHEDULE, 1/11/2008

LOAN 91-40

Name of Borrower: Mountain Water District			
Amount of Loan	650000	Annual Interest Rate	0.046
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	1000	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2009	1	1	29250	29250	0	650000
2010	1	2	29250	29250	0	650000
2011	1	3	36250	29250	7000	643000
2012	1	4	35935	28935	7000	636000
2013	1	5	35620	28620	7000	629000
2014	1	6	35305	28305	7000	621000
2015	1	7	34990	27990	7000	613000
2016	1	8	34675	27675	7000	605000
2017	1	9	34360	27360	7000	598000
2018	1	10	34045	27045	7000	591000
2019	1	11	33730	26730	10000	577000
2020	1	12	33415	26415	10000	567000
2021	1	13	33100	26100	11000	556000
2022	1	14	32785	25785	11000	545000
2023	1	15	32470	25470	11000	534000
2024	1	16	32155	25155	12000	522000
2025	1	17	31840	24840	13000	509000
2026	1	18	31525	24525	13000	496000
2027	1	19	31210	24210	14000	482000
2028	1	20	30895	23895	14000	468000
2029	1	21	30580	23580	15000	453000
2030	1	22	30265	23265	16000	437000
2031	1	23	29950	22950	16000	421000
2032	1	24	29635	22635	17000	404000
2033	1	25	29320	22320	18000	386000
2034	1	26	29005	22005	19000	367000
2035	1	27	28690	21690	20000	347000
2036	1	28	28375	21375	20000	327000
2037	1	29	28060	21060	21000	306000
2038	1	30	27745	20745	22000	284000
2039	1	31	27430	20430	23000	261000
2040	1	32	27115	20115	24000	237000
2041	1	33	26800	19800	25000	212000
2042	1	34	26485	19485	26000	186000
2043	1	35	26170	19170	27000	158000
2044	1	36	25855	18855	28000	129000
2045	1	37	25540	18540	30000	99000
2046	1	38	25225	18225	32000	67000
2047	1	39	24910	17910	33000	34000
2048	1	40	24595	17595	34000	0
TOTALS			1426295	776295	650000	

11/31/3
11/2/14

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

MWD
NIP - Ky Rural Water
6-30-14

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES

G7204 GREEN

61L# 2202.00

Bal @ 6-30-14

6100000.00



Acc. Invent

Ky Rural

86069.40

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	2202.00	Note Payable Ky. Rural Water	(6,270,000.00)			
01/31/13	12 J	Bond Pymt. Reclass		32,913.02	T	
01/31/13	14 J	reclass interest on Regions bank loan		(14,618.23)	T	
02/28/13	12 J	R/C bond payment for feb 2013		32,913.02	T	
03/31/13	9 J	R/C March 2013 Bond pymt.		32,913.02	T	
04/30/13	10 J	R/C Bond Payment		32,913.02	T	
05/31/13	11 J	Reclass Bond Payment for May 2013		32,913.02	T	
06/30/13	11 J	Reclass June Bond payment		32,913.02	T	
07/31/13	12 J	R/C July 2013		44,344.27	T	
08/31/13	11 J	R/C Bond Payment		44,344.27	T	
09/30/13	8 J	R/C BOND PAYMENT SEPT. 13		44,344.27	T	
10/31/13	10 J	Reclass Bond Payment		44,344.27	T	
11/30/13	13 J	Reclass bond payment for nov. 13		44,344.27	T	
12/31/13	12 J	Reclass dec. bond pymt		44,344.27	T	
12/31/13	A28 J	TO ADJUST NOTE		(150,284.89)	T	
				298,640.62		(5,971,359.38)

Range of Accounts Specified:

YTD Profit/(Loss) 0.00

Number of Transactions 14

The General Ledger is in balance 0.00

~~7/31/13~~ 7/31/13 Transferred to Acct. 257,709.38
 8/02/13 Prog. Admin Fee 7,768.75
 (1294.74 x 6)
 Total 265,478.13
 2012 Principal 68,000.00
 2013 Payments (6 @ 32,913.02) 197,478.12
 Total 265,478.12

2013 Arns owed.

KRWFC Flexible Term Program Series 2012 E
Sinking Fund Payment Schedule

Borrower: Mountain Water District
Closing Date: 08/29/12

458.00
Truist #2202.00

	Monthly Principal	Monthly Interest	Monthly Admin. Fees	Total Monthly Sinking Fund Payments
10/12-1/13	17,000.00	18,516.42	1,640.07	37,156.49
2/13-7/13	17,000.00	14,818.23	1,294.79	32,913.02
8/13-1/14	28,750.00	14,334.90	1,259.38	44,344.27
2/14-8/14	28,750.00	14,334.90	1,259.38	44,344.27
8/14-1/15	29,583.33	13,759.90	1,187.50	44,530.73
2/15-7/15	29,583.33	13,759.90	1,187.50	44,530.73
8/15-1/16	30,000.00	13,168.23	1,113.54	44,281.77
2/16-7/16	30,000.00	13,168.23	1,113.54	44,281.77
8/16-1/17	30,416.67	12,568.23	1,038.54	44,023.44
2/17-7/17	30,416.67	12,568.23	1,038.54	44,023.44
8/17-1/18	31,250.00	11,959.90	962.50	44,172.40
2/18-7/18	31,250.00	11,959.90	962.50	44,172.40
8/18-1/19	31,666.67	11,256.77	884.38	43,807.81
2/19-7/19	31,666.67	11,256.77	884.38	43,807.81
8/19-1-20	32,916.67	10,306.77	805.21	44,028.65
2/20-7/20	32,916.67	10,306.77	805.21	44,028.65
8/20-1/21	20,000.00	9,319.27	722.92	30,042.19
2/21-7/21	20,000.00	9,319.27	722.92	30,042.19
8/21-1/22	18,333.33	8,719.27	672.92	27,725.52
2/22-7/22	18,333.33	8,719.27	672.92	27,725.52
8/22-1/23	18,750.00	8,169.27	627.08	27,546.36
2/23-7/23	18,750.00	8,169.27	627.08	27,546.36
8/23-1/24	19,583.33	7,606.77	580.21	27,770.31
2/24-7/24	19,583.33	7,606.77	580.21	27,770.31
8/24-1/25	20,000.00	7,019.27	531.25	27,550.52
2/25-7/25	20,000.00	7,019.27	531.25	27,550.52
8/25-1/26	20,416.67	6,419.27	481.25	27,317.19
2/26-7/26	20,416.67	6,419.27	481.25	27,317.19
8/26-1/27	21,250.00	5,806.77	430.21	27,486.98
2/27-7/27	21,250.00	5,806.77	430.21	27,486.98
8/27-1/28	19,583.33	5,169.27	377.08	25,129.69
2/28-7/28	19,583.33	5,169.27	377.08	25,129.69
8/28-1/29	20,000.00	4,581.77	328.13	24,909.90
2/29-7/29	20,000.00	4,581.77	328.13	24,909.90
8/29-1/30	20,416.67	3,956.77	278.13	24,651.56
2/30-7/30	20,416.67	3,956.77	278.13	24,651.56
8/30-2/31	14,166.67	3,318.75	227.08	17,712.50
2/31-7/31	14,166.67	3,318.75	227.08	17,712.50
8/31-1/32	14,583.33	2,858.33	191.67	17,633.33
2/32-7/32	14,583.33	2,858.33	191.67	17,633.33
8/32-1/33	12,083.33	2,384.38	155.21	14,622.92
2/33-7/33	12,083.33	2,384.38	155.21	14,622.92
8/33-1/34	12,083.33	1,976.56	125.00	14,184.90
2/34-7/34	12,083.33	1,976.56	125.00	14,184.90
8/34-1/35	12,500.00	1,553.65	94.79	14,148.44
2/35-7/35	12,500.00	1,553.65	94.79	14,148.44
8/35-1/36	7,083.33	1,118.15	63.54	8,263.02
2/36-7/36	7,083.33	1,118.15	63.54	8,263.02
8/36-1/37	7,500.00	859.38	45.83	8,405.21
2/37-7/37	7,500.00	859.38	45.83	8,405.21
8/37-1/38	7,500.00	578.13	30.83	8,108.96
2/38-7/38	7,500.00	578.13	30.83	8,108.96
8/38-1/39	7,916.67	296.88	15.83	8,229.38
2/39-8/39	7,916.67	296.88	15.83	8,229.38
	<u>6,270,000.00</u>	<u>2,190,550.27</u>	<u>173,089.03</u>	<u>8,633,639.30</u>

Proceeds 6,270,000
 Less: 4 prin. Pymts of 17,000 each (68,000) Pd 7/31/13
 Prin. Bal 12/31/12 6,202,000

7/01/28	22,068.75	-	22,068.75	1,070,000.00
1/01/29	22,068.75	43,000.00	65,068.75	1,027,000.00
7/01/29	21,181.88	-	21,181.88	1,027,000.00
1/01/30	21,181.88	45,000.00	66,181.88	982,000.00
7/01/30	20,253.75	-	20,253.75	982,000.00
1/01/31	20,253.75	47,000.00	67,253.75	935,000.00
7/01/31	19,284.38	-	19,284.38	935,000.00
1/01/32	19,284.38	49,000.00	68,284.38	886,000.00
7/01/32	18,273.75	-	18,273.75	886,000.00
1/01/33	18,273.75	52,000.00	70,273.75	834,000.00
7/01/33	17,201.25	-	17,201.25	834,000.00
1/01/34	17,201.25	54,000.00	71,201.25	780,000.00
7/01/34	16,087.50	-	16,087.50	780,000.00
1/01/35	16,087.50	56,000.00	72,087.50	724,000.00
7/01/35	14,932.50	-	14,932.50	724,000.00
1/01/36	14,932.50	59,000.00	73,932.50	665,000.00
7/01/36	13,715.63	-	13,715.63	665,000.00
1/01/37	13,715.63	62,000.00	75,715.63	603,000.00
7/01/37	12,436.88	-	12,436.88	603,000.00
1/01/38	12,436.88	64,000.00	76,436.88	539,000.00
7/01/38	11,116.88	-	11,116.88	539,000.00
1/01/39	11,116.88	67,000.00	78,116.88	472,000.00
7/01/39	9,735.00	-	9,735.00	472,000.00
1/01/40	9,735.00	70,000.00	79,735.00	402,000.00
7/01/40	8,291.25	-	8,291.25	402,000.00
1/01/41	8,291.25	73,000.00	81,291.25	329,000.00
7/01/41	6,785.63	-	6,785.63	329,000.00
1/01/42	6,785.63	77,000.00	83,785.63	252,000.00
7/01/42	5,197.50	-	5,197.50	252,000.00
1/01/43	5,197.50	80,000.00	85,197.50	172,000.00
7/01/43	3,547.50	-	3,547.50	172,000.00
1/01/44	3,547.50	84,000.00	87,547.50	88,000.00
7/01/44	1,815.00	-	1,815.00	88,000.00
1/01/45	1,815.00	88,000.00	89,815.00	-
7/01/45	-	-	-	-
TOTALS	1,637,790.00	1,650,000.00	3,287,790.00	



**RURAL UTILITIES SERVICE
BOND SCHEDULE, 9/27/2005**



Name of Borrower: Mountain Water District			
Amount of Loan	1660000	Annual Interest Rate	0.015
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	False
Principal Payment Units	1000	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2006	1	1	74250	74250	0	1650000
2007	1	2	74250	74250	0	1650000
2008	1	3	91250	74250	17000	1633000
2009	1	4	91485	73485	18000	1615000
2010	1	5	91675	72675	19000	1596000
2011	1	6	91820	71820	20000	1576000
2012	1	7	91920	70920	21000	1555000
2013	1	8	90975	69975	21000	1534000
2014	1	9	91030	69030	22000	1512000
2015	1	10	91040	68040	23000	1489000
2016	1	11	91005	67005	24000	1465000
2017	1	12	91925	65925	26000	1439000
2018	1	13	91755	64755	27000	1412000
2019	1	14	91540	63540	28000	1384000
2020	1	15	91280	62280	29000	1355000
2021	1	16	90975	60975	30000	1325000
2022	1	17	91625	59625	32000	1293000
2023	1	18	91185	58185	33000	1260000
2024	1	19	91700	56700	35000	1225000
2025	1	20	91125	55125	36000	1189000
2026	1	21	91505	53505	38000	1151000
2027	1	22	91795	51795	40000	1111000
2028	1	23	90995	49995	41000	1070000
2029	1	24	91150	48150	43000	1027000
2030	1	25	91215	46215	45000	982000
2031	1	26	91190	44190	47000	935000
2032	1	27	91075	42075	49000	886000
2033	1	28	91870	39870	52000	834000
2034	1	29	91530	37530	54000	780000
2035	1	30	91100	35100	56000	724000
2036	1	31	91580	32580	59000	665000
2037	1	32	91925	29925	62000	603000
2038	1	33	91135	27135	64000	539000
2039	1	34	91255	24255	67000	472000
2040	1	35	91240	21240	70000	402000
2041	1	36	91090	18090	73000	329000
2042	1	37	91805	14805	77000	252000
2043	1	38	91340	11340	80000	172000
2044	1	39	91740	7740	84000	88000
2045	1	40	91960	3960	88000	0
TOTALS			3622305	1972305	1650000	

SOUTHERN WATER AND SEWER DISTRICT
 1,650,000 BOND ISSUE
 DATED 09-27-2005

Agua

GLD 2205-00

DUE DATE	INTEREST DUE	PRINCIPAL DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
				1,650,000.00
1/01/06	-	-	-	1,650,000.00
7/01/06	-	-	-	1,650,000.00
1/01/07	-	-	-	1,650,000.00
7/01/07	-	-	-	1,650,000.00
1/01/08	34,031.25	17,000.00	51,031.25	1,633,000.00
7/01/08	33,680.63	-	33,680.63	1,633,000.00
1/01/09	33,680.63	18,000.00	51,680.63	1,615,000.00
7/01/09	33,309.38	-	33,309.38	1,615,000.00
1/01/10	33,309.38	19,000.00	52,309.38	1,596,000.00
7/01/10	32,917.50	-	32,917.50	1,596,000.00
1/01/11 <i>12/21/10</i>	32,917.50	20,000.00	52,917.50	1,576,000.00
7/01/11	32,505.00	-	32,505.00	1,576,000.00
1/01/12	32,505.00	21,000.00	53,505.00	1,555,000.00
7/01/12	32,071.88	-	32,071.88	1,555,000.00
1/01/13	32,071.88	21,000.00	53,071.88	1,534,000.00
7/01/13	31,638.75	-	31,638.75	1,534,000.00
1/01/14	31,638.75	22,000.00	53,638.75	1,512,000.00
7/01/14	31,185.00	-	31,185.00	1,512,000.00
1/01/15	31,185.00	23,000.00	54,185.00	1,489,000.00
7/01/15	30,710.63	-	30,710.63	1,489,000.00
1/01/16	30,710.63	24,000.00	54,710.63	1,465,000.00
7/01/16	30,215.63	-	30,215.63	1,465,000.00
1/01/17	30,215.63	26,000.00	56,215.63	1,439,000.00
7/01/17	29,679.38	-	29,679.38	1,439,000.00
1/01/18	29,679.38	27,000.00	56,679.38	1,412,000.00
7/01/18	29,122.50	-	29,122.50	1,412,000.00
1/01/19	29,122.50	28,000.00	57,122.50	1,384,000.00
7/01/19	28,545.00	-	28,545.00	1,384,000.00
1/01/20	28,545.00	29,000.00	57,545.00	1,355,000.00
7/01/20	27,946.88	-	27,946.88	1,355,000.00
1/01/21	27,946.88	30,000.00	57,946.88	1,325,000.00
7/01/21	27,328.13	-	27,328.13	1,325,000.00
1/01/22	27,328.13	32,000.00	59,328.13	1,293,000.00
7/01/22	26,688.13	-	26,688.13	1,293,000.00
1/01/23	26,688.13	33,000.00	59,688.13	1,260,000.00
7/01/23	25,987.50	-	25,987.50	1,260,000.00
1/01/24	25,987.50	35,000.00	60,987.50	1,225,000.00
7/01/24	25,265.63	-	25,265.63	1,225,000.00
1/01/25	25,265.63	36,000.00	61,265.63	1,189,000.00
7/01/25	24,523.13	-	24,523.13	1,189,000.00
1/01/26	24,523.13	38,000.00	62,523.13	1,151,000.00
7/01/26	23,739.38	-	23,739.38	1,151,000.00
1/01/27	23,739.38	40,000.00	63,739.38	1,111,000.00
7/01/27	22,914.38	-	22,914.38	1,111,000.00
1/01/28	22,914.38	41,000.00	63,914.38	1,070,000.00

TIB
 Pd 1/3/12
 Pd 1/3/13
 Pd 1/2/14

Mountain Water District
 Revenue Bonds
 Series 2001
 Fedscreek-Mouthcard Project

CIL
 2206-17

Bond Issue Date 07/22/05

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
01/01/06		\$ 13,831.71	\$ 13,831.71	\$ 740,000.00	\$ -
07/01/06		\$ 15,262.50	\$ 15,262.50	\$ 740,000.00	\$ -
01/01/07	\$ 7,500.00	\$ 15,262.50	\$ 22,762.50	\$ 732,500.00	\$ 7,500.00
07/01/07		\$ 15,107.81	\$ 15,107.81	\$ 732,500.00	\$ 7,500.00
01/01/08	\$ 8,000.00	\$ 15,107.81	\$ 23,107.81	\$ 724,500.00	\$ 15,500.00
07/01/08		\$ 14,942.81	\$ 14,942.81	\$ 724,500.00	\$ 15,500.00
01/01/09	\$ 8,500.00	\$ 14,942.81	\$ 23,442.81	\$ 716,000.00	\$ 24,000.00
07/01/09		\$ 14,767.50	\$ 14,767.50	\$ 716,000.00	\$ 24,000.00
01/01/10	\$ 9,000.00	\$ 14,767.50	\$ 23,767.50	\$ 707,000.00	\$ 33,000.00
07/01/10		\$ 14,581.88	\$ 14,581.88	\$ 707,000.00	\$ 33,000.00
01/01/11	\$ 9,000.00	\$ 14,581.88	\$ 23,581.88	\$ 698,000.00	\$ 42,000.00
07/01/11		\$ 14,396.25	\$ 14,396.25	\$ 698,000.00	\$ 42,000.00
01/01/12	\$ 9,500.00	\$ 14,396.25	\$ 23,896.25	\$ 688,500.00	\$ 51,500.00
07/01/12		\$ 14,200.31	\$ 14,200.31	\$ 688,500.00	\$ 51,500.00
01/01/13	\$ 10,000.00	\$ 14,200.31	\$ 24,200.31	\$ 678,500.00	\$ 61,500.00
07/01/13		\$ 13,994.08	\$ 13,994.08	\$ 678,500.00	\$ 61,500.00
01/01/14	\$ 10,500.00	\$ 13,994.08	\$ 23,994.08	\$ 668,000.00	\$ 72,000.00
07/01/14		\$ 13,777.50	\$ 13,777.50	\$ 668,000.00	\$ 72,000.00
01/01/15	\$ 11,000.00	\$ 13,777.50	\$ 24,777.50	\$ 657,000.00	\$ 83,000.00
07/01/15		\$ 13,550.83	\$ 13,550.83	\$ 657,000.00	\$ 83,000.00
01/01/16	\$ 11,500.00	\$ 13,550.83	\$ 25,050.83	\$ 645,500.00	\$ 94,500.00
07/01/16		\$ 13,313.44	\$ 13,313.44	\$ 645,500.00	\$ 94,500.00
01/01/17	\$ 12,000.00	\$ 13,313.44	\$ 25,313.44	\$ 633,500.00	\$ 106,500.00
07/01/17		\$ 13,065.94	\$ 13,065.94	\$ 633,500.00	\$ 106,500.00
01/01/18	\$ 12,500.00	\$ 13,065.94	\$ 25,565.94	\$ 621,000.00	\$ 119,000.00
07/01/18		\$ 12,808.13	\$ 12,808.13	\$ 621,000.00	\$ 119,000.00
01/01/19	\$ 13,000.00	\$ 12,808.13	\$ 25,808.13	\$ 608,000.00	\$ 132,000.00
07/01/19		\$ 12,540.00	\$ 12,540.00	\$ 608,000.00	\$ 132,000.00
01/01/20	\$ 13,500.00	\$ 12,540.00	\$ 26,040.00	\$ 594,500.00	\$ 145,500.00
07/01/20		\$ 12,281.58	\$ 12,281.58	\$ 594,500.00	\$ 145,500.00
01/01/21	\$ 14,000.00	\$ 12,281.58	\$ 26,761.58	\$ 580,000.00	\$ 160,000.00
07/01/21		\$ 11,982.50	\$ 11,982.50	\$ 580,000.00	\$ 160,000.00
01/01/22	\$ 15,000.00	\$ 11,982.50	\$ 26,982.50	\$ 565,000.00	\$ 175,000.00
07/01/22		\$ 11,653.13	\$ 11,653.13	\$ 565,000.00	\$ 175,000.00
01/01/23	\$ 15,500.00	\$ 11,653.13	\$ 27,153.13	\$ 549,500.00	\$ 190,500.00
07/01/23		\$ 11,333.44	\$ 11,333.44	\$ 549,500.00	\$ 190,500.00
01/01/24	\$ 16,500.00	\$ 11,333.44	\$ 27,833.44	\$ 533,000.00	\$ 207,000.00
07/01/24		\$ 10,993.13	\$ 10,993.13	\$ 533,000.00	\$ 207,000.00
01/01/25	\$ 17,000.00	\$ 10,993.13	\$ 27,993.13	\$ 516,000.00	\$ 224,000.00
07/01/25		\$ 10,642.50	\$ 10,642.50	\$ 516,000.00	\$ 224,000.00
01/01/26	\$ 18,000.00	\$ 10,642.50	\$ 28,642.50	\$ 498,000.00	\$ 242,000.00
07/01/26		\$ 10,271.25	\$ 10,271.25	\$ 498,000.00	\$ 242,000.00
01/01/27	\$ 18,500.00	\$ 10,271.25	\$ 28,771.25	\$ 479,500.00	\$ 260,500.00
07/01/27		\$ 9,889.69	\$ 9,889.69	\$ 479,500.00	\$ 260,500.00
01/01/28	\$ 19,500.00	\$ 9,889.69	\$ 29,389.69	\$ 460,000.00	\$ 280,000.00
07/01/28		\$ 9,487.50	\$ 9,487.50	\$ 460,000.00	\$ 280,000.00
01/01/29	\$ 20,500.00	\$ 9,487.50	\$ 29,987.50	\$ 439,500.00	\$ 300,500.00
07/01/29		\$ 9,084.89	\$ 9,084.89	\$ 439,500.00	\$ 300,500.00
01/01/30	\$ 21,000.00	\$ 9,084.89	\$ 30,084.89	\$ 418,500.00	\$ 321,500.00
07/01/30		\$ 8,631.58	\$ 8,631.58	\$ 418,500.00	\$ 321,500.00
01/01/31	\$ 22,000.00	\$ 8,631.58	\$ 30,631.58	\$ 398,000.00	\$ 343,500.00
07/01/31		\$ 8,177.31	\$ 8,177.31	\$ 398,000.00	\$ 343,500.00
01/01/32	\$ 23,000.00	\$ 8,177.31	\$ 31,177.31	\$ 373,500.00	\$ 366,500.00
07/01/32		\$ 7,703.44	\$ 7,703.44	\$ 373,500.00	\$ 366,500.00
01/01/33	\$ 24,000.00	\$ 7,703.44	\$ 31,703.44	\$ 349,000.00	\$ 390,500.00
07/01/33		\$ 7,208.44	\$ 7,208.44	\$ 349,000.00	\$ 390,500.00
01/01/34	\$ 25,500.00	\$ 7,208.44	\$ 32,708.44	\$ 324,000.00	\$ 416,000.00
07/01/34		\$ 6,682.50	\$ 6,682.50	\$ 324,000.00	\$ 416,000.00
01/01/35	\$ 28,500.00	\$ 6,682.50	\$ 33,182.50	\$ 297,500.00	\$ 442,500.00
07/01/35		\$ 6,135.34	\$ 6,135.34	\$ 297,500.00	\$ 442,500.00
01/01/36					

~~PAID~~
 A.A. Co
 12/2/05
 Pd 11/3/12
 Pd 11/3/13
 Pd 11/2/14

Mountain Water District
 Revenue Bonds
 Series 2001
 Fedscreek-Mouthcard Project

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
01/01/37	\$ 29,000.00	\$ 5,588.75	\$ 34,588.75	\$ 241,000.00	\$ 499,000.00
07/01/37		\$ 4,970.83	\$ 4,970.83	\$ 241,000.00	\$ 499,000.00
01/01/38	\$ 30,000.00	\$ 4,970.83	\$ 34,970.83	\$ 211,000.00	\$ 529,000.00
07/01/38		\$ 4,351.88	\$ 4,351.88	\$ 211,000.00	\$ 529,000.00
01/01/39	\$ 31,500.00	\$ 4,351.88	\$ 35,851.88	\$ 179,500.00	\$ 560,500.00
07/01/39		\$ 3,702.19	\$ 3,702.19	\$ 179,500.00	\$ 560,500.00
01/01/40	\$ 33,000.00	\$ 3,702.19	\$ 36,702.19	\$ 146,500.00	\$ 593,500.00
07/01/40		\$ 3,021.58	\$ 3,021.58	\$ 146,500.00	\$ 593,500.00
01/01/41	\$ 34,500.00	\$ 3,021.58	\$ 37,521.58	\$ 112,000.00	\$ 628,000.00
07/01/41		\$ 2,310.00	\$ 2,310.00	\$ 112,000.00	\$ 628,000.00
01/01/42	\$ 36,000.00	\$ 2,310.00	\$ 38,310.00	\$ 78,000.00	\$ 664,000.00
07/01/42		\$ 1,587.50	\$ 1,587.50	\$ 78,000.00	\$ 664,000.00
01/01/43	\$ 37,500.00	\$ 1,587.50	\$ 39,087.50	\$ 38,500.00	\$ 701,500.00
07/01/43		\$ 794.08	\$ 794.08	\$ 38,500.00	\$ 701,500.00
01/01/44	\$ 38,500.00	\$ 794.08	\$ 39,294.08	\$	\$ 740,000.00
Total	\$ 740,000.00	\$ 763,020.48	\$ 1,503,020.48		

Mountain Water District
 Revenue Bonds
 Series 2003
 Phelps-Buskirk Sewer Project

2213-17

Bond Issue Date 10/23/03

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
07/01/03	\$ -	\$ -	\$ -	\$ 426,000.00	\$ -
01/01/04	\$ -	\$ 3,676.44	\$ 3,676.44	\$ 426,000.00	\$ -
07/01/04	\$ -	\$ 9,585.00	\$ 9,585.00	\$ 426,000.00	\$ -
01/01/05	\$ -	\$ 9,585.00	\$ 9,585.00	\$ 426,000.00	\$ -
07/01/05	\$ -	\$ 9,585.00	\$ 9,585.00	\$ 426,000.00	\$ -
01/01/06	\$ 4,500.00	\$ 9,585.00	\$ 14,085.00	\$ 421,500.00	\$ 4,500.00
07/01/06	\$ -	\$ 9,483.75	\$ 9,483.75	\$ 421,500.00	\$ 4,500.00
01/01/07	\$ 4,500.00	\$ 9,483.75	\$ 13,983.75	\$ 417,000.00	\$ 9,000.00
07/01/07	\$ -	\$ 9,382.50	\$ 9,382.50	\$ 417,000.00	\$ 9,000.00
01/01/08	\$ 5,000.00	\$ 9,382.50	\$ 14,382.50	\$ 412,000.00	\$ 14,000.00
07/01/08	\$ -	\$ 9,270.00	\$ 9,270.00	\$ 412,000.00	\$ 14,000.00
01/01/09	\$ 5,000.00	\$ 9,270.00	\$ 14,270.00	\$ 407,000.00	\$ 19,000.00
07/01/09	\$ -	\$ 9,157.50	\$ 9,157.50	\$ 407,000.00	\$ 19,000.00
01/01/10	\$ 5,500.00	\$ 9,157.50	\$ 14,657.50	\$ 401,500.00	\$ 24,500.00
07/01/10	\$ -	\$ 9,033.75	\$ 9,033.75	\$ 401,500.00	\$ 24,500.00
01/01/11	\$ 5,500.00	\$ 9,033.75	\$ 14,533.75	\$ 396,000.00	\$ 30,000.00
07/01/11	\$ -	\$ 8,910.00	\$ 8,910.00	\$ 396,000.00	\$ 30,000.00
01/01/12	\$ 6,000.00	\$ 8,910.00	\$ 14,910.00	\$ 390,000.00	\$ 36,000.00
07/01/12	\$ -	\$ 8,775.00	\$ 8,775.00	\$ 390,000.00	\$ 36,000.00
01/01/13	\$ 6,000.00	\$ 8,775.00	\$ 14,775.00	\$ 384,000.00	\$ 42,000.00
07/01/13	\$ -	\$ 8,640.00	\$ 8,640.00	\$ 384,000.00	\$ 42,000.00
01/01/14	\$ 6,500.00	\$ 8,640.00	\$ 15,140.00	\$ 377,500.00	\$ 48,500.00
07/01/14	\$ -	\$ 8,493.75	\$ 8,493.75	\$ 377,500.00	\$ 48,500.00
01/01/15	\$ 6,500.00	\$ 8,493.75	\$ 14,993.75	\$ 371,000.00	\$ 55,000.00
07/01/15	\$ -	\$ 8,347.50	\$ 8,347.50	\$ 371,000.00	\$ 55,000.00
01/01/16	\$ 7,000.00	\$ 8,347.50	\$ 15,347.50	\$ 364,000.00	\$ 62,000.00
07/01/16	\$ -	\$ 8,190.00	\$ 8,190.00	\$ 364,000.00	\$ 62,000.00
01/01/17	\$ 7,000.00	\$ 8,190.00	\$ 15,190.00	\$ 357,000.00	\$ 69,000.00
07/01/17	\$ -	\$ 8,032.50	\$ 8,032.50	\$ 357,000.00	\$ 69,000.00
01/01/18	\$ 7,500.00	\$ 8,032.50	\$ 15,532.50	\$ 349,500.00	\$ 76,500.00
07/01/18	\$ -	\$ 7,863.75	\$ 7,863.75	\$ 349,500.00	\$ 76,500.00
01/01/19	\$ 8,000.00	\$ 7,863.75	\$ 15,863.75	\$ 341,500.00	\$ 84,500.00
07/01/19	\$ -	\$ 7,683.75	\$ 7,683.75	\$ 341,500.00	\$ 84,500.00
01/01/20	\$ 8,000.00	\$ 7,683.75	\$ 15,683.75	\$ 333,500.00	\$ 92,500.00
07/01/20	\$ -	\$ 7,503.75	\$ 7,503.75	\$ 333,500.00	\$ 92,500.00
01/01/21	\$ 8,500.00	\$ 7,503.75	\$ 16,003.75	\$ 325,000.00	\$ 101,000.00
07/01/21	\$ -	\$ 7,312.50	\$ 7,312.50	\$ 325,000.00	\$ 101,000.00
01/01/22	\$ 9,000.00	\$ 7,312.50	\$ 16,312.50	\$ 316,000.00	\$ 110,000.00
07/01/22	\$ -	\$ 7,110.00	\$ 7,110.00	\$ 316,000.00	\$ 110,000.00
01/01/23	\$ 9,500.00	\$ 7,110.00	\$ 16,610.00	\$ 306,500.00	\$ 119,500.00
07/01/23	\$ -	\$ 6,996.25	\$ 6,996.25	\$ 306,500.00	\$ 119,500.00
01/01/24	\$ 10,000.00	\$ 6,996.25	\$ 17,000.00	\$ 296,500.00	\$ 129,500.00
07/01/24	\$ -	\$ 6,871.25	\$ 6,871.25	\$ 296,500.00	\$ 129,500.00
01/01/25	\$ 10,500.00	\$ 6,871.25	\$ 17,371.25	\$ 286,000.00	\$ 140,000.00
07/01/25	\$ -	\$ 6,745.00	\$ 6,745.00	\$ 286,000.00	\$ 140,000.00
01/01/26	\$ 10,500.00	\$ 6,745.00	\$ 17,245.00	\$ 275,500.00	\$ 150,500.00

Pd 1/31/2
 Pd 1/31/3
 Pd 1/21/4

Mountain Water District
 Revenue Bonds
 Series 2003
 Phelps-Buskirk Sewer Project

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
07/01/26	\$ -	\$ 6,198.75	\$ 6,198.75	\$ 275,500.00	\$ 150,500.00
01/01/27	\$ 11,000.00	\$ 6,198.75	\$ 17,198.75	\$ 264,500.00	\$ 161,500.00
07/01/27	\$ -	\$ 5,951.25	\$ 5,951.25	\$ 264,500.00	\$ 161,500.00
01/01/28	\$ 11,500.00	\$ 5,951.25	\$ 17,451.25	\$ 253,000.00	\$ 173,000.00
07/01/28	\$ -	\$ 5,692.50	\$ 5,692.50	\$ 253,000.00	\$ 173,000.00
01/01/29	\$ 12,000.00	\$ 5,692.50	\$ 17,692.50	\$ 241,000.00	\$ 185,000.00
07/01/29	\$ -	\$ 5,422.50	\$ 5,422.50	\$ 241,000.00	\$ 185,000.00
01/01/30	\$ 13,000.00	\$ 5,422.50	\$ 18,422.50	\$ 228,000.00	\$ 198,000.00
07/01/30	\$ -	\$ 5,130.00	\$ 5,130.00	\$ 228,000.00	\$ 198,000.00
01/01/31	\$ 13,500.00	\$ 5,130.00	\$ 18,630.00	\$ 214,500.00	\$ 211,500.00
07/01/31	\$ -	\$ 4,826.25	\$ 4,826.25	\$ 214,500.00	\$ 211,500.00
01/01/32	\$ 14,000.00	\$ 4,826.25	\$ 18,826.25	\$ 200,500.00	\$ 225,500.00
07/01/32	\$ -	\$ 4,511.25	\$ 4,511.25	\$ 200,500.00	\$ 225,500.00
01/01/33	\$ 14,500.00	\$ 4,511.25	\$ 19,011.25	\$ 186,000.00	\$ 240,000.00
07/01/33	\$ -	\$ 4,185.00	\$ 4,185.00	\$ 186,000.00	\$ 240,000.00
01/01/34	\$ 15,000.00	\$ 4,185.00	\$ 19,185.00	\$ 171,000.00	\$ 255,000.00
07/01/34	\$ -	\$ 3,847.50	\$ 3,847.50	\$ 171,000.00	\$ 255,000.00
01/01/35	\$ 16,000.00	\$ 3,847.50	\$ 19,847.50	\$ 155,000.00	\$ 271,000.00
07/01/35	\$ -	\$ 3,487.50	\$ 3,487.50	\$ 155,000.00	\$ 271,000.00
01/01/36	\$ 16,500.00	\$ 3,487.50	\$ 19,987.50	\$ 138,500.00	\$ 287,500.00
07/01/36	\$ -	\$ 3,116.25	\$ 3,116.25	\$ 138,500.00	\$ 287,500.00
01/01/37	\$ 17,500.00	\$ 3,116.25	\$ 20,616.25	\$ 121,000.00	\$ 305,000.00
07/01/37	\$ -	\$ 2,722.50	\$ 2,722.50	\$ 121,000.00	\$ 305,000.00
01/01/38	\$ 18,000.00	\$ 2,722.50	\$ 20,722.50	\$ 103,000.00	\$ 323,000.00
07/01/38	\$ -	\$ 2,317.50	\$ 2,317.50	\$ 103,000.00	\$ 323,000.00
01/01/39	\$ 19,000.00	\$ 2,317.50	\$ 21,317.50	\$ 84,000.00	\$ 342,000.00
07/01/39	\$ -	\$ 1,890.00	\$ 1,890.00	\$ 84,000.00	\$ 342,000.00
01/01/40	\$ 20,000.00	\$ 1,890.00	\$ 21,890.00	\$ 64,000.00	\$ 362,000.00
07/01/40	\$ -	\$ 1,440.00	\$ 1,440.00	\$ 64,000.00	\$ 362,000.00
01/01/41	\$ 20,500.00	\$ 1,440.00	\$ 21,940.00	\$ 43,500.00	\$ 382,500.00
07/01/41	\$ -	\$ 978.75	\$ 978.75	\$ 43,500.00	\$ 382,500.00
01/01/42	\$ 21,500.00	\$ 978.75	\$ 22,478.75	\$ 22,000.00	\$ 404,000.00
07/01/42	\$ -	\$ 495.00	\$ 495.00	\$ 22,000.00	\$ 404,000.00
01/01/43	\$ 22,000.00	\$ 495.00	\$ 22,495.00	\$ -	\$ 428,000.00

Total \$ 426,000.00 \$ 492,826.44 \$ 918,826.44 # Payments 79

2218-00

Mountain Water District
Revenue Bonds
Kentucky Infrastructure Authority

Multi-Area	Interest Rate 2.90%	Loan Number B291-07
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Due Date	Principal Payment	Interest Payment	Total Principal & Interest	Servicing Fee	Total Payment	Principal Balance to Date	Principal Paid to Date
						\$ 5,185,093.00	
06/01/94	\$ 54,585.53	\$ 88,943.20	\$ 123,528.73	\$ 5,153.09	\$ 128,681.82	\$ 5,110,511.18	\$ 54,585.53
12/01/94	\$ 55,377.02	\$ 74,102.38	\$ 129,479.38	\$ 5,110.51	\$ 134,589.89	\$ 5,055,130.45	\$ 109,962.55
06/01/95	\$ 56,179.99	\$ 73,299.33	\$ 129,479.38	\$ 5,055.13	\$ 134,534.51	\$ 4,999,950.48	\$ 166,142.54
12/01/95	\$ 56,994.80	\$ 72,484.78	\$ 129,479.38	\$ 4,999.95	\$ 134,478.33	\$ 4,941,955.86	\$ 223,137.14
06/01/96	\$ 57,821.02	\$ 71,658.36	\$ 129,479.38	\$ 4,941.96	\$ 134,421.34	\$ 4,884,134.84	\$ 280,958.16
12/01/96	\$ 58,659.42	\$ 70,819.98	\$ 129,479.38	\$ 4,884.13	\$ 134,363.51	\$ 4,825,475.42	\$ 339,317.53
06/01/97	\$ 59,509.99	\$ 69,969.39	\$ 129,479.38	\$ 4,825.28	\$ 134,304.68	\$ 4,765,995.43	\$ 399,127.57
12/01/97	\$ 60,372.33	\$ 69,104.50	\$ 129,479.38	\$ 4,765.97	\$ 134,245.35	\$ 4,705,592.55	\$ 458,500.45
06/01/98	\$ 61,248.29	\$ 68,231.09	\$ 129,479.38	\$ 4,705.99	\$ 134,184.97	\$ 4,644,344.78	\$ 520,748.74
12/01/98	\$ 62,136.39	\$ 67,342.99	\$ 129,479.38	\$ 4,644.34	\$ 134,123.72	\$ 4,582,207.87	\$ 582,885.13
06/01/99	\$ 63,037.37	\$ 66,444.01	\$ 129,479.38	\$ 4,582.21	\$ 134,061.59	\$ 4,519,170.51	\$ 645,922.49
12/01/99	\$ 63,951.41	\$ 65,527.97	\$ 129,479.38	\$ 4,519.17	\$ 133,998.55	\$ 4,455,219.10	\$ 709,873.90
06/01/00	\$ 64,878.70	\$ 64,600.88	\$ 129,479.38	\$ 4,455.22	\$ 133,934.60	\$ 4,390,320.95	\$ 774,752.80
12/01/00	\$ 65,819.44	\$ 63,659.94	\$ 129,479.38	\$ 4,390.34	\$ 133,869.72	\$ 4,324,520.95	\$ 840,572.05
06/01/01	\$ 66,773.83	\$ 62,709.58	\$ 129,479.38	\$ 4,324.52	\$ 133,803.90	\$ 4,257,747.53	\$ 907,345.87
12/01/01	\$ 67,742.05	\$ 61,737.33	\$ 129,479.38	\$ 4,257.75	\$ 133,737.13	\$ 4,190,005.08	\$ 975,087.92
06/01/02	\$ 68,724.31	\$ 60,755.07	\$ 129,479.38	\$ 4,190.00	\$ 133,669.39	\$ 4,121,280.77	\$ 1,043,012.23
12/01/02	\$ 69,720.31	\$ 59,758.57	\$ 129,479.38	\$ 4,121.28	\$ 133,600.86	\$ 4,051,559.97	\$ 1,113,333.03
06/01/03	\$ 70,731.79	\$ 58,747.82	\$ 129,479.38	\$ 4,051.58	\$ 133,530.94	\$ 3,980,820.23	\$ 1,184,264.79
12/01/03	\$ 71,757.37	\$ 57,722.01	\$ 129,479.38	\$ 3,980.83	\$ 133,460.21	\$ 3,909,070.83	\$ 1,256,022.17
06/01/04	\$ 72,797.85	\$ 56,681.53	\$ 129,479.38	\$ 3,909.07	\$ 133,388.45	\$ 3,836,272.90	\$ 1,328,820.02
12/01/04	\$ 73,853.42	\$ 55,625.95	\$ 129,479.38	\$ 3,836.27	\$ 133,315.65	\$ 3,762,419.58	\$ 1,402,873.44
06/01/05	\$ 74,924.30	\$ 54,555.08	\$ 129,479.38	\$ 3,762.42	\$ 133,241.80	\$ 3,687,396.26	\$ 1,477,597.74
12/01/05	\$ 76,010.70	\$ 53,468.88	\$ 129,479.38	\$ 3,687.50	\$ 133,166.88	\$ 3,611,484.56	\$ 1,553,308.44
06/01/06	\$ 77,112.85	\$ 52,368.53	\$ 129,479.38	\$ 3,611.48	\$ 133,090.80	\$ 3,534,371.71	\$ 1,630,721.29
12/01/06	\$ 78,230.99	\$ 51,248.39	\$ 129,479.38	\$ 3,534.37	\$ 133,013.75	\$ 3,455,140.72	\$ 1,709,952.28
06/01/07	\$ 79,365.35	\$ 50,114.04	\$ 129,479.38	\$ 3,455.14	\$ 132,935.32	\$ 3,374,275.38	\$ 1,790,317.62
12/01/07	\$ 80,518.14	\$ 48,963.24	\$ 129,479.38	\$ 3,374.75	\$ 132,855.18	\$ 3,290,259.24	\$ 1,882,333.79
06/01/08	\$ 81,688.82	\$ 47,794.79	\$ 129,479.38	\$ 3,294.28	\$ 132,772.87	\$ 3,204,476.82	\$ 1,985,517.38
12/01/08	\$ 82,868.03	\$ 46,611.35	\$ 129,479.38	\$ 3,214.58	\$ 132,689.98	\$ 3,117,707.59	\$ 2,099,385.41
06/01/09	\$ 84,069.62	\$ 45,409.78	\$ 129,479.38	\$ 3,131.21	\$ 132,601.09	\$ 3,027,637.97	\$ 2,224,455.03
12/01/09	\$ 85,288.83	\$ 44,190.75	\$ 129,479.38	\$ 3,047.84	\$ 132,520.02	\$ 2,942,349.34	\$ 2,350,743.86
06/01/10	\$ 86,525.31	\$ 42,954.07	\$ 129,479.38	\$ 2,962.95	\$ 132,441.73	\$ 2,855,824.03	\$ 2,488,288.97
12/01/10	\$ 87,779.93	\$ 41,699.45	\$ 129,479.38	\$ 2,875.82	\$ 132,355.20	\$ 2,768,044.09	\$ 2,637,048.91
06/01/11	\$ 89,052.74	\$ 40,428.84	\$ 129,479.38	\$ 2,786.04	\$ 132,267.47	\$ 2,678,991.34	\$ 2,796,701.65
12/01/11	\$ 90,344.01	\$ 39,135.37	\$ 129,479.38	\$ 2,694.99	\$ 132,178.37	\$ 2,608,847.35	\$ 2,958,445.85
06/01/12	\$ 91,653.99	\$ 37,825.39	\$ 129,479.38	\$ 2,600.95	\$ 132,088.03	\$ 2,516,999.34	\$ 3,122,899.85
12/01/12	\$ 92,982.98	\$ 36,498.40	\$ 129,479.38	\$ 2,512.99	\$ 131,995.37	\$ 2,424,010.38	\$ 3,299,602.82
06/01/13	\$ 94,331.23	\$ 35,148.15	\$ 129,479.38	\$ 2,424.01	\$ 131,903.39	\$ 2,329,879.14	\$ 3,481,133.85
12/01/13	\$ 95,699.03	\$ 33,780.35	\$ 129,479.38	\$ 2,332.88	\$ 131,809.08	\$ 2,233,960.12	\$ 3,668,112.88
06/01/14	\$ 97,088.67	\$ 32,392.71	\$ 129,479.38	\$ 2,239.98	\$ 131,713.36	\$ 2,136,893.45	\$ 3,860,199.33
12/01/14	\$ 98,494.43	\$ 30,984.95	\$ 129,479.38	\$ 2,146.89	\$ 131,616.27	\$ 2,038,399.02	\$ 4,057,693.98
06/01/15	\$ 99,922.59	\$ 29,558.79	\$ 129,479.38	\$ 2,053.40	\$ 131,517.78	\$ 1,938,476.43	\$ 4,260,166.57
12/01/15	\$ 101,371.47	\$ 28,107.91	\$ 129,479.38	\$ 1,958.48	\$ 131,417.88	\$ 1,837,104.98	\$ 4,467,988.04
06/01/16	\$ 102,841.36	\$ 26,638.02	\$ 129,479.38	\$ 1,862.70	\$ 131,316.44	\$ 1,734,253.80	\$ 4,680,828.40
12/01/16	\$ 104,332.58	\$ 25,148.92	\$ 129,479.38	\$ 1,766.28	\$ 131,213.84	\$ 1,629,931.04	\$ 4,900,288.40
06/01/17	\$ 105,845.38	\$ 23,634.00	\$ 129,479.38	\$ 1,669.93	\$ 131,109.37	\$ 1,524,085.68	\$ 5,135,007.34
12/01/17	\$ 107,380.14	\$ 22,099.24	\$ 129,479.38	\$ 1,574.09	\$ 131,003.47	\$ 1,417,705.52	\$ 5,385,387.43
06/01/18	\$ 108,937.15	\$ 20,542.23	\$ 129,479.38	\$ 1,478.71	\$ 130,896.09	\$ 1,309,788.37	\$ 5,650,324.63
12/01/18	\$ 110,515.74	\$ 18,962.54	\$ 129,479.38	\$ 1,379.25	\$ 130,787.15	\$ 1,199,251.84	\$ 5,939,841.38
06/01/19	\$ 112,119.23	\$ 17,360.15	\$ 129,479.38	\$ 1,275.25	\$ 130,676.83	\$ 1,085,152.40	\$ 6,253,566.80
12/01/19	\$ 113,743.58	\$ 15,734.42	\$ 129,479.38	\$ 1,167.13	\$ 130,564.51	\$ 971,387.44	\$ 6,602,705.58
06/01/20	\$ 115,394.26	\$ 14,085.12	\$ 129,479.38	\$ 1,053.39	\$ 130,450.77	\$ 855,993.13	\$ 7,000,099.32
12/01/20	\$ 117,067.43	\$ 12,411.30	\$ 129,479.38	\$ 935.39	\$ 130,335.37	\$ 739,925.70	\$ 7,447,137.30
06/01/21	\$ 118,764.98	\$ 10,714.42	\$ 129,479.38	\$ 813.93	\$ 130,218.31	\$ 623,180.75	\$ 7,944,632.25
12/01/21	\$ 120,487.35	\$ 9,002.33	\$ 129,479.38	\$ 689.18	\$ 130,099.34	\$ 505,971.79	\$ 8,489,137.35
06/01/22	\$ 122,234.11	\$ 7,285.27	\$ 129,479.38	\$ 562.87	\$ 129,979.05	\$ 377,439.33	\$ 9,126,853.42
12/01/22	\$ 124,005.51	\$ 5,572.37	\$ 129,479.38	\$ 435.44	\$ 129,858.32	\$ 251,433.02	\$ 9,861,556.32
06/01/23	\$ 125,804.50	\$ 3,874.73	\$ 129,479.38	\$ 307.43	\$ 129,732.31	\$ 127,628.48	\$ 10,695,454.52
12/01/23	\$ 127,623.43	\$ 2,190.31	\$ 129,479.38	\$ 179.33	\$ 129,607.31	\$ 0.00	\$ 11,525,233.22

2219.00

Mountain Water District
Revenue Bonds
Kentucky Infrastructure Authority

Indian Creek		Interest Rate 3.00%		Loan Number B291-01			
Due Date	Principal Payment	Interest Payment	Total Principal & Interest	Servicing Fee	Total Payment	Principal Balance to Date	Principal Paid to Date
						\$ 337,750.00	
06/01/93	\$ 3,510.49	\$ 8,357.29	\$ 9,867.78	\$ 337.78	\$ 10,205.56	\$ 334,249.51	\$ 3,510.49
12/01/93	\$ 3,563.14	\$ 5,013.74	\$ 8,576.88	\$ 334.25	\$ 8,911.13	\$ 330,888.37	\$ 7,073.63
06/01/95	\$ 3,816.58	\$ 4,980.30	\$ 8,576.88	\$ 330.89	\$ 8,907.77	\$ 327,089.79	\$ 10,890.21
12/01/95	\$ 3,870.83	\$ 4,908.05	\$ 8,576.88	\$ 327.07	\$ 8,903.95	\$ 323,398.55	\$ 14,381.05
06/01/96	\$ 3,725.90	\$ 4,850.98	\$ 8,576.88	\$ 323.40	\$ 8,900.28	\$ 319,873.08	\$ 18,088.94
12/01/96	\$ 3,781.73	\$ 4,795.10	\$ 8,576.88	\$ 319.87	\$ 8,896.55	\$ 315,991.27	\$ 21,838.73
06/01/97	\$ 3,838.51	\$ 4,738.37	\$ 8,576.88	\$ 315.89	\$ 8,892.77	\$ 312,052.78	\$ 25,707.24
12/01/97	\$ 3,898.09	\$ 4,680.79	\$ 8,576.88	\$ 312.05	\$ 8,888.93	\$ 308,158.87	\$ 29,803.33
06/01/98	\$ 3,951.53	\$ 4,622.35	\$ 8,576.88	\$ 308.16	\$ 8,885.04	\$ 304,202.14	\$ 33,557.86
12/01/98	\$ 4,013.85	\$ 4,563.03	\$ 8,576.88	\$ 304.20	\$ 8,881.08	\$ 300,188.30	\$ 37,571.70
06/01/99	\$ 4,071.08	\$ 4,502.82	\$ 8,576.88	\$ 300.19	\$ 8,877.07	\$ 296,113.24	\$ 41,645.76
12/01/99	\$ 4,133.17	\$ 4,441.71	\$ 8,576.88	\$ 296.11	\$ 8,872.99	\$ 291,979.07	\$ 45,780.93
06/01/00	\$ 4,197.19	\$ 4,379.89	\$ 8,576.88	\$ 291.98	\$ 8,868.86	\$ 287,781.88	\$ 49,978.12
12/01/00	\$ 4,260.16	\$ 4,316.73	\$ 8,576.88	\$ 287.78	\$ 8,864.66	\$ 283,521.73	\$ 54,238.27
06/01/01	\$ 4,324.05	\$ 4,252.83	\$ 8,576.88	\$ 283.52	\$ 8,860.40	\$ 279,197.67	\$ 58,582.33
12/01/01	\$ 4,388.91	\$ 4,187.97	\$ 8,576.88	\$ 279.20	\$ 8,856.08	\$ 274,808.78	\$ 62,951.24
06/01/02	\$ 4,454.75	\$ 4,122.13	\$ 8,576.88	\$ 274.81	\$ 8,851.69	\$ 270,354.05	\$ 67,409.99
12/01/02	\$ 4,521.57	\$ 4,055.31	\$ 8,576.88	\$ 270.35	\$ 8,847.23	\$ 265,832.44	\$ 71,927.58
06/01/03	\$ 4,589.39	\$ 3,987.49	\$ 8,576.88	\$ 265.83	\$ 8,842.71	\$ 261,243.05	\$ 76,516.95
12/01/03	\$ 4,658.23	\$ 3,918.58	\$ 8,576.88	\$ 261.24	\$ 8,838.12	\$ 256,584.31	\$ 81,175.19
06/01/04	\$ 4,728.11	\$ 3,848.77	\$ 8,576.88	\$ 256.58	\$ 8,833.46	\$ 251,851.70	\$ 85,903.30
12/01/04	\$ 4,799.03	\$ 3,777.35	\$ 8,576.88	\$ 251.88	\$ 8,828.74	\$ 247,057.88	\$ 90,732.32
06/01/05	\$ 4,871.01	\$ 3,705.97	\$ 8,576.88	\$ 247.09	\$ 8,823.94	\$ 242,186.66	\$ 95,573.34
12/01/05	\$ 4,944.08	\$ 3,632.80	\$ 8,576.88	\$ 242.19	\$ 8,819.07	\$ 237,242.58	\$ 100,517.42
06/01/06	\$ 5,018.24	\$ 3,558.84	\$ 8,576.88	\$ 237.24	\$ 8,814.12	\$ 232,224.34	\$ 105,535.88
12/01/06	\$ 5,093.51	\$ 3,483.37	\$ 8,576.88	\$ 232.22	\$ 8,809.10	\$ 227,130.32	\$ 110,639.18
06/01/07	\$ 5,169.92	\$ 3,408.98	\$ 8,576.88	\$ 227.13	\$ 8,804.01	\$ 221,980.91	\$ 115,799.09
12/01/07	\$ 5,247.47	\$ 3,329.41	\$ 8,576.88	\$ 221.96	\$ 8,798.84	\$ 216,713.44	\$ 121,048.53
06/01/08	\$ 5,326.13	\$ 3,250.70	\$ 8,576.88	\$ 216.71	\$ 8,793.59	\$ 211,387.25	\$ 126,372.74
12/01/08	\$ 5,406.07	\$ 3,170.81	\$ 8,576.88	\$ 211.39	\$ 8,788.27	\$ 205,981.19	\$ 131,778.81
06/01/09	\$ 5,487.18	\$ 3,089.72	\$ 8,576.88	\$ 205.98	\$ 8,782.86	\$ 200,494.03	\$ 137,285.97
12/01/09	\$ 5,569.47	\$ 3,007.41	\$ 8,576.88	\$ 200.49	\$ 8,777.37	\$ 194,924.58	\$ 142,835.44
06/01/10	\$ 5,653.01	\$ 2,923.57	\$ 8,576.88	\$ 194.92	\$ 8,771.80	\$ 189,271.55	\$ 148,488.45
12/01/10	\$ 5,737.81	\$ 2,839.07	\$ 8,576.88	\$ 189.27	\$ 8,766.15	\$ 183,533.74	\$ 154,228.28
06/01/11	\$ 5,823.87	\$ 2,753.01	\$ 8,576.88	\$ 183.53	\$ 8,760.41	\$ 177,709.87	\$ 160,050.13
12/01/11	\$ 5,911.23	\$ 2,665.85	\$ 8,576.88	\$ 177.71	\$ 8,754.59	\$ 171,798.83	\$ 165,991.37
06/01/12	\$ 5,999.90	\$ 2,578.98	\$ 8,576.88	\$ 171.80	\$ 8,748.68	\$ 165,798.73	\$ 171,981.27
12/01/12	\$ 6,089.90	\$ 2,488.98	\$ 8,576.88	\$ 165.80	\$ 8,742.68	\$ 159,708.83	\$ 178,051.17
06/01/13	\$ 6,181.25	\$ 2,395.83	\$ 8,576.88	\$ 159.71	\$ 8,736.59	\$ 153,527.59	\$ 184,232.41
12/01/13	\$ 6,273.97	\$ 2,302.91	\$ 8,576.88	\$ 153.53	\$ 8,730.41	\$ 147,253.62	\$ 190,503.38
06/01/14	\$ 6,368.08	\$ 2,208.80	\$ 8,576.88	\$ 147.25	\$ 8,724.13	\$ 140,885.55	\$ 196,874.45
12/01/14	\$ 6,463.80	\$ 2,113.28	\$ 8,576.88	\$ 140.99	\$ 8,717.77	\$ 134,421.95	\$ 203,338.05
06/01/15	\$ 6,560.59	\$ 2,018.33	\$ 8,576.88	\$ 134.42	\$ 8,711.30	\$ 127,861.70	\$ 209,838.80
12/01/15	\$ 6,658.98	\$ 1,917.92	\$ 8,576.88	\$ 127.38	\$ 8,704.74	\$ 121,202.44	\$ 216,557.58
06/01/16	\$ 6,758.84	\$ 1,818.04	\$ 8,576.88	\$ 121.20	\$ 8,698.08	\$ 114,443.80	\$ 223,318.40
12/01/16	\$ 6,859.23	\$ 1,718.85	\$ 8,576.88	\$ 114.44	\$ 8,691.32	\$ 107,583.37	\$ 230,178.33
06/01/17	\$ 6,961.13	\$ 1,619.75	\$ 8,576.88	\$ 107.58	\$ 8,684.46	\$ 100,622.24	\$ 237,139.78
12/01/17	\$ 7,064.58	\$ 1,520.30	\$ 8,576.88	\$ 100.52	\$ 8,677.50	\$ 93,552.36	\$ 244,207.34
06/01/18	\$ 7,170.59	\$ 1,403.29	\$ 8,576.88	\$ 93.55	\$ 8,670.43	\$ 86,379.07	\$ 251,390.93
12/01/18	\$ 7,279.19	\$ 1,295.89	\$ 8,576.88	\$ 86.38	\$ 8,663.28	\$ 79,097.38	\$ 258,652.12
06/01/19	\$ 7,390.41	\$ 1,188.47	\$ 8,576.88	\$ 79.10	\$ 8,655.98	\$ 71,707.47	\$ 266,052.53
12/01/19	\$ 7,503.27	\$ 1,075.81	\$ 8,576.88	\$ 71.71	\$ 8,648.55	\$ 64,208.20	\$ 273,553.30
06/01/20	\$ 7,618.79	\$ 963.09	\$ 8,576.88	\$ 64.21	\$ 8,641.09	\$ 56,592.41	\$ 281,187.59
12/01/20	\$ 7,737.09	\$ 848.39	\$ 8,576.88	\$ 56.59	\$ 8,633.47	\$ 48,924.42	\$ 288,935.53
06/01/21	\$ 7,858.31	\$ 732.97	\$ 8,576.88	\$ 48.36	\$ 8,625.74	\$ 41,020.51	\$ 296,739.49
12/01/21	\$ 7,981.57	\$ 615.31	\$ 8,576.88	\$ 41.02	\$ 8,617.90	\$ 33,053.33	\$ 304,651.37
06/01/22	\$ 8,107.81	\$ 495.38	\$ 8,576.88	\$ 33.08	\$ 8,609.94	\$ 24,977.94	\$ 312,782.08
12/01/22	\$ 8,236.04	\$ 374.37	\$ 8,576.88	\$ 24.39	\$ 8,601.95	\$ 16,757.73	\$ 321,124.27
06/01/23	\$ 8,367.25	\$ 251.64	\$ 8,576.88	\$ 16.78	\$ 8,593.68	\$ 8,450.48	\$ 329,625.52
12/01/23	\$ 8,501.43	\$ 125.75	\$ 8,576.88	\$ 8.45	\$ 8,585.33	\$ 0.00	\$ 337,750.00
Total	\$ 337,750.00	\$ 178,144.06	\$ 515,903.70	\$ 11,750.21	\$ 527,693.91		

2221-00

Mountain Water District
Revenue Bonds
Kentucky Infrastructure Authority

Fedscreek Water Plant

Interest Rate 1.80%

Loan Number F01-07

Due Date	Principal Payment	Interest Payment	Total Principal & Interest	Servicing Fee	Total Payment	Principal Balance to Date	Principal Paid to Date
12/01/04	\$ 24,995.52	\$ 10,713.21	\$ 35,708.73	\$ 1,458.34	\$ 37,205.07	\$ 1,197,072.00	\$ 24,995.52
08/01/05	\$ 25,220.48	\$ 10,543.69	\$ 35,769.17	\$ 1,463.10	\$ 37,234.27	\$ 1,172,078.48	\$ 50,216.00
12/01/05	\$ 25,447.47	\$ 10,371.70	\$ 35,789.17	\$ 1,433.57	\$ 37,202.74	\$ 1,148,858.00	\$ 75,683.47
08/01/06	\$ 25,676.49	\$ 10,092.68	\$ 35,769.17	\$ 1,401.78	\$ 37,170.93	\$ 1,121,408.53	\$ 101,339.96
12/01/06	\$ 25,907.55	\$ 9,887.99	\$ 35,789.17	\$ 1,368.67	\$ 37,138.84	\$ 1,095,732.04	\$ 127,247.54
08/01/07	\$ 26,140.75	\$ 9,628.42	\$ 35,769.17	\$ 1,337.28	\$ 37,106.45	\$ 1,069,824.46	\$ 153,388.29
12/01/07	\$ 26,376.02	\$ 9,393.15	\$ 35,789.17	\$ 1,304.60	\$ 37,073.77	\$ 1,043,883.71	\$ 179,764.31
08/01/08	\$ 26,613.40	\$ 9,155.77	\$ 35,769.17	\$ 1,271.83	\$ 37,040.80	\$ 1,017,307.89	\$ 206,377.71
12/01/08	\$ 26,852.92	\$ 8,918.25	\$ 35,789.17	\$ 1,238.37	\$ 37,007.54	\$ 990,894.29	\$ 233,230.63
08/01/09	\$ 27,094.60	\$ 8,674.57	\$ 35,769.17	\$ 1,204.80	\$ 36,973.97	\$ 964,108.32	\$ 260,325.23
12/01/09	\$ 27,338.45	\$ 8,430.72	\$ 35,789.17	\$ 1,170.93	\$ 36,940.16	\$ 937,488.16	\$ 287,663.88
08/01/10	\$ 27,584.50	\$ 8,184.87	\$ 35,769.17	\$ 1,138.76	\$ 36,905.93	\$ 910,482.23	\$ 315,248.17
12/01/10	\$ 27,832.78	\$ 7,936.41	\$ 35,789.17	\$ 1,102.26	\$ 36,871.45	\$ 883,100.78	\$ 343,080.93
08/01/11	\$ 28,083.25	\$ 7,685.92	\$ 35,769.17	\$ 1,067.49	\$ 36,836.68	\$ 855,987.82	\$ 371,184.18
12/01/11	\$ 28,336.00	\$ 7,433.17	\$ 35,789.17	\$ 1,032.34	\$ 36,801.55	\$ 828,644.59	\$ 399,500.16
08/01/12	\$ 28,591.02	\$ 7,178.15	\$ 35,769.17	\$ 996.96	\$ 36,766.13	\$ 801,000.00	\$ 428,091.20
12/01/12	\$ 28,848.34	\$ 6,926.63	\$ 35,789.17	\$ 961.23	\$ 36,730.40	\$ 773,000.00	\$ 456,938.83
08/01/13	\$ 29,107.98	\$ 6,681.19	\$ 35,789.17	\$ 925.17	\$ 36,694.34	\$ 744,644.59	\$ 486,047.52
12/01/13	\$ 29,369.95	\$ 6,435.22	\$ 35,789.17	\$ 889.74	\$ 36,657.95	\$ 716,000.00	\$ 515,417.27
08/01/14	\$ 29,634.28	\$ 6,134.89	\$ 35,769.17	\$ 852.07	\$ 36,621.24	\$ 687,000.00	\$ 545,051.75
12/01/14	\$ 29,900.99	\$ 5,868.15	\$ 35,789.17	\$ 815.03	\$ 36,584.20	\$ 657,500.00	\$ 574,932.74
08/01/15	\$ 30,170.10	\$ 5,599.07	\$ 35,769.17	\$ 777.65	\$ 36,546.82	\$ 627,500.00	\$ 605,122.84
12/01/15	\$ 30,441.63	\$ 5,327.54	\$ 35,789.17	\$ 739.94	\$ 36,508.11	\$ 597,000.00	\$ 635,564.26
08/01/16	\$ 30,715.60	\$ 5,053.57	\$ 35,769.17	\$ 701.88	\$ 36,471.05	\$ 566,000.00	\$ 666,280.07
12/01/16	\$ 30,992.04	\$ 4,777.13	\$ 35,789.17	\$ 663.49	\$ 36,432.66	\$ 534,500.00	\$ 697,272.11
08/01/17	\$ 31,270.97	\$ 4,498.20	\$ 35,769.17	\$ 624.75	\$ 36,393.92	\$ 502,000.00	\$ 728,543.08
12/01/17	\$ 31,552.41	\$ 4,218.78	\$ 35,789.17	\$ 585.68	\$ 36,354.83	\$ 468,500.00	\$ 760,095.46
08/01/18	\$ 31,836.38	\$ 3,932.79	\$ 35,789.17	\$ 546.22	\$ 36,315.39	\$ 434,000.00	\$ 791,931.87
12/01/18	\$ 32,122.91	\$ 3,649.26	\$ 35,789.17	\$ 506.43	\$ 36,274.60	\$ 398,500.00	\$ 824,054.78
08/01/19	\$ 32,412.02	\$ 3,357.15	\$ 35,769.17	\$ 466.27	\$ 36,233.44	\$ 362,000.00	\$ 856,488.79
12/01/19	\$ 32,703.72	\$ 3,063.43	\$ 35,789.17	\$ 425.76	\$ 36,191.93	\$ 324,500.00	\$ 889,170.52
08/01/20	\$ 32,998.06	\$ 2,771.11	\$ 35,769.17	\$ 384.88	\$ 36,150.05	\$ 286,000.00	\$ 922,188.57
12/01/20	\$ 33,295.04	\$ 2,474.13	\$ 35,789.17	\$ 343.63	\$ 36,112.80	\$ 246,500.00	\$ 955,463.61
08/01/21	\$ 33,594.69	\$ 2,174.48	\$ 35,769.17	\$ 302.01	\$ 36,071.18	\$ 206,000.00	\$ 989,058.31
12/01/21	\$ 33,897.05	\$ 1,872.12	\$ 35,789.17	\$ 260.02	\$ 36,029.19	\$ 164,500.00	\$ 1,022,955.35
08/01/22	\$ 34,202.12	\$ 1,567.05	\$ 35,769.17	\$ 217.65	\$ 35,986.82	\$ 122,000.00	\$ 1,057,157.48
12/01/22	\$ 34,509.94	\$ 1,259.23	\$ 35,789.17	\$ 174.89	\$ 35,944.06	\$ 78,500.00	\$ 1,091,667.41
08/01/23	\$ 34,820.53	\$ 948.64	\$ 35,769.17	\$ 131.76	\$ 35,900.93	\$ 33,000.00	\$ 1,126,487.94
12/01/23	\$ 35,133.91	\$ 635.26	\$ 35,789.17	\$ 88.23	\$ 35,857.40	\$ 0.00	\$ 1,161,621.88
08/01/24	\$ 35,450.14	\$ 319.05	\$ 35,789.19	\$ 44.31	\$ 35,813.50	\$ 0.00	\$ 1,197,072.00
Total	\$ 1,197,072.00	\$ 233,634.38	\$ 1,430,706.38	\$ 32,437.61	\$ 1,463,163.99		# Payments 40

Loan/Annuity Amortization Schedule

Annual Percentage Rate = 1.80% • Principal = \$1197072.00

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
1	12/01/2004	24395.52	13773.55	38169.07	1172676.48	1194937.48
Subtotal 2004		24395.52	13773.55	38169.07		
2	03/01/2005	25220.48	13548.59	38769.07	1147456.00	1194937.48
3	12/01/2005	25447.47	13321.70	38769.17	1121408.53	1194937.48
Subtotal 2005		50667.95	26870.29	77538.24		
4	03/01/2006	25576.43	13092.53	38668.96	1095832.10	1194937.48
5	12/01/2006	25907.58	12861.33	38769.17	1069924.46	1194937.48
Subtotal 2006		51484.01	25953.86	77437.87		
6	03/01/2007	26140.75	12628.42	38769.17	1043683.71	1194937.48
7	12/01/2007	26476.02	12393.15	38869.17	1017327.69	1194937.48
Subtotal 2007		52616.77	25021.57	77638.34		
8	03/01/2008	26613.40	12155.77	38769.17	990564.29	1194937.48
9	12/01/2008	26952.97	11916.25	38869.22	963611.32	1194937.48
Subtotal 2008		53566.37	24072.02	77638.39		
10	03/01/2009	27034.60	11744.57	38779.17	936746.77	1194937.48
11	12/01/2009	27338.45	11510.72	38849.17	909808.32	1194937.48
Subtotal 2009		54373.05	23255.29	77638.34		
12	03/01/2010	27530.50	11484.57	38769.17	883023.82	1194937.48
13	12/01/2010	27832.76	11248.41	38769.17	855185.06	1194937.48
Subtotal 2010		55363.26	22733.00	78096.26		
14	03/01/2011	28033.25	11139.92	38769.17	827245.81	1194937.48
15	12/01/2011	28336.30	10903.17	38769.17	799279.51	1194937.48
Subtotal 2011		56369.55	22043.09	78812.64		
16	03/01/2012	28539.32	10793.15	38769.17	771286.18	1194937.48
17	12/01/2012	28843.34	10553.33	38769.17	743232.85	1194937.48
Subtotal 2012		57382.66	21346.48	78729.14		
18	03/01/2013	29047.93	10661.17	38769.17	715134.92	1194937.48

Loan Amortization Schedule

Annual Percentage Rate = 1.3% - Principal = \$1197372.00

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
19	12/31/2013	19149.35	5199.22	13749.17	491694.52	751152.57
Subtotal 2013		58477.91	13669.41	72147.34		
20	03/31/2014	29814.23	5134.89	13749.17	461880.34	751183.49
21	12/31/2014	29920.99	5349.18	13749.17	432119.25	751214.21
Subtotal 2014		59735.27	10493.07	70248.34		
22	03/31/2015	30170.10	5599.07	13749.17	391949.15	751245.08
23	12/31/2015	30441.83	5327.54	13749.17	361527.52	751275.89
Subtotal 2015		60611.93	10926.61	71538.54		
24	06/30/2016	30715.80	5051.97	13749.17	330791.92	751306.72
25	12/31/2016	31392.64	4777.13	13749.17	300799.89	751337.53
Subtotal 2016		62108.44	9829.10	71937.54		
26	03/31/2017	31279.97	4498.20	13749.17	269528.91	751368.38
27	12/31/2017	31882.40	4215.75	13749.17	238974.92	751399.21
Subtotal 2017		63162.37	8713.95	71876.34		
28	03/31/2018	31818.33	3932.79	13749.17	208141.12	751430.04
29	12/31/2018	32227.91	3648.26	13749.17	177027.21	751460.87
Subtotal 2018		64046.24	7581.05	71627.29		
30	03/31/2019	32412.02	3357.15	13749.17	146609.13	751491.70
31	12/31/2019	32761.72	3069.45	13749.17	116905.47	751522.53
Subtotal 2019		65173.74	6426.60	71600.34		
32	03/31/2020	32599.09	2771.11	13749.17	87903.12	751553.34
33	12/31/2020	32939.19	2474.11	13749.17	59508.17	751584.19
Subtotal 2020		65538.28	5245.22	70783.54		
34	03/31/2021	32594.59	2174.49	13749.17	32011.99	751615.01
35	12/31/2021	32997.39	1871.10	13749.17	3111.82	751645.82
Subtotal 2021		65591.98	4045.59	71637.54		
36	03/31/2022	32027.11	1567.18	13749.17	11914.51	751676.61

Loan Amortization Schedule

Annual Percentage Rate = 1.37% - Principal = \$1197072.00

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
37	12/31/2021	11839.94	1239.21	13079.15	103404.87	107317.81
Subtotal 2022		39712.06	3915.28	71538.34		
38	03/31/2022	14810.81	948.64	15759.45	71534.04	71538.34
39	12/31/2022	15113.91	619.25	15733.16	15450.13	15759.45
Subtotal 2023		39924.72	1567.89	71538.34		
40	06/30/2024	35450.13	119.05	35569.18	0.00	0.00
Subtotal 2024		35450.13	119.05	35569.18		
Report Totals -->		1197072.00	231594.81	1410756.81		

Mountain Water District
 Revenue Bonds
 Series 2001
 Fedscreek-Mouthcard Project

2223.00

Bond Issue Date 7/26/2002

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
1/1/2003	\$ -	\$ 13,000.00	\$ 13,000.00	\$ 800,000.00	\$ -
7/1/2003	\$ -	\$ 13,000.00	\$ 13,000.00	\$ 800,000.00	\$ -
1/1/2004	\$ -	\$ 13,000.00	\$ 13,000.00	\$ 800,000.00	\$ -
7/1/2004	\$ -	\$ 13,000.00	\$ 13,000.00	\$ 800,000.00	\$ -
1/1/2005	\$ 11,000.00	\$ 13,000.00	\$ 24,000.00	\$ 789,000.00	\$ 11,000.00
7/1/2005	\$ -	\$ 12,821.25	\$ 12,821.25	\$ 789,000.00	\$ 11,000.00
1/1/2006	\$ 11,000.00	\$ 12,821.25	\$ 23,821.25	\$ 778,000.00	\$ 22,000.00
7/1/2006	\$ -	\$ 12,642.50	\$ 12,642.50	\$ 778,000.00	\$ 22,000.00
1/1/2007	\$ 12,000.00	\$ 12,642.50	\$ 24,642.50	\$ 766,000.00	\$ 34,000.00
7/1/2007	\$ -	\$ 12,447.50	\$ 12,447.50	\$ 766,000.00	\$ 34,000.00
1/1/2008	\$ 12,000.00	\$ 12,447.50	\$ 24,447.50	\$ 754,000.00	\$ 46,000.00
7/1/2008	\$ -	\$ 12,252.50	\$ 12,252.50	\$ 754,000.00	\$ 46,000.00
1/1/2009	\$ 12,000.00	\$ 12,252.50	\$ 24,252.50	\$ 742,000.00	\$ 58,000.00
7/1/2009	\$ -	\$ 12,057.50	\$ 12,057.50	\$ 742,000.00	\$ 58,000.00
1/1/2010	\$ 13,000.00	\$ 12,057.50	\$ 25,057.50	\$ 729,000.00	\$ 71,000.00
7/1/2010	\$ -	\$ 11,846.25	\$ 11,846.25	\$ 729,000.00	\$ 71,000.00
1/1/2011	\$ 13,000.00	\$ 11,846.25	\$ 24,846.25	\$ 716,000.00	\$ 84,000.00
7/1/2011	\$ -	\$ 11,635.00	\$ 11,635.00	\$ 716,000.00	\$ 84,000.00
1/1/2012	\$ 14,000.00	\$ 11,635.00	\$ 25,635.00	\$ 702,000.00	\$ 98,000.00
7/1/2012	\$ -	\$ 11,407.50	\$ 11,407.50	\$ 702,000.00	\$ 98,000.00
1/1/2013	\$ 14,000.00	\$ 11,407.50	\$ 25,407.50	\$ 688,000.00	\$ 112,000.00
7/1/2013	\$ -	\$ 11,180.00	\$ 11,180.00	\$ 688,000.00	\$ 112,000.00
1/1/2014	\$ 15,000.00	\$ 11,180.00	\$ 26,180.00	\$ 673,000.00	\$ 127,000.00
7/1/2014	\$ -	\$ 10,936.25	\$ 10,936.25	\$ 673,000.00	\$ 127,000.00
1/1/2015	\$ 15,000.00	\$ 10,936.25	\$ 25,936.25	\$ 658,000.00	\$ 142,000.00
7/1/2015	\$ -	\$ 10,692.50	\$ 10,692.50	\$ 658,000.00	\$ 142,000.00
1/1/2016	\$ 16,000.00	\$ 10,692.50	\$ 26,692.50	\$ 642,000.00	\$ 158,000.00
7/1/2016	\$ -	\$ 10,432.50	\$ 10,432.50	\$ 642,000.00	\$ 158,000.00
1/1/2017	\$ 16,000.00	\$ 10,432.50	\$ 26,432.50	\$ 626,000.00	\$ 174,000.00
7/1/2017	\$ -	\$ 10,172.50	\$ 10,172.50	\$ 626,000.00	\$ 174,000.00
1/1/2018	\$ 17,000.00	\$ 10,172.50	\$ 27,172.50	\$ 609,000.00	\$ 191,000.00
7/1/2018	\$ -	\$ 9,896.25	\$ 9,896.25	\$ 609,000.00	\$ 191,000.00
1/1/2019	\$ 17,000.00	\$ 9,896.25	\$ 26,896.25	\$ 592,000.00	\$ 208,000.00
7/1/2019	\$ -	\$ 9,620.00	\$ 9,620.00	\$ 592,000.00	\$ 208,000.00
1/1/2020	\$ 18,000.00	\$ 9,620.00	\$ 27,620.00	\$ 574,000.00	\$ 226,000.00
7/1/2020	\$ -	\$ 9,327.50	\$ 9,327.50	\$ 574,000.00	\$ 226,000.00
1/1/2021	\$ 18,000.00	\$ 9,327.50	\$ 27,327.50	\$ 556,000.00	\$ 244,000.00
7/1/2021	\$ -	\$ 9,035.00	\$ 9,035.00	\$ 556,000.00	\$ 244,000.00
1/1/2022	\$ 19,000.00	\$ 9,035.00	\$ 28,035.00	\$ 537,000.00	\$ 263,000.00
7/1/2022	\$ -	\$ 8,726.25	\$ 8,726.25	\$ 537,000.00	\$ 263,000.00
1/1/2023	\$ 19,000.00	\$ 8,726.25	\$ 27,726.25	\$ 518,000.00	\$ 282,000.00
7/1/2023	\$ -	\$ 8,417.50	\$ 8,417.50	\$ 518,000.00	\$ 282,000.00
1/1/2024	\$ 20,000.00	\$ 8,417.50	\$ 28,417.50	\$ 498,000.00	\$ 302,000.00
7/1/2024	\$ -	\$ 8,092.50	\$ 8,092.50	\$ 498,000.00	\$ 302,000.00

Pd 1/3/12
 Pd 1/3/13
 Pd 1/2/14

Mountain Water District
 Revenue Bonds
 Series 2001
 Fedscreek-Mouthcard Project

Due Date	Principal Payment	Interest Payment	Total Payment	Principal Balance to Date	Principal Paid to Date
1/1/2025	\$ 21,000.00	\$ 8,092.50	\$ 29,092.50	\$ 477,000.00	\$ 323,000.00
7/1/2025	\$ -	\$ 7,751.25	\$ 7,751.25	\$ 477,000.00	\$ 323,000.00
1/1/2026	\$ 21,000.00	\$ 7,751.25	\$ 28,751.25	\$ 456,000.00	\$ 344,000.00
7/1/2026	\$ -	\$ 7,410.00	\$ 7,410.00	\$ 456,000.00	\$ 344,000.00
1/1/2027	\$ 22,000.00	\$ 7,410.00	\$ 29,410.00	\$ 434,000.00	\$ 366,000.00
7/1/2027	\$ -	\$ 7,052.50	\$ 7,052.50	\$ 434,000.00	\$ 366,000.00
1/1/2028	\$ 23,000.00	\$ 7,052.50	\$ 30,052.50	\$ 411,000.00	\$ 389,000.00
7/1/2028	\$ -	\$ 6,678.75	\$ 6,678.75	\$ 411,000.00	\$ 389,000.00
1/1/2029	\$ 24,000.00	\$ 6,678.75	\$ 30,678.75	\$ 387,000.00	\$ 413,000.00
7/1/2029	\$ -	\$ 6,288.75	\$ 6,288.75	\$ 387,000.00	\$ 413,000.00
1/1/2030	\$ 24,000.00	\$ 6,288.75	\$ 30,288.75	\$ 363,000.00	\$ 437,000.00
7/1/2030	\$ -	\$ 5,898.75	\$ 5,898.75	\$ 363,000.00	\$ 437,000.00
1/1/2031	\$ 25,000.00	\$ 5,898.75	\$ 30,898.75	\$ 338,000.00	\$ 462,000.00
7/1/2031	\$ -	\$ 5,492.50	\$ 5,492.50	\$ 338,000.00	\$ 462,000.00
1/1/2032	\$ 26,000.00	\$ 5,492.50	\$ 31,492.50	\$ 312,000.00	\$ 488,000.00
7/1/2032	\$ -	\$ 5,070.00	\$ 5,070.00	\$ 312,000.00	\$ 488,000.00
1/1/2033	\$ 27,000.00	\$ 5,070.00	\$ 32,070.00	\$ 285,000.00	\$ 515,000.00
7/1/2033	\$ -	\$ 4,631.25	\$ 4,631.25	\$ 285,000.00	\$ 515,000.00
1/1/2034	\$ 28,000.00	\$ 4,631.25	\$ 32,631.25	\$ 257,000.00	\$ 543,000.00
7/1/2034	\$ -	\$ 4,176.25	\$ 4,176.25	\$ 257,000.00	\$ 543,000.00
1/1/2035	\$ 28,000.00	\$ 4,176.25	\$ 32,176.25	\$ 229,000.00	\$ 571,000.00
7/1/2035	\$ -	\$ 3,721.25	\$ 3,721.25	\$ 229,000.00	\$ 571,000.00
1/1/2036	\$ 30,000.00	\$ 3,721.25	\$ 33,721.25	\$ 199,000.00	\$ 601,000.00
7/1/2036	\$ -	\$ 3,233.75	\$ 3,233.75	\$ 199,000.00	\$ 601,000.00
1/1/2037	\$ 30,000.00	\$ 3,233.75	\$ 33,233.75	\$ 169,000.00	\$ 631,000.00
7/1/2037	\$ -	\$ 2,746.25	\$ 2,746.25	\$ 169,000.00	\$ 631,000.00
1/1/2038	\$ 32,000.00	\$ 2,746.25	\$ 34,746.25	\$ 137,000.00	\$ 663,000.00
7/1/2038	\$ -	\$ 2,226.25	\$ 2,226.25	\$ 137,000.00	\$ 663,000.00
1/1/2039	\$ 32,000.00	\$ 2,226.25	\$ 34,226.25	\$ 105,000.00	\$ 695,000.00
7/1/2039	\$ -	\$ 1,706.25	\$ 1,706.25	\$ 105,000.00	\$ 695,000.00
1/1/2040	\$ 34,000.00	\$ 1,706.25	\$ 35,706.25	\$ 71,000.00	\$ 729,000.00
7/1/2040	\$ -	\$ 1,153.75	\$ 1,153.75	\$ 71,000.00	\$ 729,000.00
1/1/2041	\$ 35,000.00	\$ 1,153.75	\$ 36,153.75	\$ 36,000.00	\$ 764,000.00
7/1/2041	\$ -	\$ 585.00	\$ 585.00	\$ 36,000.00	\$ 764,000.00
1/1/2042	\$ 36,000.00	\$ 585.00	\$ 36,585.00	\$ -	\$ 800,000.00
Total	\$ 800,000.00	\$ 643,922.50	\$ 1,443,922.50	# Payments	79



ITASKA INFRASTRUCTURE AUTHORITY
PAYMENT SCHEDULE
UN #A03-06

Itaska Water District
AL

1.00% Rate
\$5,105.99 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/05	\$4,182.51	\$023.48	1.0000%	\$5,105.99	\$184.70	\$0.00	\$5,290.68	\$184,695.00	\$0.00	\$0.00
12/01/05	\$4,203.43	\$902.56	1.0000%	\$5,105.99	\$180.51	\$0.00	\$5,286.50	\$180,512.49	\$5,000.00	\$5,000.00
06/01/06	\$4,224.44	\$881.55	1.0000%	\$5,105.99	\$176.31	\$0.00	\$5,282.50	\$176,309.06	\$0.00	\$5,000.00
12/01/06	\$4,245.57	\$860.42	1.0000%	\$5,105.99	\$172.08	\$0.00	\$5,278.07	\$172,084.62	\$5,000.00	\$10,000.00
06/01/07	\$4,266.79	\$839.29	1.0000%	\$5,105.99	\$167.84	\$0.00	\$5,273.83	\$167,839.05	\$0.00	\$10,000.00
12/01/07	\$4,288.11	\$817.86	1.0000%	\$5,105.99	\$163.57	\$0.00	\$5,269.56	\$163,572.26	\$0.00	\$15,000.00
06/01/08	\$4,309.57	\$796.42	1.0000%	\$5,105.99	\$159.28	\$0.00	\$5,265.27	\$159,284.14	\$0.00	\$15,000.00
12/01/08	\$4,331.12	\$774.87	1.0000%	\$5,105.99	\$154.97	\$0.00	\$5,260.96	\$154,974.57	\$0.00	\$20,000.00
06/01/09	\$4,352.77	\$753.22	1.0000%	\$5,105.99	\$150.64	\$0.00	\$5,256.63	\$150,643.45	\$0.00	\$20,000.00
12/01/09	\$4,374.54	\$731.45	1.0000%	\$5,105.99	\$146.29	\$0.00	\$5,252.28	\$146,290.68	\$5,000.00	\$25,000.00
06/01/10	\$4,396.41	\$709.58	1.0000%	\$5,105.99	\$141.92	\$0.00	\$5,247.91	\$141,916.14	\$0.00	\$25,000.00
12/01/10	\$4,418.39	\$687.60	1.0000%	\$5,105.99	\$137.52	\$0.00	\$5,243.51	\$137,519.73	\$0.00	\$30,000.00
06/01/11	\$4,440.48	\$665.51	1.0000%	\$5,105.99	\$133.10	\$0.00	\$5,239.09	\$133,101.34	\$0.00	\$30,000.00
12/01/11	\$4,462.69	\$643.30	1.0000%	\$5,105.99	\$128.66	\$0.00	\$5,234.65	\$128,660.86	\$0.00	\$35,000.00
06/01/12	\$4,485.00	\$621.09	1.0000%	\$5,105.99	\$124.20	\$0.00	\$5,230.19	\$124,108.17	\$5,000.00	\$35,000.00
12/01/12	\$4,507.42	\$598.57	1.0000%	\$5,105.99	\$119.71	\$0.00	\$5,225.70	\$119,713.17	\$0.00	\$40,000.00
06/01/13	\$4,529.96	\$576.03	1.0000%	\$5,105.99	\$115.21	\$0.00	\$5,221.19	\$115,205.75	\$0.00	\$40,000.00
12/01/13	\$4,552.61	\$553.38	1.0000%	\$5,105.99	\$110.68	\$0.00	\$5,216.66	\$110,675.80	\$0.00	\$45,000.00
06/01/14	\$4,575.37	\$530.62	1.0000%	\$5,105.99	\$106.12	\$0.00	\$5,212.11	\$106,123.19	\$0.00	\$45,000.00
12/01/14	\$4,598.25	\$507.74	1.0000%	\$5,105.99	\$101.55	\$0.00	\$5,207.54	\$101,547.82	\$0.00	\$50,000.00
06/01/15	\$4,621.24	\$484.75	1.0000%	\$5,105.99	\$96.95	\$0.00	\$5,202.94	\$96,949.57	\$0.00	\$50,000.00
12/01/15	\$4,644.35	\$461.64	1.0000%	\$5,105.99	\$92.33	\$0.00	\$5,198.32	\$92,328.33	\$0.00	\$50,000.00
06/01/16	\$4,667.57	\$438.42	1.0000%	\$5,105.99	\$87.68	\$0.00	\$5,193.67	\$87,683.68	\$0.00	\$50,000.00
12/01/16	\$4,690.91	\$415.06	1.0000%	\$5,105.99	\$83.02	\$0.00	\$5,189.01	\$83,016.41	\$0.00	\$50,000.00
06/01/17	\$4,714.36	\$391.63	1.0000%	\$5,105.99	\$78.33	\$0.00	\$5,184.31	\$78,325.50	\$0.00	\$50,000.00
12/01/17	\$4,737.93	\$368.06	1.0000%	\$5,105.99	\$73.61	\$0.00	\$5,179.60	\$73,611.14	\$0.00	\$50,000.00
06/01/18	\$4,761.62	\$344.37	1.0000%	\$5,105.99	\$68.87	\$0.00	\$5,174.86	\$68,873.21	\$0.00	\$50,000.00
12/01/18	\$4,785.43	\$320.56	1.0000%	\$5,105.99	\$64.11	\$0.00	\$5,170.10	\$64,111.60	\$0.00	\$50,000.00
06/01/19	\$4,809.36	\$296.63	1.0000%	\$5,105.99	\$59.33	\$0.00	\$5,165.32	\$59,326.17	\$0.00	\$50,000.00
12/01/19	\$4,833.41	\$272.58	1.0000%	\$5,105.99	\$54.52	\$0.00	\$5,160.51	\$54,516.81	\$0.00	\$50,000.00
06/01/20	\$4,857.57	\$248.42	1.0000%	\$5,105.99	\$49.68	\$0.00	\$5,155.67	\$49,683.40	\$0.00	\$50,000.00
12/01/20	\$4,881.86	\$224.13	1.0000%	\$5,105.99	\$44.83	\$0.00	\$5,150.81	\$44,825.83	\$0.00	\$50,000.00
06/01/21	\$4,906.27	\$199.72	1.0000%	\$5,105.99	\$39.94	\$0.00	\$5,145.93	\$39,943.07	\$0.00	\$50,000.00
12/01/21	\$4,930.80	\$175.19	1.0000%	\$5,105.99	\$35.04	\$0.00	\$5,141.03	\$35,037.70	\$0.00	\$50,000.00
06/01/22	\$4,955.48	\$150.53	1.0000%	\$5,105.99	\$30.11	\$0.00	\$5,136.10	\$30,106.90	\$0.00	\$50,000.00
12/01/22	\$4,980.23	\$125.76	1.0000%	\$5,105.99	\$25.15	\$0.00	\$5,131.14	\$25,151.44	\$0.00	\$50,000.00
06/01/23	\$5,005.11	\$100.86	1.0000%	\$5,105.99	\$20.17	\$0.00	\$5,126.16	\$20,171.21	\$0.00	\$50,000.00
12/01/23	\$5,030.16	\$75.83	1.0000%	\$5,105.99	\$15.17	\$0.00	\$5,121.16	\$15,166.08	\$0.00	\$50,000.00
06/01/24	\$5,055.31	\$50.68	1.0000%	\$5,105.99	\$10.14	\$0.00	\$5,116.12	\$10,135.93	\$0.00	\$50,000.00
12/01/24	\$5,080.62	\$25.37	1.0000%	\$5,105.99	\$5.08	\$0.00	\$5,111.07	\$5,080.62	\$0.00	\$50,000.00
Totals	\$184,695.00	\$19,544.56		\$204,239.56	\$3,908.91	\$0.00	\$208,148.48		\$50,000.00	\$50,000.00

2224-17

UCKY INFRASTRUCTURE AUTHORITY
YMENT SCHEDULE
#A209-32

ITAIN WATER DISTRICT

1.00% Rate
\$10,150.86 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/11	\$4,269.10	\$768.54	1.0000%	\$5,037.64	\$5,037.64	\$188.52	\$0.00	\$5,226.16	\$188,518.43	\$1,875.00	\$1,875.00
1/01/12	\$4,426.69	\$937.60	1.0000%	\$5,364.29	\$5,364.29	\$190.10	\$0.00	\$5,554.39	\$190,100.52	\$0.00	\$1,875.00
2/01/12	\$8,398.33	\$1,804.46	1.0000%	\$10,202.79	\$10,202.79	\$350.50	\$0.00	\$10,553.29	\$350,507.53	\$1,875.00	\$3,750.00
3/01/13	\$8,440.32	\$1,710.54	1.0000%	\$10,150.86	\$10,150.86	\$342.11	\$0.00	\$10,492.97	\$333,668.88	\$0.00	\$3,750.00
4/01/13	\$8,482.52	\$1,668.34	1.0000%	\$10,150.86	\$10,150.86	\$333.66	\$0.00	\$10,484.52	\$325,186.36	\$1,875.00	\$5,625.00
5/01/14	\$8,524.93	\$1,625.93	1.0000%	\$10,150.86	\$10,150.86	\$325.19	\$0.00	\$10,476.05	\$316,661.43	\$0.00	\$5,625.00
6/01/14	\$8,567.55	\$1,583.31	1.0000%	\$10,150.86	\$10,150.86	\$316.66	\$0.00	\$10,467.52	\$308,093.88	\$1,875.00	\$7,500.00
7/01/15	\$8,610.39	\$1,540.47	1.0000%	\$10,150.86	\$10,150.86	\$308.09	\$0.00	\$10,458.95	\$299,483.49	\$0.00	\$7,500.00
8/01/15	\$8,653.45	\$1,497.41	1.0000%	\$10,150.86	\$10,150.86	\$299.48	\$0.00	\$10,450.34	\$290,830.34	\$1,875.00	\$9,375.00
9/01/16	\$8,696.70	\$1,454.16	1.0000%	\$10,150.86	\$10,150.86	\$290.83	\$0.00	\$10,441.69	\$282,133.34	\$0.00	\$9,375.00
10/01/16	\$8,740.19	\$1,410.67	1.0000%	\$10,150.86	\$10,150.86	\$282.13	\$0.00	\$10,432.99	\$273,393.15	\$1,875.00	\$11,250.00
11/01/17	\$8,783.89	\$1,368.97	1.0000%	\$10,150.86	\$10,150.86	\$273.40	\$0.00	\$10,424.26	\$264,608.26	\$0.00	\$11,250.00
12/01/17	\$8,827.82	\$1,323.04	1.0000%	\$10,150.86	\$10,150.86	\$264.61	\$0.00	\$10,415.47	\$255,781.44	\$1,875.00	\$13,125.00
1/01/18	\$8,871.96	\$1,278.90	1.0000%	\$10,150.86	\$10,150.86	\$255.78	\$0.00	\$10,406.64	\$246,909.48	\$0.00	\$13,125.00
2/01/18	\$8,916.31	\$1,234.55	1.0000%	\$10,150.86	\$10,150.86	\$246.91	\$0.00	\$10,397.77	\$237,993.17	\$1,875.00	\$15,000.00
3/01/19	\$8,960.89	\$1,189.97	1.0000%	\$10,150.86	\$10,150.86	\$237.99	\$0.00	\$10,388.85	\$229,032.28	\$0.00	\$15,000.00
4/01/19	\$9,005.70	\$1,145.16	1.0000%	\$10,150.86	\$10,150.86	\$229.03	\$0.00	\$10,379.89	\$220,026.58	\$1,875.00	\$16,875.00
5/01/20	\$9,050.73	\$1,100.13	1.0000%	\$10,150.86	\$10,150.86	\$220.03	\$0.00	\$10,370.89	\$210,975.85	\$0.00	\$16,875.00
6/01/20	\$9,095.98	\$1,054.88	1.0000%	\$10,150.86	\$10,150.86	\$210.88	\$0.00	\$10,361.84	\$201,879.87	\$1,875.00	\$18,750.00
7/01/21	\$9,141.46	\$1,009.40	1.0000%	\$10,150.86	\$10,150.86	\$201.88	\$0.00	\$10,352.74	\$192,738.41	\$0.00	\$18,750.00
8/01/21	\$9,187.17	\$963.99	1.0000%	\$10,150.86	\$10,150.86	\$192.74	\$0.00	\$10,343.60	\$183,551.24	\$0.00	\$18,750.00
9/01/22	\$9,233.11	\$917.75	1.0000%	\$10,150.86	\$10,150.86	\$183.55	\$0.00	\$10,334.41	\$174,318.13	\$0.00	\$18,750.00
10/01/22	\$9,279.27	\$871.59	1.0000%	\$10,150.86	\$10,150.86	\$174.32	\$0.00	\$10,325.18	\$165,038.86	\$0.00	\$18,750.00
11/01/23	\$9,325.67	\$825.19	1.0000%	\$10,150.86	\$10,150.86	\$165.03	\$0.00	\$10,315.89	\$155,713.19	\$0.00	\$18,750.00
12/01/23	\$9,372.30	\$778.56	1.0000%	\$10,150.86	\$10,150.86	\$155.72	\$0.00	\$10,306.58	\$146,340.89	\$0.00	\$18,750.00
1/01/24	\$9,418.16	\$731.70	1.0000%	\$10,150.86	\$10,150.86	\$146.34	\$0.00	\$10,297.20	\$136,921.73	\$0.00	\$18,750.00
2/01/24	\$9,466.26	\$684.60	1.0000%	\$10,150.86	\$10,150.86	\$136.92	\$0.00	\$10,287.78	\$127,455.47	\$0.00	\$18,750.00
3/01/25	\$9,513.59	\$637.27	1.0000%	\$10,150.86	\$10,150.86	\$127.46	\$0.00	\$10,278.32	\$117,941.88	\$0.00	\$18,750.00
4/01/25	\$9,561.16	\$589.70	1.0000%	\$10,150.86	\$10,150.86	\$117.93	\$0.00	\$10,268.79	\$108,380.72	\$0.00	\$18,750.00
5/01/26	\$9,608.95	\$541.91	1.0000%	\$10,150.86	\$10,150.86	\$108.39	\$0.00	\$10,259.25	\$98,771.77	\$0.00	\$18,750.00
6/01/26	\$9,657.00	\$493.86	1.0000%	\$10,150.86	\$10,150.86	\$98.77	\$0.00	\$10,249.63	\$89,114.77	\$0.00	\$18,750.00
7/01/27	\$9,705.29	\$445.57	1.0000%	\$10,150.86	\$10,150.86	\$89.11	\$0.00	\$10,239.97	\$79,409.48	\$0.00	\$18,750.00
8/01/27	\$9,753.82	\$397.04	1.0000%	\$10,150.86	\$10,150.86	\$79.40	\$0.00	\$10,230.26	\$69,655.66	\$0.00	\$18,750.00
9/01/28	\$9,802.58	\$348.28	1.0000%	\$10,150.86	\$10,150.86	\$69.66	\$0.00	\$10,220.52	\$59,853.08	\$0.00	\$18,750.00
10/01/28	\$9,851.59	\$299.27	1.0000%	\$10,150.86	\$10,150.86	\$59.86	\$0.00	\$10,210.72	\$50,001.49	\$0.00	\$18,750.00
11/01/29	\$9,900.85	\$250.01	1.0000%	\$10,150.86	\$10,150.86	\$50.00	\$0.00	\$10,200.86	\$40,100.64	\$0.00	\$18,750.00
12/01/29	\$9,950.36	\$200.50	1.0000%	\$10,150.86	\$10,150.86	\$40.10	\$0.00	\$10,190.96	\$30,150.28	\$0.00	\$18,750.00
1/01/30	\$10,000.11	\$150.75	1.0000%	\$10,150.86	\$10,150.86	\$30.15	\$0.00	\$10,181.01	\$20,150.17	\$0.00	\$18,750.00
2/01/30	\$10,050.11	\$100.75	1.0000%	\$10,150.86	\$10,150.86	\$20.16	\$0.00	\$10,171.02	\$10,100.06	\$0.00	\$18,750.00
3/01/31	\$10,100.06	\$50.80	1.0000%	\$10,150.86	\$10,150.86	\$10.10	\$0.00	\$10,160.96	\$0.00	\$0.00	\$18,750.00
Totals	\$359,203.32	\$36,983.22		\$396,186.54	\$396,186.54	\$7,423.59	\$0.00	\$403,610.13		\$18,750.00	\$18,750.00

ed by KIA on 5/22/2011

225.17

MWD
 CTB- FEMA LOAN
 12-31-13

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES

G7204 GREEN

1 2 3 4

GL# 2231.00

Bal. @ 12-31-12

< 3989778 >

Payments Pay GL
 Additional Payoff

1284493

2765285

Bal. @ 12-31-13

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Mountain Water District
60100599434-3 Note

6 items: Previous calendar year from 01/01/2013 to 07/28/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
05/21/2013	610 - Regular	27,087.63	27,052.85	34.78	0.00
05/21/2013	payment				
05/10/2013	610 - Regular	2,744.00	2,596.19	147.81	27,052.85
05/10/2013	payment				
04/12/2013	610 - Regular	2,744.00	2,577.07	166.93	29,649.04
04/12/2013	payment				
03/14/2013	610 - Regular	2,744.00	2,581.98	162.02	32,226.11
03/14/2013	payment				
02/12/2013	610 - Regular	2,744.00	2,551.82	192.18	34,808.09
02/12/2013	payment				
01/11/2013	610 - Regular	2,744.00	2,537.87	206.13	37,359.91
01/11/2013	payment				

Description: Loan: UM 3 to MWD
 Loan Amount: \$500,000.00
 Interest Rate: 5.00%
 Term (Months): 60
 Loan Date: 4/1/2009
 Monthly Payment: \$9,435.82
 Lender:

2283.00

Month	Pmt Date	Pmt Amt	Inter Exp	Principal	Balance
Beginning Balance					\$800,000.00
1	6/1/2009	\$9,435.82	\$2,083.33	\$7,352.28	\$482,647.72
2	8/1/2009	\$9,435.82	\$2,052.70	\$7,382.92	\$485,284.80
3	7/1/2009	\$9,435.82	\$2,021.94	\$7,413.88	\$477,851.12
4	8/1/2009	\$9,435.82	\$1,991.05	\$7,444.57	\$470,406.55
5	9/1/2009	\$9,435.82	\$1,960.03	\$7,475.59	\$462,930.96
6	10/1/2009	\$9,435.82	\$1,928.88	\$7,506.74	\$465,424.22
7	11/1/2009	\$9,435.82	\$1,897.60	\$7,538.02	\$447,886.20
8	12/1/2009	\$9,435.82	\$1,866.19	\$7,569.42	\$440,316.78
9	1/1/2010	\$9,435.82	\$1,834.65	\$7,600.98	\$432,715.82
10	2/1/2010	\$9,435.82	\$1,802.98	\$7,632.83	\$425,083.18
11	3/1/2010	\$9,435.82	\$1,771.18	\$7,664.44	\$417,418.75
12	4/1/2010	\$9,435.82	\$1,739.24	\$7,696.37	\$409,722.37
13	6/1/2010	\$9,435.82	\$1,707.18	\$7,728.44	\$401,983.93
14	6/1/2010	\$9,435.82	\$1,674.97	\$7,760.84	\$394,233.29
15	7/1/2010	\$9,435.82	\$1,642.64	\$7,792.98	\$386,440.31
16	8/1/2010	\$9,435.82	\$1,610.17	\$7,825.46	\$378,614.86
17	9/1/2010	\$9,435.82	\$1,577.66	\$7,858.05	\$370,756.81
18	10/1/2010	\$9,435.82	\$1,544.82	\$7,890.80	\$362,868.01
19	11/1/2010	\$9,435.82	\$1,511.94	\$7,923.88	\$354,942.34
20	12/1/2010	\$9,435.82	\$1,478.93	\$7,956.89	\$346,986.85
21	1/1/2011	\$9,435.82	\$1,445.77	\$7,989.84	\$338,996.80
22	2/1/2011	\$9,435.82	\$1,412.48	\$8,023.13	\$330,972.67
23	3/1/2011	\$9,435.82	\$1,379.05	\$8,056.66	\$322,916.11
24	4/1/2011	\$9,435.82	\$1,345.48	\$8,090.13	\$314,825.97
25	6/1/2011	\$9,435.82	\$1,311.77	\$8,123.84	\$306,702.13
26	6/1/2011	\$9,435.82	\$1,277.93	\$8,157.89	\$298,544.44
27	7/1/2011	\$9,435.82	\$1,243.94	\$8,191.68	\$290,362.78
28	8/1/2011	\$9,435.82	\$1,209.80	\$8,225.81	\$282,126.94
29	9/1/2011	\$9,435.82	\$1,175.53	\$8,260.09	\$273,866.86
30	10/1/2011	\$9,435.82	\$1,141.11	\$8,294.50	\$265,572.35
31	11/1/2011	\$9,435.82	\$1,106.55	\$8,329.07	\$257,243.29
32	12/1/2011	\$9,435.82	\$1,071.85	\$8,363.77	\$248,879.52
33	1/1/2012	\$9,435.82	\$1,037.00	\$8,398.52	\$240,480.90
34	2/1/2012	\$9,435.82	\$1,002.00	\$8,433.81	\$232,047.28
35	3/1/2012	\$9,435.82	\$966.86	\$8,468.75	\$223,576.53
36	4/1/2012	\$9,435.82	\$931.58	\$8,504.04	\$215,074.49
37	5/1/2012	\$9,435.82	\$896.14	\$8,539.47	\$206,535.02
38	6/1/2012	\$9,435.82	\$860.56	\$8,575.05	\$197,959.98
39	7/1/2012	\$9,435.82	\$824.83	\$8,610.78	\$189,349.18
40	8/1/2012	\$9,435.82	\$788.95	\$8,646.66	\$180,702.52
41	9/1/2012	\$9,435.82	\$752.93	\$8,682.69	\$172,019.83
42	10/1/2012	\$9,435.82	\$716.78	\$8,718.87	\$163,300.96
43	11/1/2012	\$9,435.82	\$680.42	\$8,755.20	\$154,546.78
44	12/1/2012	\$9,435.82	\$643.94	\$8,791.88	\$145,754.09
45	1/1/2013	\$9,435.82	\$607.31	\$8,828.31	\$136,925.78
46	2/1/2013	\$9,435.82	\$570.52	\$8,865.09	\$128,060.89
47	3/1/2013	\$9,435.82	\$533.59	\$8,902.03	\$119,158.86
48	4/1/2013	\$9,435.82	\$496.49	\$8,939.12	\$110,219.63
49	5/1/2013	\$9,435.82	\$459.25	\$8,976.37	\$101,243.17
50	6/1/2013	\$9,435.82	\$421.85	\$9,013.77	\$92,228.40
51	7/1/2013	\$9,435.82	\$384.29	\$9,051.33	\$83,178.07
52	8/1/2013	\$9,435.82	\$346.58	\$9,089.04	\$74,089.03
53	9/1/2013	\$9,435.82	\$308.70	\$9,126.91	\$64,962.11
54	10/1/2013	\$9,435.82	\$270.66	\$9,164.94	\$55,797.17
55	11/1/2013	\$9,435.82	\$232.49	\$9,203.13	\$46,594.04
56	12/1/2013	\$9,435.82	\$194.14	\$9,241.47	\$37,352.57
57	1/1/2014	\$9,435.82	\$155.64	\$9,279.98	\$28,072.59
58	2/1/2014	\$9,435.82	\$116.97	\$9,318.65	\$18,753.04
59	3/1/2014	\$9,435.82	\$78.14	\$9,357.48	\$9,396.48
60	4/1/2014	\$9,435.82	\$39.15	\$9,396.48	\$0.00

EXHIBIT
A

MWD
 CTB- WTP Line of Credit
 12-31-13

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES

G7204 GREEN

G/L # 2284.00

Bal. @ 12-31-12

< 11336726 >

Principal Payments
 Draws on Line

18394777

< 116153361 >

Bal. @ 12-31-13

< 9095310 >

Interest Paid

464920

Mountain Water District
60100618088-3 Note

29 items: Previous calendar year from 01/01/2013 to 07/14/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
03/07/2014 03/07/2014	610 - Regular payment	✓ 5,433.18	4,849.67	0.00	0.00
01/14/2014 01/14/2014	668 - System- generated payment	✓ 62,774.46	62,774.46	0.00	4,849.67
01/14/2014 01/14/2014	610 - Regular payment	✓ 23,682.54	23,328.97	353.57	67,624.13
12/20/2013 12/20/2013	610 - Regular payment	342.22	18.00	324.22	90,953.10
12/19/2013 12/20/2013	750 - Note increase	✓ 4,514.10	4,514.10	0.00	90,971.10
11/27/2013 11/27/2013	610 - Regular payment	319.60	0.00	319.60	86,457.00
11/21/2013 11/22/2013	750 - Note increase	✓ 3,979.04	3,979.04	0.00	86,457.00
10/24/2013 10/24/2013	610 - Regular payment	277.04	0.00	277.04	82,477.96
09/30/2013 09/30/2013	750 - Note increase	✓ 28,663.57	28,663.57	0.00	82,477.96
09/19/2013 09/19/2013	610 - Regular payment	208.61	0.00	208.61	53,814.39
08/23/2013 08/23/2013	668 - System- generated payment	315.32	315.32	0.00	53,814.39
08/23/2013 08/23/2013	610 - Regular payment	200.03	0.00	200.03	54,129.71
08/01/2013 08/01/2013	750 - Note increase	✓ 7,018.16	7,018.16	0.00	54,129.71
07/19/2013 07/19/2013	668 - System- generated payment	315.32	315.32	0.00	47,111.55
07/19/2013 07/19/2013	610 - Regular payment	181.29	0.00	181.29	47,428.87
06/26/2013 06/26/2013	610 - Regular payment	✓ 5,705.99	5,500.00	205.99	47,428.87 *
05/30/2013 05/30/2013	668 - System- generated payment	797.77	797.77	0.00	52,926.87
05/30/2013 05/30/2013	610 - Regular payment	0.00	0.00	0.00	53,724.64
05/21/2013 05/21/2013	668 - System- generated payment	165,786.75	165,786.75	0.00	53,724.64
05/21/2013 05/21/2013	610 - Regular payment	12,012.38	11,214.61	797.77	219,511.39
05/03/2013 05/06/2013	750 - Note increase	53,116.71	53,116.71	0.00	230,726.00
04/25/2013 04/25/2013	610 - Regular payment	593.47	0.00	593.47	177,609.29
04/17/2013 04/19/2013	750 - Note increase	24,455.08	24,455.08	0.00	177,609.29
04/05/2013 04/17/2013	661 - Renewal payment	0.00	0.00	0.00	153,154.21

03/28/2013	610 - Regular	533.89	0.00	(2)	533.89	153,154.21
03/28/2013	payment.					
03/05/2013	750 - Note increase	1,431.81	1,431.81	(1)	0.00	153,154.21
03/06/2013						
02/22/2013	610 - Regular	554.37	0.00	(2)	554.37	151,722.40
02/22/2013	payment					
01/28/2013	750 - Note increase	38,355.14	38,355.14	(1)	0.00	151,722.40
01/29/2013						
01/17/2013	610 - Regular	453.12	0.00	(2)	453.12	113,367.26
01/17/2013	payment					

(1) - 161,533.61 Proceeds Draws
 ✓ - 183,947.77 Principal Payment
 (2) - 4,649.40 Interest Payment

Loan/Annuity Amortization Schedule

Vol #124

Annual Percentage Rate = 5.22% - Principal = \$34251.24

C/L# 2300.00

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
1	10/25/2009	643.21	148.98	792.19	33608.03	17232.93
2	11/25/2009	646.01	146.18	792.19	32962.02	16440.74
3	12/25/2009	648.82	143.37	792.19	32313.20	15648.55
Subtotal 2009		1938.04	438.53	2376.57		
4	01/25/2010	651.64	140.55	792.19	31661.56	14856.36
5	02/25/2010	654.47	137.72	792.19	31007.09	14064.17
6	03/25/2010	657.32	134.87	792.19	30349.77	13271.98
7	04/25/2010	660.18	132.01	792.19	29689.59	12479.79
8	05/25/2010	663.05	129.14	792.19	29026.54	11687.60
9	06/25/2010	665.93	126.26	792.19	28360.61	10895.41
10	07/25/2010	668.83	123.36	792.19	27691.78	10103.22
11	08/25/2010	671.74	120.45	792.19	27020.04	9311.03
12	09/25/2010	674.66	117.53	792.19	26345.38	8518.84
13	10/25/2010	677.60	114.59	792.19	25667.78	7726.65
14	11/25/2010	680.54	111.65	792.19	24987.24	6934.46
15	12/25/2010	683.50	108.69	792.19	24303.74	6142.27
Subtotal 2010		8009.46	1496.82	9506.28		
16	01/25/2011	686.48	105.71	792.19	23617.26	5350.08
17	02/25/2011	689.46	102.73	792.19	22927.80	4557.89
18	03/25/2011	692.46	99.73	792.19	22235.34	3765.70
19	04/25/2011	695.47	96.72	792.19	21539.87	2973.51
20	05/25/2011	698.50	93.69	792.19	20841.37	2181.32
21	06/25/2011	701.54	90.65	792.19	20139.83	1389.13
22	07/25/2011	704.59	87.60	792.19	19435.24	596.94
23	08/25/2011	707.65	84.54	792.19	18727.59	-19804.75
24	09/25/2011	710.73	81.46	792.19	18016.86	-29012.56
25	10/25/2011	713.82	78.37	792.19	17303.04	-38220.37
26	11/25/2011	716.93	75.26	792.19	16586.11	-47428.18
27	12/25/2011	720.05	72.14	792.19	15866.06	-56635.99
Subtotal 2011		8437.68	1068.60	9506.28		
28	01/25/2012	723.18	69.01	792.19	15142.88	-65843.80
29	02/25/2012	726.32	65.87	792.19	14416.56	-75051.61
30	03/25/2012	729.48	62.71	792.19	13687.08	-84259.42
31	04/25/2012	732.66	59.53	792.19	12954.42	-93467.23
32	05/25/2012	735.84	56.35	792.19	12218.58	-102675.04
33	06/25/2012	739.04	53.15	792.19	11479.54	-111882.85
34	07/25/2012	742.26	49.93	792.19	10737.28	-121090.66
35	08/25/2012	745.49	46.70	792.19	9991.79	-130298.47
36	09/25/2012	748.73	43.46	792.19	9243.06	-139506.28
37	10/25/2012	751.99	40.20	792.19	8491.07	-148714.09

Loan/Annuity Amortization Schedule

Annual Percentage Rate = 5.22% - Principal = \$34251.24

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
38	11/25/2012	755.26	36.93	792.19	7735.81	7921.90
39	12/25/2012	758.54	33.65	792.19	6977.27	7129.71
Subtotal 2012		8888.79	617.49	9506.28		
40	01/25/2013	761.84	30.35	792.19	6215.43	6337.52
41	02/25/2013	765.16	27.03	792.19	5450.27	5545.33
42	03/25/2013	768.48	23.71	792.19	4681.79	4753.14
43	04/25/2013	771.83	20.36	792.19	3909.96	3960.95
44	05/25/2013	775.18	17.01	792.19	3134.78	3168.76
45	06/25/2013	778.55	13.64	792.19	2356.23	2376.57
46	07/25/2013	781.94	10.25	792.19	1574.29	1584.38
47	08/25/2013	785.34	6.85	792.19	788.95	792.19
48	09/25/2013	788.95	3.43	792.38	0.00	0.00
Subtotal 2013		6977.27	152.63	7129.90		
Report Totals -->		34251.24	3774.07	38025.31		

Loan/Annuity Amortization Schedule

Vel # 125

Annual Percentage Rate = 5.22% - Principal = \$34251.24

6/L # 2301.00

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
1	10/25/2009	643.21	148.98	792.19	33608.03	37232.93
2	11/25/2009	646.01	146.18	792.19	32962.02	36440.74
3	12/25/2009	648.82	143.37	792.19	32313.20	35648.55
Subtotal 2009		1938.04	438.53	2376.57		
4	01/25/2010	651.64	140.55	792.19	31661.56	34856.36
5	02/25/2010	654.47	137.72	792.19	31007.09	34064.17
6	03/25/2010	657.32	134.87	792.19	30349.77	33271.98
7	04/25/2010	660.18	132.01	792.19	29689.59	32479.79
8	05/25/2010	663.05	129.14	792.19	29026.54	31687.60
9	06/25/2010	665.93	126.26	792.19	28360.61	30895.41
10	07/25/2010	668.83	123.36	792.19	27691.78	30103.22
11	08/25/2010	671.74	120.45	792.19	27020.04	29311.03
12	09/25/2010	674.66	117.53	792.19	26345.38	28518.84
13	10/25/2010	677.60	114.59	792.19	25667.78	27726.65
14	11/25/2010	680.54	111.65	792.19	24987.24	26934.46
15	12/25/2010	683.50	108.69	792.19	24303.74	26142.27
2010		8009.46	1496.82	9506.28		
16	01/25/2011	686.48	105.71	792.19	23617.26	25350.08
17	02/25/2011	689.46	102.73	792.19	22927.80	24557.89
18	03/25/2011	692.46	99.73	792.19	22235.34	23765.70
19	04/25/2011	695.47	96.72	792.19	21539.87	22973.51
20	05/25/2011	698.50	93.69	792.19	20841.37	22181.32
21	06/25/2011	701.54	90.65	792.19	20139.83	21389.13
22	07/25/2011	704.59	87.60	792.19	19435.24	20596.94
23	08/25/2011	707.65	84.54	792.19	18727.59	19804.75
24	09/25/2011	710.73	81.46	792.19	18016.86	19012.56
25	10/25/2011	713.82	78.37	792.19	17303.04	18220.37
26	11/25/2011	716.93	75.26	792.19	16586.11	17428.18
27	12/25/2011	720.05	72.14	792.19	15866.06	16635.99
btotal 2011		8437.68	1068.60	9506.28		
28	01/25/2012	723.18	69.01	792.19	15142.88	15843.80
29	02/25/2012	726.32	65.87	792.19	14416.56	15051.61
30	03/25/2012	729.48	62.71	792.19	13687.08	14259.42
31	04/25/2012	732.66	59.53	792.19	12954.42	13467.23
32	05/25/2012	735.84	56.35	792.19	12218.58	12675.04
33	06/25/2012	739.04	53.15	792.19	11479.54	11882.85
34	07/25/2012	742.26	49.93	792.19	10737.28	11090.66
35	08/25/2012	745.49	46.70	792.19	9991.79	10298.47
36	09/25/2012	748.73	43.46	792.19	9243.06	9506.28
37	10/25/2012	751.99	40.20	792.19	8491.07	8714.09

Loan/Annuity Amortization Schedule

Annual Percentage Rate = 5.22% - Principal = \$34251.24

Payment Number	Payment Date	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Total Loan Balance
38	11/25/2012	755.26	36.93	792.19	7735.81	7921.90
39	12/25/2012	758.54	33.65	792.19	6977.27	7129.71
Subtotal 2012		8888.79	617.49	9506.28		
40	01/25/2013	761.84	30.35	792.19	6215.43	6337.52
41	02/25/2013	765.16	27.03	792.19	5450.27	5545.33
42	03/25/2013	768.48	23.71	792.19	4681.79	4753.14
43	04/25/2013	771.83	20.36	792.19	3909.96	3960.95
44	05/25/2013	775.18	17.01	792.19	3134.78	3168.76
45	06/25/2013	778.55	13.64	792.19	2356.23	2376.57
46	07/25/2013	781.94	10.25	792.19	1574.29	1584.38
47	08/25/2013	785.34	6.85	792.19	788.95	792.19
48	09/25/2013	788.95	3.43	792.38	0.00	0.00
Subtotal 2013		6977.27	152.63	7129.90		
Totals -->		34251.24	3774.07	38025.31		

#2 303.00

Mountain Water District
60300031585-3 Note

18 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/28/2014 06/28/2014	610 - Regular payment	689.90	653.67	36.23	8,010.15
05/23/2014 05/23/2014	610 - Regular payment	689.90	656.65	33.25	8,663.82
04/24/2014 04/24/2014	610 - Regular payment	689.90	656.76	33.14	9,320.47
03/28/2014 03/28/2014	610 - Regular payment	689.90	651.98	37.92	9,977.23
02/27/2014 02/27/2014	610 - Regular payment	689.90	641.37	48.53	10,629.21
01/23/2014 01/23/2014	610 - Regular payment	689.90	638.63	51.27	11,270.58
12/19/2013 12/19/2013	610 - Regular payment	689.90	654.35	35.55	11,909.21
11/26/2013 11/26/2013	610 - Regular payment	689.90	637.94	51.98	12,563.56
10/25/2013 10/25/2013	610 - Regular payment	689.90	642.21	47.69	13,201.50
09/27/2013 09/27/2013	610 - Regular payment	689.90	625.83	64.07	13,843.71
08/22/2013 08/22/2013	610 - Regular payment	689.90	648.98	40.92	14,469.54
07/31/2013 07/31/2013	610 - Regular payment	689.90	625.99	63.91	15,118.52
06/28/2013 06/28/2013	610 - Regular payment	689.90	633.48	56.42	15,744.51
05/31/2013 05/31/2013	610 - Regular payment	689.90	616.73	73.17	16,377.99
04/28/2013 04/26/2013	610 - Regular payment	689.90	637.85	52.05	16,994.72
04/02/2013 04/02/2013	610 - Regular payment	689.90	615.82	74.08	17,632.57
02/28/2013 02/28/2013	610 - Regular payment	689.90	624.89	65.01	18,248.39
01/31/2013 01/31/2013	610 - Regular payment	689.90	608.45	81.45	18,873.28

CTB

VEH #134

Enter values	
Loan amount	\$ 30,240.20
Annual interest rate	4.49%
Loan period in years	4
Number of payments per year	12
Start date of loan	7/15/2011
Optional extra payments	

Loan summary	
Scheduled payment	\$ 689.90
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$
Total interest	\$ 2,855.09

Lender name: Community Trust Bank

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 226	Interest G/L 540	Ending Balance	Cumulative Interest
1	8/15/2011	\$ 30,260.20	\$ 689.90	-	\$ 689.90	\$ 576.68	\$ 113.22	\$ 29,683.52	\$ 113.22
2	9/15/2011	29,683.52	689.90	-	689.90	578.84	111.07	29,104.69	224.29
3	10/15/2011	29,104.69	689.90	-	689.90	581.00	108.90	28,523.68	333.19
4	11/15/2011	28,523.68	689.90	-	689.90	583.18	106.73	27,940.51	439.92
5	12/15/2011	27,940.51	689.90	-	689.90	585.36	104.54	27,355.15	544.46
6	1/15/2012	27,355.15	689.90	-	689.90	587.55	102.35	26,767.60	646.81
7	2/15/2012	26,767.60	689.90	-	689.90	589.75	100.16	26,177.88	746.97
8	3/15/2012	26,177.88	689.90	-	689.90	591.95	97.95	25,585.90	844.92
9	4/15/2012	25,585.90	689.90	-	689.90	594.17	95.73	24,991.74	940.65
10	5/15/2012	24,991.74	689.90	-	689.90	596.39	93.51	24,395.34	1,034.16
11	6/15/2012	24,395.34	689.90	-	689.90	598.62	91.28	23,796.72	1,125.44
12	7/15/2012	23,796.72	689.90	-	689.90	600.86	89.04	23,195.86	1,214.48
13	8/15/2012	23,195.86	689.90	-	689.90	603.11	86.79	22,592.75	1,301.27
14	9/15/2012	22,592.75	689.90	-	689.90	605.37	84.53	21,987.38	1,385.81
15	10/15/2012	21,987.38	689.90	-	689.90	607.63	82.27	21,379.75	1,468.08
16	11/15/2012	21,379.75	689.90	-	689.90	609.91	80.00	20,769.84	1,548.07
17	12/15/2012	20,769.84	689.90	-	689.90	612.19	77.71	20,157.68	1,625.79
18	1/15/2013	20,157.68	689.90	-	689.90	614.48	75.42	19,543.18	1,701.21
19	2/15/2013	19,543.18	689.90	-	689.90	616.78	73.12	18,926.40	1,774.33
20	3/15/2013	18,926.40	689.90	-	689.90	619.09	70.82	18,307.31	1,845.15
21	4/15/2013	18,307.31	689.90	-	689.90	621.40	68.50	17,685.91	1,913.65
22	5/15/2013	17,685.91	689.90	-	689.90	623.73	66.17	17,062.18	1,979.82
23	6/15/2013	17,062.18	689.90	-	689.90	626.08	63.84	16,436.12	2,043.67
24	7/15/2013	16,436.12	689.90	-	689.90	628.40	61.50	15,807.72	2,105.16
25	8/15/2013	15,807.72	689.90	-	689.90	630.75	59.15	15,176.97	2,164.31
26	9/15/2013	15,176.97	689.90	-	689.90	633.11	56.79	14,543.85	2,221.10
27	10/15/2013	14,543.85	689.90	-	689.90	635.48	54.42	13,908.37	2,275.52
28	11/15/2013	13,908.37	689.90	-	689.90	637.86	52.04	13,270.51	2,327.56
29	12/15/2013	13,270.51	689.90	-	689.90	640.25	49.65	12,630.26	2,377.21
30	1/15/2014	12,630.26	689.90	-	689.90	642.64	47.26	11,987.61	2,424.47
31	2/15/2014	11,987.61	689.90	-	689.90	645.05	44.85	11,342.57	2,469.32
32	3/15/2014	11,342.57	689.90	-	689.90	647.46	42.44	10,695.10	2,511.76
33	4/15/2014	10,695.10	689.90	-	689.90	649.88	40.02	10,045.22	2,551.78
34	5/15/2014	10,045.22	689.90	-	689.90	652.32	37.59	9,392.90	2,589.37
35	6/15/2014	9,392.90	689.90	-	689.90	654.76	35.15	8,738.15	2,624.51
36	7/15/2014	8,738.15	689.90	-	689.90	657.21	32.70	8,080.94	2,657.21
37	8/15/2014	8,080.94	689.90	-	689.90	659.67	30.24	7,421.28	2,687.44
38	9/15/2014	7,421.28	689.90	-	689.90	662.13	27.77	6,759.14	2,715.21
39	10/15/2014	6,759.14	689.90	-	689.90	664.61	25.29	6,094.53	2,740.50
40	11/15/2014	6,094.53	689.90	-	689.90	667.10	22.80	5,427.43	2,763.30
41	12/15/2014	5,427.43	689.90	-	689.90	669.59	20.31	4,757.84	2,783.61
42	1/15/2015	4,757.84	689.90	-	689.90	672.10	17.80	4,085.74	2,801.41
43	2/15/2015	4,085.74	689.90	-	689.90	674.61	15.29	3,411.12	2,816.70
44	3/15/2015	3,411.12	689.90	-	689.90	677.14	12.76	2,733.99	2,829.47
45	4/15/2015	2,733.99	689.90	-	689.90	679.67	10.23	2,054.31	2,839.69
46	5/15/2015	2,054.31	689.90	-	689.90	682.22	7.69	1,372.10	2,847.38
47	6/15/2015	1,372.10	689.90	-	689.90	684.77	5.13	687.33	2,852.52
48	7/15/2015	687.33	689.90	-	687.33	684.76	2.57	0.00	2,855.09

Mountain Water District
60300040045-3 Note

2304.00

18 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part of Fee</u>
06/26/2014	610 - Regular payment	677.77	666.61	11.16	1,994.63
05/23/2014	610 - Regular payment	677.77	665.88	11.89	2,661.24
04/24/2014	613 - User defined reg payment	677.77	664.48	13.29	3,327.12
03/28/2014	610 - Regular payment	677.77	661.14	16.63	3,991.60
02/27/2014	610 - Regular payment	677.77	654.86	22.91	4,652.74
01/23/2014	610 - Regular payment	677.77	652.06	25.71	5,307.60
12/19/2013	610 - Regular payment	677.77	659.00	18.77	5,959.66
11/26/2013	610 - Regular payment	677.77	649.10	28.67	6,618.66
10/25/2013	610 - Regular payment	677.77	650.43	27.34	7,267.78
09/27/2013	610 - Regular payment	677.77	639.79	37.98	7,918.19
08/22/2013	610 - Regular payment	677.77	652.79	24.98	8,557.98
07/31/2013	610 - Regular payment	677.77	637.70	40.07	9,210.77
06/28/2013	610 - Regular payment	677.77	641.56	36.21	9,848.47
05/31/2013	610 - Regular payment	677.77	629.78	47.99	10,490.03
04/26/2013	610 - Regular payment	677.77	642.97	34.80	11,119.81
04/02/2013	610 - Regular payment	677.77	627.36	50.41	11,762.78
02/28/2013	610 - Regular payment	677.77	632.81	44.96	12,390.14
01/31/2013	610 - Regular payment	677.77	620.60	57.17	13,022.95

2305.00

Mountain Water District
60300031583-3 Note

18 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/26/2014	610 - Regular payment	689.90	653.68	36.22	8,005.92
05/23/2014	610 - Regular payment	689.90	656.67	33.23	8,659.60
04/24/2014	610 - Regular payment	689.90	656.77	33.13	9,316.27
03/28/2014	610 - Regular payment	689.90	652.00	37.90	9,973.04
02/27/2014	610 - Regular payment	689.90	641.39	48.51	10,625.04
01/23/2014	610 - Regular payment	689.90	638.64	51.26	11,266.43
12/19/2013	610 - Regular payment	689.90	654.37	35.53	11,905.07
11/26/2013	610 - Regular payment	689.90	637.95	51.95	12,559.44
10/25/2013	610 - Regular payment	689.90	642.23	47.67	13,197.39
09/27/2013	610 - Regular payment	689.90	625.84	64.06	13,839.62
08/22/2013	610 - Regular payment	689.90	649.00	40.90	14,465.46
07/31/2013	610 - Regular payment	689.90	626.00	63.90	15,114.46
06/28/2013	610 - Regular payment	689.90	633.50	56.40	15,740.46
05/31/2013	610 - Regular payment	689.90	616.75	73.15	16,373.96
04/26/2013	610 - Regular payment	689.90	637.85	52.05	16,990.71
04/02/2013	610 - Regular payment	689.90	615.84	74.06	17,628.56
02/28/2013	610 - Regular payment	689.90	624.91	64.99	18,244.40
01/31/2013	610 - Regular payment	689.90	608.46	81.44	18,869.31

CTB

VEH #136

Enter values	
Loan amount	\$ 30,260.20
Annual interest rate	7.44%
Loan period in years	12
Number of payments per year	12
Start date of loan	7/21/2011
Optional extra payments	

Loan summary	
Scheduled payment	\$ 689.90
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$ 0.00
Total interest	\$ 2,855.09

Lender name: Community Trust Bank

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 225	Interest G/L 540	Ending Balance	Cumulative Interest
1	8/21/2011	\$ 30,260.20	\$ 689.90	-	\$ 689.90	\$ 576.68	\$ 113.22	\$ 29,683.52	\$ 113.22
2	9/21/2011	29,683.52	689.90	-	689.90	578.84	111.07	29,104.89	224.29
3	10/21/2011	29,104.89	689.90	-	689.90	581.00	108.90	28,523.88	333.19
4	11/21/2011	28,523.88	689.90	-	689.90	583.18	106.73	27,940.51	439.92
5	12/21/2011	27,940.51	689.90	-	689.90	585.36	104.54	27,355.15	544.46
6	1/21/2012	27,355.15	689.90	-	689.90	587.55	102.35	26,767.80	648.81
7	2/21/2012	26,767.80	689.90	-	689.90	589.75	100.16	26,177.86	748.97
8	3/21/2012	26,177.86	689.90	-	689.90	591.95	97.95	25,585.90	844.92
9	4/21/2012	25,585.90	689.90	-	689.90	594.17	95.73	24,991.74	940.65
10	5/21/2012	24,991.74	689.90	-	689.90	596.39	93.51	24,395.34	1,034.16
11	6/21/2012	24,395.34	689.90	-	689.90	598.62	91.28	23,796.72	1,125.44
12	7/21/2012	23,796.72	689.90	-	689.90	600.86	89.04	23,195.86	1,214.48
13	8/21/2012	23,195.86	689.90	-	689.90	603.11	86.79	22,592.75	1,301.27
14	9/21/2012	22,592.75	689.90	-	689.90	605.37	84.53	21,987.38	1,385.81
15	10/21/2012	21,987.38	689.90	-	689.90	607.63	82.27	21,379.75	1,468.08
16	11/21/2012	21,379.75	689.90	-	689.90	609.91	80.00	20,769.84	1,548.07
17	12/21/2012	20,769.84	689.90	-	689.90	612.19	77.71	20,157.66	1,625.79
18	1/21/2013	20,157.66	689.90	-	689.90	614.48	75.42	19,543.18	1,701.21
19	2/21/2013	19,543.18	689.90	-	689.90	616.78	73.12	18,926.40	1,774.33
20	3/21/2013	18,926.40	689.90	-	689.90	619.09	70.82	18,307.31	1,845.15
21	4/21/2013	18,307.31	689.90	-	689.90	621.40	68.50	17,685.91	1,913.65
22	5/21/2013	17,685.91	689.90	-	689.90	623.73	66.17	17,062.18	1,979.82
23	6/21/2013	17,062.18	689.90	-	689.90	626.06	63.84	16,436.12	2,043.67
24	7/21/2013	16,436.12	689.90	-	689.90	628.40	61.50	15,807.72	2,105.16
25	8/21/2013	15,807.72	689.90	-	689.90	630.75	59.15	15,176.97	2,164.31
26	9/21/2013	15,176.97	689.90	-	689.90	633.11	56.79	14,543.85	2,221.10
27	10/21/2013	14,543.85	689.90	-	689.90	635.48	54.42	13,908.37	2,275.52
28	11/21/2013	13,908.37	689.90	-	689.90	637.86	52.04	13,270.51	2,327.56
29	12/21/2013	13,270.51	689.90	-	689.90	640.25	49.65	12,630.26	2,377.21
30	1/21/2014	12,630.26	689.90	-	689.90	642.64	47.26	11,987.61	2,424.47
31	2/21/2014	11,987.61	689.90	-	689.90	645.05	44.85	11,342.57	2,469.32
32	3/21/2014	11,342.57	689.90	-	689.90	647.46	42.44	10,695.10	2,511.76
33	4/21/2014	10,695.10	689.90	-	689.90	649.88	40.02	10,045.22	2,551.78
34	5/21/2014	10,045.22	689.90	-	689.90	652.32	37.59	9,392.90	2,589.37
35	6/21/2014	9,392.90	689.90	-	689.90	654.76	35.15	8,738.15	2,624.51
36	7/21/2014	8,738.15	689.90	-	689.90	657.21	32.70	8,080.94	2,657.21
37	8/21/2014	8,080.94	689.90	-	689.90	659.67	30.24	7,421.28	2,687.44
38	9/21/2014	7,421.28	689.90	-	689.90	662.13	27.77	6,759.14	2,715.21
39	10/21/2014	6,759.14	689.90	-	689.90	664.61	25.29	6,094.53	2,740.50
40	11/21/2014	6,094.53	689.90	-	689.90	667.10	22.80	5,427.43	2,763.30
41	12/21/2014	5,427.43	689.90	-	689.90	669.59	20.31	4,757.84	2,783.61
42	1/21/2015	4,757.84	689.90	-	689.90	672.10	17.80	4,085.74	2,801.41
43	2/21/2015	4,085.74	689.90	-	689.90	674.61	15.29	3,411.12	2,816.70
44	3/21/2015	3,411.12	689.90	-	689.90	677.14	12.76	2,733.99	2,829.47
45	4/21/2015	2,733.99	689.90	-	689.90	679.67	10.23	2,054.31	2,839.69
46	5/21/2015	2,054.31	689.90	-	689.90	682.22	7.69	1,372.10	2,847.38
47	6/21/2015	1,372.10	689.90	-	689.90	684.77	5.13	687.33	2,852.52
48	7/21/2015	687.33	689.90	-	687.33	684.76	2.57	0.00	2,855.09

2306.00

Mountain Water District
60300047294-3 Note

18 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/11/2014	610 - Regular payment	461.74	443.13	18.61	7,668.73
06/11/2014	610 - Regular payment	461.74	438.63	23.11	8,111.86
05/14/2014	610 - Regular payment	461.74	443.32	18.42	8,550.49
04/11/2014	610 - Regular payment	461.74	436.24	25.50	8,993.81
03/17/2014	610 - Regular payment	461.74	440.72	21.02	9,430.05
02/12/2014	610 - Regular payment	461.74	430.52	31.22	9,870.77
01/17/2014	610 - Regular payment	461.74	436.23	25.51	10,301.29
12/11/2013	610 - Regular payment	461.74	432.46	29.28	10,737.52
11/12/2013	610 - Regular payment	461.74	435.12	26.62	11,189.98
10/11/2013	610 - Regular payment	461.74	430.19	31.55	11,605.10
09/13/2013	610 - Regular payment	461.74	429.07	32.67	12,035.29
08/12/2013	610 - Regular payment	461.74	431.10	30.64	12,464.36
07/11/2013	610 - Regular payment	461.74	422.47	39.27	12,895.46
06/12/2013	610 - Regular payment	461.74	430.20	31.54	13,317.93
05/07/2013	610 - Regular payment	461.74	431.54	30.20	13,748.13
04/09/2013	610 - Regular payment	461.74	425.85	35.89	14,179.67
03/14/2013	610 - Regular payment	461.74	430.95	30.79	14,605.52
02/12/2013	610 - Regular payment	461.74	425.05	36.69	15,036.47
01/18/2013	610 - Regular payment	461.74			
01/18/2013	610 - Regular payment	461.74			

CTB

VEH #137

Enter values	
Loan amount	\$ 20,865.16
Annual interest rate	2.99%
Loan period in years	4
Number of payments per year	12
Start date of loan	11/21/2011
Optional extra payments	\$

Loan summary	
Scheduled payment	\$ 481.74
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$
Total interest	\$ 1,298.56

Lender name: Community Trust Bank

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 225	Interest G/L 540	Ending Balance	Cumulative Interest
1	12/21/2011	\$ 20,865.16	\$ 481.74	-	\$ 481.74	\$ 409.78	\$ 51.99	\$ 20,455.40	\$ 51.99
2	1/21/2012	20,455.40	481.74	-	481.74	410.78	50.97	20,044.83	102.96
3	2/21/2012	20,044.83	481.74	-	481.74	411.80	49.94	19,632.83	152.90
4	3/21/2012	19,632.83	481.74	-	481.74	412.83	48.92	19,220.00	201.82
5	4/21/2012	19,220.00	481.74	-	481.74	413.85	47.89	18,806.15	249.71
6	5/21/2012	18,806.15	481.74	-	481.74	414.89	46.86	18,391.28	298.57
7	6/21/2012	18,391.28	481.74	-	481.74	415.92	45.82	17,975.35	342.39
8	7/21/2012	17,975.35	481.74	-	481.74	416.96	44.79	17,558.39	387.18
9	8/21/2012	17,558.39	481.74	-	481.74	417.99	43.75	17,140.40	430.93
10	9/21/2012	17,140.40	481.74	-	481.74	419.04	42.71	16,721.38	473.64
11	10/21/2012	16,721.38	481.74	-	481.74	420.08	41.66	16,301.28	515.30
12	11/21/2012	16,301.28	481.74	-	481.74	421.13	40.62	15,880.15	555.92
13	12/21/2012	15,880.15	481.74	-	481.74	422.18	39.57	15,457.98	595.49
14	1/21/2013	15,457.98	481.74	-	481.74	423.23	38.52	15,034.75	634.01
15	2/21/2013	15,034.75	481.74	-	481.74	424.28	37.48	14,610.47	671.47
16	3/21/2013	14,610.47	481.74	-	481.74	425.34	36.40	14,185.13	707.87
17	4/21/2013	14,185.13	481.74	-	481.74	426.40	35.34	13,758.73	743.22
18	5/21/2013	13,758.73	481.74	-	481.74	427.46	34.28	13,331.27	777.50
19	6/21/2013	13,331.27	481.74	-	481.74	428.53	33.22	12,902.74	810.72
20	7/21/2013	12,902.74	481.74	-	481.74	429.59	32.15	12,473.14	842.88
21	8/21/2013	12,473.14	481.74	-	481.74	430.67	31.08	12,042.48	873.94
22	9/21/2013	12,042.48	481.74	-	481.74	431.74	30.01	11,610.74	903.95
23	10/21/2013	11,610.74	481.74	-	481.74	432.81	28.93	11,177.93	932.88
24	11/21/2013	11,177.93	481.74	-	481.74	433.89	27.85	10,744.03	960.73
25	12/21/2013	10,744.03	481.74	-	481.74	434.97	26.77	10,309.06	987.50
26	1/21/2014	10,309.06	481.74	-	481.74	436.06	25.69	9,873.00	1,013.19
27	2/21/2014	9,873.00	481.74	-	481.74	437.14	24.60	9,435.86	1,037.79
28	3/21/2014	9,435.86	481.74	-	481.74	438.23	23.51	8,997.83	1,061.30
29	4/21/2014	8,997.83	481.74	-	481.74	439.32	22.42	8,558.30	1,083.72
30	5/21/2014	8,558.30	481.74	-	481.74	440.42	21.32	8,117.88	1,105.04
31	6/21/2014	8,117.88	481.74	-	481.74	441.52	20.23	7,676.36	1,125.27
32	7/21/2014	7,676.36	481.74	-	481.74	442.62	19.13	7,233.75	1,144.40
33	8/21/2014	7,233.75	481.74	-	481.74	443.72	18.02	6,790.03	1,162.42
34	9/21/2014	6,790.03	481.74	-	481.74	444.83	16.92	6,345.20	1,179.34
35	10/21/2014	6,345.20	481.74	-	481.74	445.93	15.81	5,899.27	1,195.15
36	11/21/2014	5,899.27	481.74	-	481.74	447.05	14.70	5,452.22	1,209.85
37	12/21/2014	5,452.22	481.74	-	481.74	448.16	13.59	5,004.06	1,223.43
38	1/21/2015	5,004.06	481.74	-	481.74	449.28	12.47	4,554.79	1,235.90
39	2/21/2015	4,554.79	481.74	-	481.74	450.40	11.35	4,104.39	1,247.25
40	3/21/2015	4,104.39	481.74	-	481.74	451.52	10.23	3,652.88	1,257.48
41	4/21/2015	3,652.88	481.74	-	481.74	452.64	9.10	3,200.23	1,266.58
42	5/21/2015	3,200.23	481.74	-	481.74	453.77	7.97	2,746.48	1,274.55
43	6/21/2015	2,746.48	481.74	-	481.74	454.90	6.84	2,291.58	1,281.40
44	7/21/2015	2,291.58	481.74	-	481.74	456.03	5.71	1,835.53	1,287.11
45	8/21/2015	1,835.53	481.74	-	481.74	457.17	4.57	1,378.36	1,291.68
46	9/21/2015	1,378.36	481.74	-	481.74	458.31	3.43	920.05	1,295.11
47	10/21/2015	920.05	481.74	-	481.74	459.45	2.29	480.60	1,297.41
48	11/21/2015	480.60	481.74	-	480.60	459.45	1.15	0.00	1,298.56

2307.00

Mountain Water District
60100620005-3 Note

21 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/11/2014	688 - System-generated payment	638.43	638.43	0.00	20,384.79
06/11/2014	610 - Regular payment	0.00	0.00	0.00	21,023.22
05/14/2014	612 - User defined reg payment	638.43	567.11	71.32	21,023.22
04/29/2014	661 - Renewal payment	0.00	0.00	0.00	21,590.33
04/14/2014	612 - User defined reg payment	638.43	563.81	74.62	21,590.33
03/17/2014	610 - Regular payment	638.43	567.80	70.63	22,154.14
02/12/2014	612 - User defined reg payment	638.43	559.85	78.58	22,721.94
01/17/2014	610 - Regular payment	638.43	556.40	82.03	23,281.79
12/11/2013	612 - User defined reg payment	638.43	558.19	80.24	23,838.19
11/12/2013	612 - User defined reg payment	638.43	553.49	84.94	24,396.38
10/11/2013	612 - User defined reg payment	638.43	554.50	83.93	24,949.87
09/13/2013	612 - User defined reg payment	638.43	550.55	87.88	25,504.37
09/13/2013	610 - Regular payment	0.00	0.00	0.00	26,054.92
08/12/2013	612 - User defined reg payment	638.43	546.89	91.54	26,054.92
07/11/2013	612 - User defined reg payment	638.43	549.93	88.50	26,601.81
08/12/2013	612 - User defined reg payment	638.43	544.36	94.07	27,151.74
05/07/2013	612 - User defined reg payment	638.43	544.35	94.08	27,696.10
04/09/2013	612 - User defined reg payment	638.43	540.57	97.86	28,240.45
03/14/2013	612 - User defined reg payment	638.43	548.96	89.47	28,781.02
02/12/2013	612 - User defined reg payment	638.43	536.23	102.20	29,329.98
01/18/2013	610 - Regular payment	638.43	534.27	104.16	29,866.21

CTB VEH. #138

Enter values	
Loan amount	\$ 34,625.24
Annual interest rate	4.048%
Loan period in years	5
Number of payments per year	12
Start date of loan	4/25/2012
Optional extra payments	\$

Loan summary	
Scheduled payment	\$ 638.43
Scheduled number of payments	60
Actual number of payments	60
Total early payments	\$
Total interest	\$ 3,680.37

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 225	Interest G/L 540	Ending Balance	Cumulative Interest
1	5/25/2012	\$ 34,625.24	\$ 638.43	-	\$ 638.43	\$ 521.62	\$ 116.80	\$ 34,103.62	\$ 116.80
2	6/25/2012	34,103.62	638.43	-	638.43	523.38	115.04	33,580.23	231.85
3	7/25/2012	33,580.23	638.43	-	638.43	525.15	113.28	33,055.08	345.12
4	8/25/2012	33,055.08	638.43	-	638.43	526.92	111.51	32,528.16	456.63
5	9/25/2012	32,528.16	638.43	-	638.43	528.70	109.73	31,999.46	566.36
6	10/25/2012	31,999.46	638.43	-	638.43	530.48	107.94	31,468.98	674.30
7	11/25/2012	31,468.98	638.43	-	638.43	532.27	106.16	30,936.71	780.46
8	12/25/2012	30,936.71	638.43	-	638.43	534.07	104.38	30,402.64	884.82
9	1/25/2013	30,402.64	638.43	-	638.43	535.87	102.56	29,866.77	987.38
10	2/25/2013	29,866.77	638.43	-	638.43	537.68	100.75	29,329.10	1,088.13
11	3/25/2013	29,329.10	638.43	-	638.43	539.49	98.94	28,789.61	1,187.06
12	4/25/2013	28,789.61	638.43	-	638.43	541.31	97.12	28,248.30	1,284.18
13	5/25/2013	28,248.30	638.43	-	638.43	543.14	95.29	27,705.16	1,379.47
14	6/25/2013	27,705.16	638.43	-	638.43	544.97	93.48	27,160.19	1,472.93
15	7/25/2013	27,160.19	638.43	-	638.43	546.81	91.62	26,613.39	1,564.55
16	8/25/2013	26,613.39	638.43	-	638.43	548.65	89.78	26,064.74	1,654.33
17	9/25/2013	26,064.74	638.43	-	638.43	550.50	87.93	25,514.23	1,742.25
18	10/25/2013	25,514.23	638.43	-	638.43	552.36	86.07	24,961.88	1,828.32
19	11/25/2013	24,961.88	638.43	-	638.43	554.22	84.20	24,407.65	1,912.52
20	12/25/2013	24,407.65	638.43	-	638.43	556.09	82.34	23,851.56	1,994.86
21	1/25/2014	23,851.56	638.43	-	638.43	557.97	80.48	23,293.59	2,075.32
22	2/25/2014	23,293.59	638.43	-	638.43	559.85	78.58	22,733.75	2,153.89
23	3/25/2014	22,733.75	638.43	-	638.43	561.74	76.69	22,172.01	2,230.58
24	4/25/2014	22,172.01	638.43	-	638.43	563.63	74.79	21,608.37	2,305.38
25	5/25/2014	21,608.37	638.43	-	638.43	565.53	72.89	21,042.84	2,378.27
26	6/25/2014	21,042.84	638.43	-	638.43	567.44	70.98	20,475.40	2,449.25
27	7/25/2014	20,475.40	638.43	-	638.43	569.36	69.07	19,906.04	2,518.32
28	8/25/2014	19,906.04	638.43	-	638.43	571.28	67.15	19,334.76	2,585.47
29	9/25/2014	19,334.76	638.43	-	638.43	573.20	65.22	18,761.56	2,650.70
30	10/25/2014	18,761.56	638.43	-	638.43	575.14	63.29	18,186.42	2,713.99
31	11/25/2014	18,186.42	638.43	-	638.43	577.08	61.35	17,609.34	2,775.33
32	12/25/2014	17,609.34	638.43	-	638.43	579.02	59.40	17,030.32	2,834.74
33	1/25/2015	17,030.32	638.43	-	638.43	580.98	57.45	16,449.34	2,892.19
34	2/25/2015	16,449.34	638.43	-	638.43	582.94	55.49	15,866.40	2,947.67
35	3/25/2015	15,866.40	638.43	-	638.43	584.90	53.52	15,281.50	3,001.20
36	4/25/2015	15,281.50	638.43	-	638.43	586.88	51.55	14,694.62	3,052.75
37	5/25/2015	14,694.62	638.43	-	638.43	588.86	49.57	14,105.76	3,102.32
38	6/25/2015	14,105.76	638.43	-	638.43	590.84	47.58	13,514.92	3,149.90
39	7/25/2015	13,514.92	638.43	-	638.43	592.84	45.59	12,922.09	3,195.49
40	8/25/2015	12,922.09	638.43	-	638.43	594.84	43.59	12,327.25	3,239.08
41	9/25/2015	12,327.25	638.43	-	638.43	596.84	41.58	11,730.41	3,280.66
42	10/25/2015	11,730.41	638.43	-	638.43	598.86	39.57	11,131.55	3,320.24
43	11/25/2015	11,131.55	638.43	-	638.43	600.88	37.55	10,530.67	3,357.79
44	12/25/2015	10,530.67	638.43	-	638.43	602.90	35.52	9,927.77	3,393.31
45	1/25/2016	9,927.77	638.43	-	638.43	604.94	33.49	9,322.83	3,428.80
46	2/25/2016	9,322.83	638.43	-	638.43	606.98	31.45	8,715.88	3,458.25
47	3/25/2016	8,715.88	638.43	-	638.43	609.03	29.40	8,108.83	3,487.65
48	4/25/2016	8,108.83	638.43	-	638.43	611.08	27.35	7,495.75	3,515.00
49	5/25/2016	7,495.75	638.43	-	638.43	613.14	25.29	6,882.61	3,540.28
50	6/25/2016	6,882.61	638.43	-	638.43	615.21	23.22	6,267.40	3,563.50
51	7/25/2016	6,267.40	638.43	-	638.43	617.28	21.14	5,650.11	3,584.64
52	8/25/2016	5,650.11	638.43	-	638.43	619.37	19.08	5,030.75	3,603.70
53	9/25/2016	5,030.75	638.43	-	638.43	621.46	16.97	4,409.29	3,620.67
54	10/25/2016	4,409.29	638.43	-	638.43	623.55	14.87	3,785.74	3,635.55
55	11/25/2016	3,785.74	638.43	-	638.43	625.66	12.77	3,160.08	3,648.32
56	12/25/2016	3,160.08	638.43	-	638.43	627.77	10.66	2,532.32	3,658.98
57	1/25/2017	2,532.32	638.43	-	638.43	629.88	8.54	1,902.43	3,667.52
58	2/25/2017	1,902.43	638.43	-	638.43	632.01	6.42	1,270.42	3,673.94
59	3/25/2017	1,270.42	638.43	-	638.43	634.14	4.29	636.28	3,678.22
60	4/25/2017	636.28	638.43	-	636.28	634.13	2.15	0.00	3,680.37

Mountain Water District
60100620004-3 Note

22 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/11/2014	668 - System-generated payment	638.43	638.43	0.00	20,176.95
06/11/2014	610 - Regular payment	0.00	0.00	0.00	20,815.38
05/14/2014	612 - User defined reg payment	638.43	567.81	70.62	20,815.38
04/29/2014	661 - Renewal payment	0.00	0.00	0.00	21,383.19
04/14/2014	612 - User defined reg payment	638.43	564.51	73.92	21,383.19
03/17/2014	610 - Regular payment	638.43	568.44	69.99	21,947.70
02/12/2014	612 - User defined reg payment	638.43	560.56	77.87	22,516.14
01/17/2014	610 - Regular payment	638.43	557.11	81.32	23,076.70
12/11/2013	612 - User defined reg payment	638.43	558.85	79.58	23,633.81
11/12/2013	612 - User defined reg payment	638.43	554.20	84.23	24,192.66
10/11/2013	612 - User defined reg payment	638.43	555.17	83.26	24,746.86
09/13/2013	612 - User defined reg payment	638.43	551.24	87.19	25,302.03
09/13/2013	610 - Regular payment	0.00	0.00	0.00	25,853.27
08/12/2013	612 - User defined reg payment	638.43	547.59	90.84	25,853.27
07/11/2013	612 - User defined reg payment	638.43	550.88	87.55	26,400.86
06/12/2013	668 - System-generated payment	200.00	200.00	0.00	26,951.74
06/12/2013	612 - User defined reg payment	638.43	544.36	94.07	27,151.74
05/07/2013	612 - User defined reg payment	638.43	544.35	94.08	27,696.10
04/09/2013	612 - User defined reg payment	638.43	540.57	97.88	28,240.45
03/14/2013	612 - User defined reg payment	638.43	548.96	89.47	28,781.02
02/12/2013	612 - User defined reg payment	638.43	536.23	102.20	29,329.98
01/18/2013	610 - Regular payment	638.43	534.27	104.16	29,866.21

CTB VEH. #139

Enter values	
Loan amount	\$ 34,625.24
Annual interest rate	4.048%
Loan period in years	5
Number of payments per year	12
Start date of loan	4/25/2012
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 638.43
Scheduled number of payments	60
Actual number of payments	60
Total early payments	\$ -
Total interest	\$ 3,680.37

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 225	Interest G/L 540	Ending Balance	Cumulative Interest
1	5/25/2012	\$ 34,625.24	\$ 638.43	-	\$ 638.43	\$ 521.62	\$ 116.80	\$ 34,103.62	\$ 116.80
2	6/25/2012	34,103.62	638.43	-	638.43	523.38	115.04	33,580.23	231.85
3	7/25/2012	33,580.23	638.43	-	638.43	525.15	113.28	33,055.08	345.12
4	8/25/2012	33,055.08	638.43	-	638.43	526.92	111.51	32,528.16	456.63
5	9/25/2012	32,528.16	638.43	-	638.43	528.70	109.73	31,999.46	566.38
6	10/25/2012	31,999.46	638.43	-	638.43	530.48	107.94	31,468.98	674.30
7	11/25/2012	31,468.98	638.43	-	638.43	532.27	106.16	30,938.71	780.46
8	12/25/2012	30,938.71	638.43	-	638.43	534.07	104.38	30,402.64	884.82
9	1/25/2013	30,402.64	638.43	-	638.43	535.87	102.58	29,866.77	987.38
10	2/25/2013	29,866.77	638.43	-	638.43	537.68	100.75	29,329.10	1,088.13
11	3/25/2013	29,329.10	638.43	-	638.43	539.49	98.94	28,789.61	1,187.08
12	4/25/2013	28,789.61	638.43	-	638.43	541.31	97.12	28,248.30	1,284.18
13	5/25/2013	28,248.30	638.43	-	638.43	543.14	95.29	27,705.16	1,379.47
14	6/25/2013	27,705.16	638.43	-	638.43	544.97	93.48	27,160.19	1,472.93
15	7/25/2013	27,160.19	638.43	-	638.43	546.81	91.62	26,613.39	1,564.55
16	8/25/2013	26,613.39	638.43	-	638.43	548.65	89.78	26,064.74	1,654.33
17	9/25/2013	26,064.74	638.43	-	638.43	550.50	87.93	25,514.23	1,742.25
18	10/25/2013	25,514.23	638.43	-	638.43	552.36	86.07	24,961.88	1,828.32
19	11/25/2013	24,961.88	638.43	-	638.43	554.22	84.20	24,407.65	1,912.52
20	12/25/2013	24,407.65	638.43	-	638.43	556.09	82.34	23,851.56	1,994.86
21	1/25/2014	23,851.56	638.43	-	638.43	557.97	80.48	23,293.59	2,075.32
22	2/25/2014	23,293.59	638.43	-	638.43	559.85	78.58	22,733.75	2,153.89
23	3/25/2014	22,733.75	638.43	-	638.43	561.74	76.69	22,172.01	2,230.58
24	4/25/2014	22,172.01	638.43	-	638.43	563.63	74.79	21,608.37	2,305.38
25	5/25/2014	21,608.37	638.43	-	638.43	565.53	72.89	21,042.84	2,378.27
26	6/25/2014	21,042.84	638.43	-	638.43	567.44	70.98	20,475.40	2,449.25
27	7/25/2014	20,475.40	638.43	-	638.43	569.36	69.07	19,906.04	2,518.32
28	8/25/2014	19,906.04	638.43	-	638.43	571.28	67.15	19,334.76	2,585.47
29	9/25/2014	19,334.76	638.43	-	638.43	573.20	65.22	18,761.56	2,650.70
30	10/25/2014	18,761.56	638.43	-	638.43	575.14	63.29	18,186.42	2,713.99
31	11/25/2014	18,186.42	638.43	-	638.43	577.08	61.35	17,609.34	2,775.33
32	12/25/2014	17,609.34	638.43	-	638.43	579.02	59.40	17,030.32	2,834.74
33	1/25/2015	17,030.32	638.43	-	638.43	580.98	57.45	16,449.34	2,892.19
34	2/25/2015	16,449.34	638.43	-	638.43	582.94	55.49	15,866.40	2,947.67
35	3/25/2015	15,866.40	638.43	-	638.43	584.90	53.52	15,281.50	3,001.20
36	4/25/2015	15,281.50	638.43	-	638.43	586.88	51.55	14,694.62	3,052.75
37	5/25/2015	14,694.62	638.43	-	638.43	588.86	49.57	14,105.76	3,102.32
38	6/25/2015	14,105.76	638.43	-	638.43	590.84	47.58	13,514.92	3,149.90
39	7/25/2015	13,514.92	638.43	-	638.43	592.84	45.59	12,922.09	3,195.49
40	8/25/2015	12,922.09	638.43	-	638.43	594.84	43.59	12,327.25	3,239.08
41	9/25/2015	12,327.25	638.43	-	638.43	596.84	41.58	11,730.41	3,280.66
42	10/25/2015	11,730.41	638.43	-	638.43	598.86	39.57	11,131.55	3,320.24
43	11/25/2015	11,131.55	638.43	-	638.43	600.88	37.55	10,530.67	3,357.79
44	12/25/2015	10,530.67	638.43	-	638.43	602.90	35.52	9,927.77	3,393.31
45	1/25/2016	9,927.77	638.43	-	638.43	604.94	33.49	9,322.83	3,428.80
46	2/25/2016	9,322.83	638.43	-	638.43	606.98	31.45	8,715.88	3,458.25
47	3/25/2016	8,715.88	638.43	-	638.43	609.03	29.40	8,108.83	3,487.65
48	4/25/2016	8,108.83	638.43	-	638.43	611.08	27.35	7,495.75	3,515.00
49	5/25/2016	7,495.75	638.43	-	638.43	613.14	25.29	6,882.61	3,540.28
50	6/25/2016	6,882.61	638.43	-	638.43	615.21	23.22	6,267.40	3,563.50
51	7/25/2016	6,267.40	638.43	-	638.43	617.28	21.14	5,650.11	3,584.64
52	8/25/2016	5,650.11	638.43	-	638.43	619.37	19.08	5,030.75	3,603.70
53	9/25/2016	5,030.75	638.43	-	638.43	621.46	16.97	4,409.29	3,620.67
54	10/25/2016	4,409.29	638.43	-	638.43	623.55	14.87	3,785.74	3,635.55
55	11/25/2016	3,785.74	638.43	-	638.43	625.66	12.77	3,160.08	3,648.32
56	12/25/2016	3,160.08	638.43	-	638.43	627.77	10.68	2,532.32	3,658.98
57	1/25/2017	2,532.32	638.43	-	638.43	629.88	8.54	1,902.43	3,667.52
58	2/25/2017	1,902.43	638.43	-	638.43	632.01	6.42	1,270.42	3,673.94
59	3/25/2017	1,270.42	638.43	-	638.43	634.14	4.29	638.28	3,678.22
60	4/25/2017	638.28	638.43	-	638.28	634.13	2.15	0.00	3,680.37

2309.00

Mountain Water District
60100620026-3 Note

19 Items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/26/2014 06/26/2014	610 - Regular payment	502.58	443.99	58.59	16,565.95
05/14/2014 05/14/2014	610 - Regular payment	502.58	444.54	58.04	17,009.94
05/09/2014 05/30/2014	661 - Renewal payment	0.00	0.00	0.00	17,454.48
04/11/2014 04/11/2014	610 - Regular payment	502.58	440.80	61.78	17,454.48
03/17/2014 03/17/2014	610 - Regular payment	502.58	445.62	56.96	17,895.28
02/12/2014 02/12/2014	610 - Regular payment	502.58	438.10	64.48	18,340.90
01/10/2014 01/10/2014	610 - Regular payment	502.58	436.56	66.02	18,779.00
12/11/2013 12/11/2013	610 - Regular payment	502.58	437.19	65.39	19,215.56
11/12/2013 11/12/2013	610 - Regular payment	502.58	433.56	69.02	19,652.75
10/11/2013 10/11/2013	610 - Regular payment	502.58	434.26	68.32	20,086.31
09/13/2013 09/13/2013	610 - Regular payment	502.58	430.55	72.03	20,520.57
08/12/2013 08/12/2013	610 - Regular payment	502.58	429.12	73.46	20,951.12
07/11/2013 07/11/2013	610 - Regular payment	502.58	430.01	72.57	21,380.24
06/12/2013 06/12/2013	610 - Regular payment	502.58	426.37	76.21	21,810.25
05/07/2013 05/07/2013	610 - Regular payment	502.58	427.31	75.27	22,236.62
04/09/2013 04/09/2013	610 - Regular payment	502.58	423.17	79.41	22,663.93
03/13/2013 03/13/2013	610 - Regular payment	502.58	429.55	73.03	23,087.10
02/12/2013 02/12/2013	610 - Regular payment	502.58	420.38	82.20	23,516.65
01/10/2013 01/10/2013	610 - Regular payment	502.58	418.90	83.68	23,937.03

CTB VEH. #140

Enter values	
Loan amount	\$ 27,255.98
Annual interest rate	4.05 %
Loan period in years	5
Number of payments per year	12
Start date of loan	5/11/2012
Optional extra payments	\$

Loan summary	
Scheduled payment	\$ 502.58
Scheduled number of payments	60
Actual number of payments	60
Total early payments	\$
Total interest	\$ 2,898.56

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal GL 225	Interest GL 540	Ending Balance	Cumulative Interest
1	8/11/2012	\$ 27,255.98	\$ 502.58	-	\$ 502.58	\$ 410.59	\$ 91.99	\$ 26,845.39	\$ 91.99
2	7/11/2012	26,845.39	502.58	-	502.58	411.97	90.60	26,433.42	182.59
3	8/11/2012	26,433.42	502.58	-	502.58	413.36	89.21	26,020.06	271.80
4	9/11/2012	26,020.06	502.58	-	502.58	414.76	87.82	25,605.30	359.62
5	10/11/2012	25,605.30	502.58	-	502.58	416.16	86.42	25,189.14	446.04
6	11/11/2012	25,189.14	502.58	-	502.58	417.56	85.01	24,771.58	531.05
7	12/11/2012	24,771.58	502.58	-	502.58	418.97	83.60	24,352.61	614.66
8	1/11/2013	24,352.61	502.58	-	502.58	420.39	82.19	23,932.22	696.85
9	2/11/2013	23,932.22	502.58	-	502.58	421.80	80.77	23,510.42	777.62
10	3/11/2013	23,510.42	502.58	-	502.58	423.23	79.35	23,087.19	856.97
11	4/11/2013	23,087.19	502.58	-	502.58	424.66	77.92	22,662.53	934.89
12	5/11/2013	22,662.53	502.58	-	502.58	426.09	76.49	22,236.45	1,011.37
13	6/11/2013	22,236.45	502.58	-	502.58	427.53	75.05	21,808.92	1,086.42
14	7/11/2013	21,808.92	502.58	-	502.58	428.97	73.61	21,379.95	1,160.03
15	8/11/2013	21,379.95	502.58	-	502.58	430.42	72.16	20,949.53	1,232.18
16	9/11/2013	20,949.53	502.58	-	502.58	431.87	70.70	20,517.66	1,302.89
17	10/11/2013	20,517.66	502.58	-	502.58	433.33	69.25	20,084.33	1,372.13
18	11/11/2013	20,084.33	502.58	-	502.58	434.79	67.78	19,649.54	1,439.92
19	12/11/2013	19,649.54	502.58	-	502.58	436.26	66.32	19,213.28	1,506.24
20	1/11/2014	19,213.28	502.58	-	502.58	437.73	64.84	18,775.55	1,571.08
21	2/11/2014	18,775.55	502.58	-	502.58	439.21	63.37	18,336.34	1,634.45
22	3/11/2014	18,336.34	502.58	-	502.58	440.69	61.89	17,895.65	1,696.33
23	4/11/2014	17,895.65	502.58	-	502.58	442.18	60.40	17,453.47	1,756.73
24	5/11/2014	17,453.47	502.58	-	502.58	443.67	58.91	17,009.80	1,815.64
25	6/11/2014	17,009.80	502.58	-	502.58	445.17	57.41	16,564.64	1,873.05
26	7/11/2014	16,564.64	502.58	-	502.58	446.67	55.91	16,117.97	1,928.95
27	8/11/2014	16,117.97	502.58	-	502.58	448.18	54.40	15,669.79	1,983.35
28	9/11/2014	15,669.79	502.58	-	502.58	449.69	52.89	15,220.10	2,036.23
29	10/11/2014	15,220.10	502.58	-	502.58	451.21	51.37	14,768.89	2,087.60
30	11/11/2014	14,768.89	502.58	-	502.58	452.73	49.85	14,316.16	2,137.45
31	12/11/2014	14,316.16	502.58	-	502.58	454.26	48.32	13,861.90	2,185.78
32	1/11/2015	13,861.90	502.58	-	502.58	455.79	46.78	13,406.11	2,232.55
33	2/11/2015	13,406.11	502.58	-	502.58	457.33	45.25	12,948.78	2,277.79
34	3/11/2015	12,948.78	502.58	-	502.58	458.87	43.70	12,489.91	2,321.50
35	4/11/2015	12,489.91	502.58	-	502.58	460.42	42.15	12,029.48	2,363.65
36	5/11/2015	12,029.48	502.58	-	502.58	461.98	40.60	11,567.51	2,404.25
37	6/11/2015	11,567.51	502.58	-	502.58	463.54	39.04	11,103.97	2,443.29
38	7/11/2015	11,103.97	502.58	-	502.58	465.10	37.48	10,638.87	2,480.77
39	8/11/2015	10,638.87	502.58	-	502.58	466.67	35.91	10,172.20	2,516.67
40	9/11/2015	10,172.20	502.58	-	502.58	468.24	34.33	9,703.96	2,551.00
41	10/11/2015	9,703.96	502.58	-	502.58	469.82	32.75	9,234.13	2,583.75
42	11/11/2015	9,234.13	502.58	-	502.58	471.41	31.17	8,762.72	2,614.92
43	12/11/2015	8,762.72	502.58	-	502.58	473.00	29.57	8,289.72	2,644.49
44	1/11/2016	8,289.72	502.58	-	502.58	474.60	27.98	7,815.12	2,672.47
45	2/11/2016	7,815.12	502.58	-	502.58	476.20	26.38	7,338.93	2,698.85
46	3/11/2016	7,338.93	502.58	-	502.58	477.81	24.77	6,861.12	2,723.62
47	4/11/2016	6,861.12	502.58	-	502.58	479.42	23.16	6,381.70	2,746.77
48	5/11/2016	6,381.70	502.58	-	502.58	481.04	21.54	5,900.68	2,768.31
49	6/11/2016	5,900.68	502.58	-	502.58	482.66	19.91	5,418.00	2,788.22
50	7/11/2016	5,418.00	502.58	-	502.58	484.29	18.29	4,933.71	2,806.51
51	8/11/2016	4,933.71	502.58	-	502.58	485.92	16.65	4,447.79	2,823.16
52	9/11/2016	4,447.79	502.58	-	502.58	487.56	15.01	3,960.22	2,838.17
53	10/11/2016	3,960.22	502.58	-	502.58	489.21	13.37	3,471.01	2,851.54
54	11/11/2016	3,471.01	502.58	-	502.58	490.86	11.71	2,980.15	2,863.25
55	12/11/2016	2,980.15	502.58	-	502.58	492.52	10.06	2,487.63	2,873.31
56	1/11/2017	2,487.63	502.58	-	502.58	494.18	8.40	1,993.45	2,881.71
57	2/11/2017	1,993.45	502.58	-	502.58	495.85	6.73	1,497.61	2,886.44
58	3/11/2017	1,497.61	502.58	-	502.58	497.52	5.05	1,000.09	2,893.49
59	4/11/2017	1,000.09	502.58	-	502.58	499.20	3.38	500.89	2,896.86
60	5/11/2017	500.89	502.58	-	500.89	499.19	1.69	0.00	2,898.56

Mountain Water District
60100622346-3 Note

G/L # 232,00

18 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/11/2014	610 - Regular	623.27	566.10	57.17	16,036.74
06/11/2014	payment				
05/14/2014	610 - Regular	623.27	566.25	57.02	16,602.84
05/14/2014	payment				
04/11/2014	610 - Regular	623.27	562.03	61.24	17,169.09
04/11/2014	payment				
03/17/2014	610 - Regular	623.27	566.49	56.78	17,731.12
03/17/2014	payment				
02/12/2014	610 - Regular	623.27	558.61	64.66	18,297.61
02/12/2014	payment				
01/10/2014	610 - Regular	623.27	556.63	66.64	18,856.22
01/10/2014	payment				
12/11/2013	610 - Regular	654.43	556.01	67.26	19,412.85
12/11/2013	payment				
11/26/2013	610 - Regular	623.27	552.83	70.44	19,968.86
11/26/2013	payment				
10/11/2013	610 - Regular	623.27	553.13	70.14	20,521.69
10/11/2013	payment				
09/13/2013	610 - Regular	623.27	539.42	83.85	21,074.82
09/13/2013	payment				
08/12/2013	610 - Regular	623.27	556.74	66.53	21,614.24
08/12/2013	payment				
07/11/2013	610 - Regular	623.27	547.73	75.54	22,170.98
07/11/2013	payment				
06/12/2013	610 - Regular	623.27	543.65	79.62	22,718.71
06/12/2013	payment				
05/07/2013	610 - Regular	623.27	543.52	79.75	23,262.36
05/07/2013	payment				
04/22/2013	610 - Regular	623.27	539.50	83.77	23,805.88
04/22/2013	payment				
03/14/2013	610 - Regular	623.27	546.02	77.25	24,345.38
03/14/2013	payment				
02/12/2013	610 - Regular	623.27	536.03	87.24	24,891.40
02/12/2013	payment				
01/10/2013	610 - Regular	623.27	533.60	89.67	25,427.43
01/10/2013	payment				

CTB VEH. #141

Enter values	
Loan amount	\$ 27,580.04
Annual interest rate	4.044%
Loan period in years	4
Number of payments per year	12
Start date of loan	9/12/2012
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 623.27
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$ -
Total interest	\$ 2,336.84

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 225	Interest G/L 540	Ending Balance	Cumulative Interest
1	10/12/2012	\$ 27,580.04	\$ 623.27	-	\$ 623.27	\$ 530.33	\$ 92.93	\$ 27,049.71	\$ 92.93
2	11/12/2012	27,049.71	623.27	-	623.27	532.12	91.15	26,517.58	184.08
3	12/12/2012	26,517.58	623.27	-	623.27	533.92	89.35	25,983.67	273.43
4	1/12/2013	25,983.67	623.27	-	623.27	535.71	87.55	25,447.95	360.99
5	2/12/2013	25,447.95	623.27	-	623.27	537.52	85.75	24,910.43	446.74
6	3/12/2013	24,910.43	623.27	-	623.27	539.33	83.94	24,371.10	530.67
7	4/12/2013	24,371.10	623.27	-	623.27	541.15	82.12	23,829.96	612.79
8	5/12/2013	23,829.96	623.27	-	623.27	542.97	80.30	23,286.99	693.09
9	6/12/2013	23,286.99	623.27	-	623.27	544.80	78.47	22,742.18	771.56
10	7/12/2013	22,742.18	623.27	-	623.27	546.64	76.63	22,195.55	848.19
11	8/12/2013	22,195.55	623.27	-	623.27	548.48	74.79	21,647.07	922.98
12	9/12/2013	21,647.07	623.27	-	623.27	550.33	72.94	21,098.74	995.92
13	10/12/2013	21,098.74	623.27	-	623.27	552.18	71.09	20,544.56	1,067.01
14	11/12/2013	20,544.56	623.27	-	623.27	554.04	69.23	19,990.52	1,136.24
15	12/12/2013	19,990.52	623.27	-	623.27	555.91	67.36	19,434.61	1,203.60
16	1/12/2014	19,434.61	623.27	-	623.27	557.78	65.49	18,876.83	1,269.08
17	2/12/2014	18,876.83	623.27	-	623.27	559.66	63.61	18,317.17	1,332.69
18	3/12/2014	18,317.17	623.27	-	623.27	561.55	61.72	17,755.62	1,394.41
19	4/12/2014	17,755.62	623.27	-	623.27	563.44	59.83	17,192.18	1,454.24
20	5/12/2014	17,192.18	623.27	-	623.27	565.34	57.93	16,626.84	1,512.17
21	6/12/2014	16,626.84	623.27	-	623.27	567.24	56.03	16,059.60	1,568.20
22	7/12/2014	16,059.60	623.27	-	623.27	569.15	54.11	15,490.45	1,622.31
23	8/12/2014	15,490.45	623.27	-	623.27	571.07	52.20	14,919.38	1,674.51
24	9/12/2014	14,919.38	623.27	-	623.27	573.00	50.27	14,346.38	1,724.78
25	10/12/2014	14,346.38	623.27	-	623.27	574.93	48.34	13,771.45	1,773.12
26	11/12/2014	13,771.45	623.27	-	623.27	576.86	46.40	13,194.59	1,819.52
27	12/12/2014	13,194.59	623.27	-	623.27	578.81	44.46	12,615.78	1,863.98
28	1/12/2015	12,615.78	623.27	-	623.27	580.76	42.51	12,035.02	1,906.49
29	2/12/2015	12,035.02	623.27	-	623.27	582.72	40.55	11,452.31	1,947.05
30	3/12/2015	11,452.31	623.27	-	623.27	584.68	38.59	10,867.63	1,985.64
31	4/12/2015	10,867.63	623.27	-	623.27	586.65	36.62	10,280.98	2,022.26
32	5/12/2015	10,280.98	623.27	-	623.27	588.63	34.64	9,692.35	2,056.90
33	6/12/2015	9,692.35	623.27	-	623.27	590.61	32.66	9,101.75	2,089.56
34	7/12/2015	9,101.75	623.27	-	623.27	592.60	30.67	8,509.15	2,120.23
35	8/12/2015	8,509.15	623.27	-	623.27	594.60	28.67	7,914.55	2,148.90
36	9/12/2015	7,914.55	623.27	-	623.27	596.60	26.67	7,317.95	2,175.57
37	10/12/2015	7,317.95	623.27	-	623.27	598.61	24.68	6,719.34	2,200.23
38	11/12/2015	6,719.34	623.27	-	623.27	600.63	22.64	6,118.71	2,222.87
39	12/12/2015	6,118.71	623.27	-	623.27	602.65	20.62	5,516.06	2,243.48
40	1/12/2016	5,516.06	623.27	-	623.27	604.68	18.59	4,911.38	2,262.07
41	2/12/2016	4,911.38	623.27	-	623.27	606.72	16.55	4,304.66	2,278.62
42	3/12/2016	4,304.66	623.27	-	623.27	608.78	14.50	3,695.90	2,293.13
43	4/12/2016	3,695.90	623.27	-	623.27	610.81	12.45	3,085.08	2,305.58
44	5/12/2016	3,085.08	623.27	-	623.27	612.87	10.40	2,472.21	2,315.97
45	6/12/2016	2,472.21	623.27	-	623.27	614.94	8.33	1,857.27	2,324.30
46	7/12/2016	1,857.27	623.27	-	623.27	617.01	6.28	1,240.28	2,330.58
47	8/12/2016	1,240.28	623.27	-	623.27	619.09	4.18	621.10	2,334.74
48	9/12/2016	621.10	623.27	-	621.18	619.08	2.09	0.00	2,336.84

Loan Amortization Schedule

Enter values	
Loan amount	\$ 20,039.00
Annual interest rate	4.052%
Loan period in years	4
Number of payments per year	12
Start date of loan	5/25/2013
Optional extra payments	\$

Loan summary	
Scheduled payment	\$ 452.93
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$
Total interest	\$ 1,701.55

Lender name: CTB VEH #142

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	6/25/2013	\$ 20,039.00	\$ 452.93	\$ -	\$ 452.93	\$ 385.28	\$ 67.67	\$ 19,653.74	\$ 67.67
2	7/25/2013	19,653.74	452.93	-	452.93	386.58	66.38	19,267.17	134.03
3	8/25/2013	19,267.17	452.93	-	452.93	387.87	65.08	18,879.30	199.09
4	9/25/2013	18,879.30	452.93	-	452.93	389.18	63.75	18,490.12	262.84
5	10/25/2013	18,490.12	452.93	-	452.93	390.49	62.43	18,099.63	325.27
6	11/25/2013	18,099.63	452.93	-	452.93	391.81	61.12	17,707.82	386.39
7	12/25/2013	17,707.82	452.93	-	452.93	393.13	59.79	17,314.69	446.18
8	1/25/2014	17,314.69	452.93	-	452.93	394.46	58.47	16,920.22	504.65
9	2/25/2014	16,920.22	452.93	-	452.93	395.79	57.13	16,524.43	561.78
10	3/25/2014	16,524.43	452.93	-	452.93	397.13	55.80	16,127.30	617.58
11	4/25/2014	16,127.30	452.93	-	452.93	398.47	54.46	15,728.83	672.04
12	5/25/2014	15,728.83	452.93	-	452.93	399.82	53.11	15,329.01	725.15
13	6/25/2014	15,329.01	452.93	-	452.93	401.17	51.78	14,927.84	776.91
14	7/25/2014	14,927.84	452.93	-	452.93	402.52	50.41	14,525.32	827.31
15	8/25/2014	14,525.32	452.93	-	452.93	403.88	49.05	14,121.44	876.36
16	9/25/2014	14,121.44	452.93	-	452.93	405.24	47.68	13,716.19	924.04
17	10/25/2014	13,716.19	452.93	-	452.93	406.61	46.32	13,309.58	970.36
18	11/25/2014	13,309.58	452.93	-	452.93	407.99	44.94	12,901.60	1,015.30
19	12/25/2014	12,901.60	452.93	-	452.93	409.36	43.56	12,492.23	1,058.87
	1/25/2015	12,492.23	452.93	-	452.93	410.75	42.18	12,081.49	1,101.05
	2/25/2015	12,081.49	452.93	-	452.93	412.13	40.80	11,669.35	1,141.84
22	3/25/2015	11,669.35	452.93	-	452.93	413.52	39.40	11,255.83	1,181.25
23	4/25/2015	11,255.83	452.93	-	452.93	414.92	38.01	10,840.91	1,219.25
24	5/25/2015	10,840.91	452.93	-	452.93	416.32	36.61	10,424.59	1,255.86
25	6/25/2015	10,424.59	452.93	-	452.93	417.73	35.20	10,006.86	1,291.06
26	7/25/2015	10,006.86	452.93	-	452.93	419.14	33.79	9,587.72	1,324.85
27	8/25/2015	9,587.72	452.93	-	452.93	420.55	32.37	9,167.17	1,357.22
28	9/25/2015	9,167.17	452.93	-	452.93	421.97	30.95	8,745.19	1,388.18
29	10/25/2015	8,745.19	452.93	-	452.93	423.40	29.53	8,321.79	1,417.71
30	11/25/2015	8,321.79	452.93	-	452.93	424.83	28.10	7,896.97	1,445.81
31	12/25/2015	7,896.97	452.93	-	452.93	426.26	26.67	7,470.70	1,472.47
32	1/25/2016	7,470.70	452.93	-	452.93	427.70	25.23	7,043.00	1,497.70
33	2/25/2016	7,043.00	452.93	-	452.93	429.15	23.78	6,613.85	1,521.48
34	3/25/2016	6,613.85	452.93	-	452.93	430.60	22.33	6,183.26	1,543.81
35	4/25/2016	6,183.26	452.93	-	452.93	432.05	20.88	5,751.21	1,564.69
36	5/25/2016	5,751.21	452.93	-	452.93	433.51	19.42	5,317.70	1,584.11
37	6/25/2016	5,317.70	452.93	-	452.93	434.97	17.96	4,882.73	1,602.07
38	7/25/2016	4,882.73	452.93	-	452.93	436.44	16.49	4,446.29	1,618.56
39	8/25/2016	4,446.29	452.93	-	452.93	437.91	15.01	4,008.37	1,633.57
40	9/25/2016	4,008.37	452.93	-	452.93	439.39	13.53	3,568.98	1,647.11
41	10/25/2016	3,568.98	452.93	-	452.93	440.88	12.05	3,128.10	1,659.16
42	11/25/2016	3,128.10	452.93	-	452.93	442.37	10.58	2,685.74	1,669.72
43	12/25/2016	2,685.74	452.93	-	452.93	443.88	9.07	2,241.88	1,678.79
44	1/25/2017	2,241.88	452.93	-	452.93	445.36	7.57	1,798.52	1,686.36
45	2/25/2017	1,798.52	452.93	-	452.93	446.86	6.07	1,349.66	1,692.42
46	3/25/2017	1,349.66	452.93	-	452.93	448.37	4.56	901.29	1,696.98
47	4/25/2017	901.29	452.93	-	452.93	449.88	3.04	451.40	1,700.03
48	5/25/2017	451.40	452.93	-	451.40	449.88	1.52	0.00	1,701.55

Mountain Water District
60100620690-3 Note

~~2314.00~~
2314.00

15 items: Previous calendar year from 01/01/2013 to 07/01/2014

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/26/2014 06/26/2014	610 - Regular payment	452.93	400.13	52.80	14,929.65
05/23/2014 05/23/2014	610 - Regular payment	452.93	400.45	52.48	15,329.78
04/24/2014 04/24/2014	610 - Regular payment	452.93	397.16	55.77	15,730.23
03/28/2014 03/31/2014	613 - User defined reg payment.	452.93	401.59	51.34	16,127.39
02/21/2014 02/21/2014	610 - Regular payment	452.93	394.92	58.01	16,528.98
01/17/2014 01/21/2014	613 - User defined reg payment	452.93	393.47	59.46	16,923.90
12/19/2013 12/19/2013	610 - Regular payment	452.93	393.78	59.15	17,317.37
11/26/2013 11/28/2013	610 - Regular payment	452.93	390.82	62.11	17,711.15
10/18/2013 10/18/2013	610 - Regular payment	452.93	391.31	61.62	18,101.97
09/23/2013 09/23/2013	610 - Regular payment	452.93	388.02	64.91	18,493.28
08/21/2013 08/21/2013	610 - Regular payment	475.58	386.26	66.67	18,881.30
07/31/2013 07/31/2013	610 - Regular payment	452.93	387.36	65.57	19,267.56
06/25/2013 06/25/2013	610 - Regular payment	452.93	384.08	68.85	19,654.92
05/23/2013 05/23/2013	402 - FASB fee rate chg - sys gen	1.462690%	0.00	0.0000000	20,039.00
05/20/2013 05/23/2013	310 - New note	20,039.00	20,039.00	0.00	20,039.00

set up

BRUCE WALTERS FORD LINCOLN MERCURY KIA



www.brucewaltersford.net



302 S. Mayo Trail . Pikeville, KY 41501. (606) 437-9641
 Parts - (606) 437-6200 Service-(606) 437-5307 Body Shop-(606) 437-5313

RETAIL BUYERS ORDER

92968
Deal Number

Purchaser/s MOUNTAIN WATER DISTRICT Date 05/09/2013
 Street Address _____ Phone (606)631-9162 W _____
 Mailing Address PO BOX 3157 Cell _____
 City PIKEVILLE State KY Zip 41502 County PIKE
 Soc. Sec./Fed ID# _____ Soc. Sec./Fed ID# _____ Birthdate _____
 Email Address _____

I hereby agree to purchase from you under the terms and conditions specified, the following:

MAKE FORD	MODEL F150 PICKUP	YEAR 2013	STOCK NO. T6335
SERIAL NO. 1FTHF1EH0FC28732	LICENSE NO. TEMP	MILEAGE 13	COLOR OXFORD WHITE
Price of Car	31274.00		
Dealer Installed Equipment	N/A		
Dealer Trade Charge			
Recording Fee	N/A		
Transfer, Misc., Customer Services	<u>CURT TO PAY WITH TAX-Fees</u>		
Theft Guard	N/A		
Extended Service Plan	N/A		
XZILON	N/A		
GAP	N/A		
Usage Tax	N/A		
Total Cash Delivered Price	31673.00		

Discount	11507.00	ACCT NO: ADDRESS: PHONE #:
Rebate	N/A	
Deferred Down Payment	N/A	
Cash on Delivery	N/A	
Used Car Allowance \$	N/A	
Less Bal. Due on my Car \$	N/A	
Payoff Expires	N/A	

Lienholder Name/Address		Total Credit	11507.00
TRADE #1	TRADE #2	Balance Due	19767.00
Yr	Make	Color	
Model	Cyl	Model	Single Interest
VIN	VIN	Odbmeter	Cr. Life Ins.
License	Exp.	License	A & H Ins.
Annual Percentage Rate	0.00	Exp.	Finance Chg.
Total Con. Time Sale			0.00
Total Con. Time Sale			19767.00

Contract To Be Paid In 1 Monthly Payments of \$ 19767.00 Starting 06/23/2013 to 20 2013

Purchaser agrees that this Order includes all of the terms and conditions on both the face and the reverse side hereof, that this Order cancels and supercedes any prior agreement and as of the date hereof comprises the complete and exclusive statement of the terms of the agreement relating to the subject matters covered hereby, and that THIS ORDER SHALL NOT BECOME BINDING UNTIL ACCEPTED BY DEALER OR HIS AUTHORIZED REPRESENTATIVE AND IN THE EVENT OF A TIME SALE, DEALER SHALL NOT BE OBLIGATED TO SELL UNTIL APPROVAL OF THE TERMS HEREOF IS GIVEN BY A BANK OR FINANCE COMPANY WILLING TO PURCHASE A RETAIL INSTALLMENT CONTRACT BETWEEN THE PARTIES HERETO BASED ON SUCH TERMS. ALL WARRANTIES, IF ANY, BY A MANUFACTURER OR SUPPLIER OTHER THAN DEALER ARE THEIRS, NOT DEALER'S, AND ONLY SUCH MANUFACTURER OR OTHER SUPPLIER SHALL BE LIABLE FOR PERFORMANCE UNDER SUCH WARRANTIES. DEALER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE (A) ON ALL GOODS AND SERVICES SOLD BY DEALER; AND (B) ON ALL VEHICLES WHICH ARE HEREBY SOLD "AS IS". Purchaser by his execution of this Order certifies that he is of legal age to execute binding contracts in this State and acknowledges that he has read the terms and conditions and has received a true copy of this Order. The information you see on the window form for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale.

ARBITRATION CLAUSE

The Buyer(s), by signing the Retail Buyers Order, hereby agree and acknowledge that any dispute arising between/among the parties of any nature whatsoever, including, but not limited to, the validity of the contract, shall be submitted to binding arbitration and further that any dispute shall not be litigated in any other forum. If the parties cannot agree on a person to serve as an arbitrator within fifteen (15) days of initial solicitation to any party of the dispute, then the parties agree that the Pike Circuit Court shall appoint an arbitrator upon motion by any party to preside over any arbitration. Any arbitration proceeding shall be held in Pikeville, Kentucky. The parties further agree that any dispute shall be governed by the laws of the Commonwealth of Kentucky. (Indz)

Purchaser's Signature [Signature]
 Accepted: Dealer's Signature _____ Salesman's Name EPLING, TERRY



008010082089000003012005202013

ASSOCIATION RESOLUTION

Unit 142
2013 Ford F150

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$20,039.00	05-20-2013	05-20-2015	8010082089000003	00		814	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Association: MOUNTAIN WATER DISTRICT (TIN: 61-1098805)
P.O. BOX 3157
PIKEVILLE, KY 41502

Lender: Community Trust Bank, Inc.
Main Office
346 North Mayo Trail
P.O. Box 2947
Pikeville, KY 41502-2947

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ASSOCIATION'S EXISTENCE. The complete and correct name of the Association is MOUNTAIN WATER DISTRICT ("Association"). The Association is an organization which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. The Association is duly authorized to transact business in all other states in which the Association is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Association is doing business. Specifically, the Association is, and at all times shall be, duly qualified as a foreign association in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Association has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Association maintains its principal office at 6332 ZEBULON HWY, PIKEVILLE, KY 41501. Unless the Association has designated otherwise in writing, this is the principal office at which the Association keeps its books and records. The Association will notify Lender prior to any change in the location of the Association's state of organization or any change in the Association's name. The Association shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Association and the Association's business activities.

RESOLUTIONS ADOPTED. At a meeting of the officers of the Association, duly called and held on May 20, 2013, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of MOUNTAIN WATER DISTRICT:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
ROY SAWYERS	District Administrator	Y X	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Association. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Association:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Association and Lender, such sum or sums of money as in his or her judgment should be borrowed; however, not exceeding at any one time the amount of Twenty Thousand Thirty-nine & 00/100 Dollars (\$20,039.00), in addition to such sum or sums of money as may be currently borrowed by the Association from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Association's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Association's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Association or in which the Association now or hereafter may have an interest, including without limitation all of the Association's real property and all of the Association's personal property (tangible or intangible), as security for the payment of all loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Association to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Association or in which the Association may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Association's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Association has filed or recorded all documents or filings required by law relating to all assumed business names used by the Association. Excluding the name of the Association, the following is a complete list of all assumed business names under which the Association does business: None.

**ASSOCIATION RESOLUTION
(Continued)**

Loan No: 6010062069000003

Page 2

NOTICES TO LENDER. The Association will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Association's name; (B) change in the Association's assumed business name(s); (C) change in the structure of the Association; (D) change in the authorized signer(s); (E) change in the Association's principal office address; (F) change in the Association's state of organization; (G) conversion of the Association to a new or different type of business entity; or (H) change in any other aspect of the Association that directly or indirectly relates to any agreements between the Association and Lender. No change in the Association's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Association, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Association, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Association's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signature set opposite the name listed above is his or her genuine signature.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Association certify that all statements and representations made in this Resolution are true and correct. This Association Resolution is dated May 20, 2013.

CERTIFIED TO AND ATTESTED BY:

By: _____
Authorized Signer for MOUNTAIN WATER DISTRICT

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Association's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Association.



006010082069000003082005202013

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Cal / Col	Account	Officer	Initials
\$20,039.00	05-20-2013	05-20-2015	6010082069000003	50		914	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: MOUNTAIN WATER DISTRICT (TIN: 61-1098805)
P.O. BOX 3157
PIKEVILLE, KY 41502

Lender: Community Trust Bank, Inc.
Main Office
348 North Mayo Trail
P.O. Box 2947
Pikeville, KY 41502-2947

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (3.990%) Nondisclosable Loan to an Unincorporated Association for \$20,039.00 due on May 20, 2015.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

Association Resolution: MOUNTAIN WATER DISTRICT
KY Commercial Security Agreement: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732); owned by MOUNTAIN WATER DISTRICT
Agreement to Provide Insurance: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732); owned by MOUNTAIN WATER DISTRICT
Disbursement Request and Authorization

Promissory Note
Power of Attorney: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732)
KY Lien Statement: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732)
Notice of Insurance Requirements: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732)
Notice of Final Agreement

Parties. The term "Parties" means Community Trust Bank, Inc. and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: MOUNTAIN WATER DISTRICT
Grantor(s): MOUNTAIN WATER DISTRICT

Each Party who signs below, other than Community Trust Bank, Inc., acknowledges, represents, and warrants to Community Trust Bank, Inc. that it has received, read and understood this Notice of Final Agreement. This Notice is dated May 20, 2013.

BORROWER:

MOUNTAIN WATER DISTRICT

By: ROY SAWYERS, District Administrator of
MOUNTAIN WATER DISTRICT



006010062069000003034505202013

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Coll / Coll	Account	Officer	Initials
\$20,039.00	05-20-2013	05-20-2015	6010062069000003	60		814	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: MOUNTAIN WATER DISTRICT (TIN: 61-1098806)
P.O. BOX 3157
PIKEVILLE, KY 41502

Lender: Community Trust Bank, Inc.
Main Office
346 North Mayo Trail
P.O. Box 2947
Pikeville, KY 41502-2947

LOAN TYPE. This is a Fixed Rate (3.990%) Nondisclosable Loan to an Unincorporated Association for \$20,039.00 due on May 20, 2015.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: Purchase 2013 Ford F150 Pickup.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$20,039.00 as follows:

Amount paid to others on Borrower's behalf: \$19,787.00 to Bruce Walters Ford Lincoln Mercury Kia	\$19,787.00
Other Charges Financed: \$22.00 Recording	\$22.00
Total Financed Prepaid Finance Charges: \$250.00 Origination Fee	\$250.00
Note Principal:	\$20,039.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED MAY 20, 2013.

BORROWER:

MOUNTAIN WATER DISTRICT

By: [Signature]
ROY SAWYERS, District Administrator of
MOUNTAIN WATER DISTRICT

MOUNTAIN WATER DISTRICT
 RECONCILIATION OF INTEREST
 JUNE 30, 2014

SEWER NOTES			6/30/2013	INTEREST	INTEREST	6/30/2014
			ACCRUED	ACCRUED	PAID	ACCRUED
			<u>INTEREST</u>	<u>DURING YEAR</u>	<u>DURING YEAR</u>	<u>INTEREST</u>
92-20		2213-17	8,640	17,280	17,426	8,494
92-35		2206-17	13,994	27,988	28,204	13,778
A03-06		2224-17	92	1,084	1,091	85
SHELBY III		2225-17	278	3,294	3,308	264
KIA SERVICING FEES			0			0
INTERIM FINANCING		2299-17	0			0
CHRYSLER #89		2284-17	0			0
LESS: CAPITALIZED INTEREST			0	-	-	0
TOTALS FOR 4273-17			23,004	49,646	50,029	22,621

OTHER INTEREST

METER DEP		4274-17	0	-	-	0
VENDORS		4275-17	0	-	-	0
TOTALS FOR OTHER			0	-	-	0

GRAND TOTALS FOR SEWER 23,004 49,646 50,029 22,621
 ===== = = = = = = = = =====

Form **941 for 2014: Employer's QUARTERLY Federal Tax Return**
 (Rev. January 2014) Department of the Treasury — Internal Revenue Service

950114
 OMB No. 1545-0029

Employer Identification number (EIN)

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Report for this Quarter of 2014
 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Instructions and prior year forms are available at www.irs.gov/form941.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1	Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4)	1	<input type="text" value="7"/>
2	Wages, tips, and other compensation	2	<input type="text" value="37385.90"/>
3	Federal income tax withheld from wages, tips, and other compensation	3	<input type="text" value="3489.15"/>
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check and go to line 8.	

	Column 1		Column 2
5a	Taxable social security wages <input type="text" value="37385.90"/>	$\times .124 =$	<input type="text" value="4635.86"/>
5b	Taxable social security tips <input type="text" value=""/>	$\times .124 =$	<input type="text" value=""/>
5c	Taxable Medicare wages & tips <input type="text" value="37385.90"/>	$\times .029 =$	<input type="text" value="1084.21"/>
5d	Taxable wages & tips subject to Additional Medicare Tax withholding <input type="text" value=""/>	$\times .009 =$	<input type="text" value=""/>
5e	Add Column 2 from lines 5a, 5b, 5c, and 5d	5e	<input type="text" value="5720.07"/>
5f	Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)	5f	<input type="text" value=""/>
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6	<input type="text" value="9209.22"/>
7	Current quarter's adjustment for fractions of cents	7	<input type="text" value=""/>
8	Current quarter's adjustment for sick pay	8	<input type="text" value=""/>
9	Current quarter's adjustments for tips and group-term life insurance	9	<input type="text" value=""/>
10	Total taxes after adjustments. Combine lines 8 through 9	10	<input type="text" value="9209.22"/>
11	Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, 944-X (PR), or 944-X (SP) filed in the current quarter	11	<input type="text" value="9209.22"/>
12	Balance due. If line 10 is more than line 11, enter the difference and see instructions	12	<input type="text" value=""/>
13	Overpayment. If line 11 is more than line 10, enter the difference <input type="text" value=""/>	Check one: <input type="checkbox"/> Apply to next return. <input type="checkbox"/> Send a refund.	

Name (not your trade name)

Mountain Water District

Employer identification number (EIN)

61-2345678

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

- 14 Check one: Line 10 on this return is less than \$2,500 or line 10 on the return for the prior quarter was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter. If line 10 for the prior quarter was less than \$2,500 but line 10 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule below; if you are a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.
- You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1	3069. 74
Month 2	3069. 74
Month 3	3069. 74
Total liability for quarter	9209. 22

pd July 1 July 1

- You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

15 If your business has closed or you stopped paying wages Check here, and enter the final date you paid wages / / .

16 If you are a seasonal employer and you do not have to file a return for every quarter of the year . . . Check here.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes, Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS.

No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN IT.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X

Sign your name here

Rhonda James

Print your name here

Rhonda James

Print your title here

Chairperson

Date

11

Best daytime phone

Paid Preparer Use Only

Check if you are self-employed . . .

Preparer's name

PTIN

Preparer's signature

Date

/ /

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
 (Rev. April 2014) Department of the Treasury - Internal Revenue Service

OMB No. 1545-0029

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Return You Are Correcting ...
 Check the type of return you are correcting:
 941
 941-SS

Check the ONE quarter you are correcting:
 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Enter the calendar year of the quarter you are correcting:
 (YYYY)

Read the instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all three pages. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

- 1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 20, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you are filing this form.
- 2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 20. Do not check this box if you are correcting ANY underreported amounts on this form.

Enter the date you discovered errors:
 / /
 (MM / DD / YYYY)

Part 2: Complete the certifications.

- 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
 Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you are correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax does not include Additional Medicare Tax. Form 941-X cannot be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages or an adjustment is being made for the current year.
- 4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:
 - a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security and Medicare taxes for current and prior years. For adjustments of employee social security and Medicare taxes overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
 - b. The adjustments of social security tax and Medicare tax are for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
 - c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax (that I did not withhold from employee wages).
- 5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:
 - a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
 - b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
 - c. The claim for social security tax and Medicare taxes is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare taxes; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
 - d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I did not withhold from employee wages.

Next

Name (not your trade name)

Employer identification number (EIN)

Correcting quarter 1 (1, 2, 3, 4)

Mountain Water District

Correcting calendar year (YYYY)

2013

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	Column 4 Tax correction
6. Wages, tips and other compensation (Form 941, line 2)	36843 . 96	37385 . 90	= -541 . 94	Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c.
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)	3360 . 06	3489 . 15	= -129 . 09	Copy Column 3 here ▶ -129 . 09
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	36843 . 96	37385 . 90	= -541 . 94	× .124* = -67 . 20
<small>*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.</small>				
9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)			=	× .124* =
<small>*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.</small>				
10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)	36843 . 96	37385 . 90	= -541 . 94	× .029* = -15 . 72
<small>*If you are correcting your employer share only, use .0145. See instructions.</small>				
11. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d; only for quarters beginning after December 31, 2012)			=	× .009 =
12. Section 3121(a) Notice and Demand -- Tax due on unreported tips (Form 941 or 941-SS, line 5f (line 5e for quarters ending before January 1, 2013))	5637 . 15	5720 . 07	= -82 . 92	Copy Column 3 here ▶ -82 . 92
13. Tax adjustments (Form 941 or 941-SS, lines 7-9)	8997 . 19	9209 . 22	= -212 . 03	Copy Column 3 here ▶ -212 . 03
14. Special addition to wages for federal income tax			=	See instructions
15. Special addition to wages for social security taxes			=	See instructions
16. Special addition to wages for Medicare taxes			=	See instructions
17. Special addition to wages for Additional Medicare Tax			=	See instructions
18. Combine the amounts on lines 7-17 of Column 4				-506 . 96
19a. COBRA premium assistance payments (see instructions)			=	See instructions
19b. Number of individuals provided COBRA premium assistance (see instructions)			=	
20. Total. Combine the amounts on lines 18 and 19a of Column 4				-506 . 96

If line 20 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you are filing this form. (If you are currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 20 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see Amount You Owe in the instructions.

Next ▶

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

_____ ~~XXXXXXXXXX~~ 7/1 7/31/14 8/15/14
 Taxpayer Name Account Number Period Beginning Period Ending Due Date

1. Total number of employees for the period..... 7
 2. Total wages paid for the period 7,600
 3. Income tax withheld this period 556.44
 4. Adjustments or credits (explain on reverse; see instructions) _____
 5. Penalty \$ _____ + Interest \$ _____ = _____
 6. Total amount due (Make check payable to: Kentucky State Treasurer.) 556.44

NEED HELP? Telephone assistance is available from 8:00 a.m. to 5:00 p.m. Monday through Friday. Assistance and forms are also available from taxpayer service centers.



Withholding Tax Assistance
Telecommunication Device for the Deaf (502) 564-7287
 (502) 564-3058

Internet Access
www.revenue.ky.gov

Taxpayer Service Center Locations

Ashland	(606) 920-2037	Louisville	(502) 595-4512
Bowling Green	(270) 746-7470	Owensboro	(270) 687-7301
Corbin	(606) 528-3322	Paducah	(270) 575-7148
Florence	(859) 371-9049	Pikeville	(606) 433-7675
Frankfort	(502) 564-4581		
Hopkinsville	(270) 889-6521		

Mailing Address for Assistance



Kentucky Department of Revenue
Withholding Tax
PO Box 181, Station 57
Frankfort, KY 40602-0181

Detach return below and submit with payment on or before the due date.

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

		01/01	01/31	
Taxpayer Name	Account Number	Period Beginning	Period Ending	Due Date

- | | | |
|--|--|-----------|
| 1. Total number of employees for the period..... | | 7 |
| 2. Total wages paid for the period | | 12,946.80 |
| 3. Income tax withheld this period | | 556.44 |
| 4. Adjustments or credits (explain on reverse; see instructions) | | |
| 5. Penalty \$ _____ + Interest \$ _____ = | | |
| 6. Total amount due (Make check payable to: Kentucky State Treasurer.) | | 556.44 |

NEED HELP? Telephone assistance is available from 8:00 a.m. to 5:00 p.m. Monday through Friday. Assistance and forms are also available from taxpayer service centers.



Withholding Tax Assistance (502) 564-7287
Telecommunication Device for the Deaf (502) 564-3058

Internet Access
www.revenue.ky.gov

Taxpayer Service Center Locations

Ashland (606) 920-2037	Louisville (502) 595-4512
Bowling Green (270) 746-7470	Owensboro (270) 687-7301
Corbin (606) 528-3322	Paducah (270) 575-7148
Florence (859) 371-9049	Pikeville (606) 433-7675
Frankfort (502) 564-4581	
Hopkinsville (270) 889-6521	

Mailing Address for Assistance



Kentucky Department of Revenue
 Withholding Tax
 PO Box 181, Station 57
 Frankfort, KY 40602-0181

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

		2/1	2/28	
Taxpayer Name	Account Number	Period Beginning	Period Ending	Due Date

1. Total number of employees for the period.....	7
2. Total wages paid for the period	7,600.00
3. Income tax withheld this period	556.44
4. Adjustments or credits (explain on reverse; see instructions)	
5. Penalty \$ _____ + Interest \$ _____ =	
6. Total amount due (Make check payable to: Kentucky State Treasurer.)	556.44

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Mailing Address for Assistance



Kentucky Department of Revenue
Withholding Tax
PO Box 181, Station 57
Frankfort, KY 40602-0181

Detach return below and submit with payment on or before the due date.

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

<u>Mountain Water</u>	<u>611111</u>	<u>3/1</u>	<u>3/30</u>	
Taxpayer Name	Account Number	Period Beginning	Period Ending	Due Date

1. Total number of employees for the period.....	<u>7</u>
2. Total wages paid for the period	<u>7,600.-</u>
3. Income tax withheld this period	<u>556.44</u>
4. Adjustments or credits (explain on reverse; see instructions)	
5. Penalty \$ _____ + Interest \$ _____ =	
6. Total amount due (Make check payable to: Kentucky State Treasurer.)	<u>556.44</u>

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Mailing Address for Assistance



Kentucky Department of Revenue
Withholding Tax
PO Box 181, Station 57
Frankfort, KY 40602-0181

Detach return below and submit with payment on or before the due date.

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

_____	41234	4/1	4/30/14	5/15/14
Taxpayer Name	Account Number	Period Beginning	Period Ending	Due Date

1. Total number of employees for the period.....	7
2. Total wages paid for the period	7,600
3. Income tax withheld this period	556.44
4. Adjustments or credits (explain on reverse; see instructions)	
5. Penalty \$ _____ + Interest \$ _____ =	
6. Total amount due (Make check payable to: Kentucky State Treasurer.)	556.44

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Mailing Address for Assistance



Kentucky Department of Revenue
Withholding Tax
PO Box 181, Station 57
Frankfort, KY 40602-0181

K-1

42A801 (3-2007)

KENTUCKY EMPLOYER'S INCOME TAX WITHHELD WORKSHEET

Keep top portion for your records.

Instructions on Reverse

	XXXXXXXXXX	5/1/14	5/31/14	6/15/14
Taxpayer Name	Account Number	Period Beginning	Period Ending	Due Date

1. Total number of employees for the period.....	7
2. Total wages paid for the period	7,600
3. Income tax withheld this period	556.44
4. Adjustments or credits (explain on reverse; see instructions)	
5. Penalty \$ _____ + Interest \$ _____ =	
6. Total amount due (Make check payable to: Kentucky State Treasurer.)	556.44

NEED HELP? Telephone assistance is available from 8:00 a.m. to 5:00 p.m. Monday through Friday. Assistance and forms are also available from taxpayer service centers.



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Frankfort	(502) 564-4581		
Hopkinsville	(270) 889-6521		

Mailing Address for Assistance



Kentucky Department of Revenue
Withholding Tax
PO Box 181, Station 57
Frankfort, KY 40602-0181

Detach return below and submit with payment on or before the due date.

SALES TAX

Line 1	\$ 740,317.76	
Line 18	\$ 657,251.85	Residential & Public Authority & , Mall Charge & Sewer
Line 19	\$ 1,853.46	Penalties, Overpayments
Line 20	\$ 659,105.31	
Line 21	\$ 81,212.45	
Line 22	\$ 76,615.52	
Line 24	\$ 76,615.52	
Line 25	\$ 4,596.93	
Line 26	\$ 50.00	
Line 27	\$ 4,546.93	To Be Submitted
Tax Collected =	no	
Difference	\$ 309.71	



Home Security Contact

DOR Electronic Payment **Payment**

Demographics
Taxpayer Information
Payment Complete

Payment Schedule Confirmation

Your payment has been scheduled! You will receive an email when the payment is processed. Please print a copy of this receipt for your records.

Payment Details

Payment ID: 1374962
Payment Date: 7/18/2014

Account Holder Details

mountain Water Mountain Water
P O BOX 3157
PIKEVILLE, KY 41501

Payment Method	Description	Payment Amount
ACH	KY Dept of Revenue Tax Payment for Tax Type 095 - Utility Gross Receipts License Tax , Tax Period 6/30/2014	17068.75

Kentucky Department of Revenue
501 High Street
Frankfort, KY 40601
(502) 564-4581

[Make Another Payment](#)

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SCHOOL TAX

Line 1	\$ 722,657.81	
Line2d	\$ 17,517.00	
Line2e	\$ 4,287.22	
Line 2g	\$ 131,895.24	School Tax, Mail Charge, Overpay, Penalties, Sales Tax, Governmental Agencies
Line 3	\$ 153,699.46	
Line 4	\$ 568,958.35	
Line 5	\$ 17,068.75	

Tax Collected = Tax Paid

Difference \$ (591.20)

Jeff Reed

From: Carrie Hatfield [chatfield@mtwater.org]
Sent: Friday, September 05, 2014 12:15 PM
To: jreed61762@gmail.com; Jeff Reed (jreed@setel.com)
Subject: school tax
Attachments: chatfield@mtwater.org_20140905_121356.pdf

941 deposit paid 07/1

Carrie Hatfield
Mountain Water District
Financial Administrator
P.O. Box 3157
Pikeville, KY 41502
(606) 631-6349
cell(606) 791-9989
chatfield@mtwater.org

This e-mail message and any attachments are confidential and may be privileged. If you are not the intended recipient, please notify the sender immediately by replying to this message and destroy all copies of this message and any attachments.

PSC Request No 3 (a)

Yes, per contract July 3, 2005.

**MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
JUNE 6, 2005
10:00 AM**

ATTENDANCE

Jack Sykes, Summit Engineering, Inc.
Greg May, UMG, LLC
Dan Stratton, MWD Legal Counsel
Will Brown, Superintendent, MWD
Moss Keesee, Operations Manager, MWD
Kim Hunt, Executive Assistant, MWD

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners Special Meeting was held on Monday, June 6, 2005 at 10:00 a.m.

Commissioners present for the meeting:

Chairperson Toni Akers
Commissioner John Collins
Commissioner Mike Litafik
Commissioner Terry Spears
Commissioner Earl Sullivan

All Commissioners were present for the meeting.

**CONSIDERATION OF AGREEMENT FOR CONTRACT OPERATIONS,
MAINTENANCE AND MANAGEMENT BY UTILITIES MANAGEMENT GROUP,
LLC. AGENDA ITEM II**

Chairperson Akers requested a motion be made to go into Executive Session to discuss the contract for management services. Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers Aye
Commissioner John Collins Aye
Commissioner Mike Litafik Aye
Commissioner Terry Spears Aye
Commissioner Earl Sullivan Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 05-06-001

Chairperson Akers requested a motion be made to Reconvene from Executive Session. Commissioner Spears made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers Aye
Commissioner John Collins Aye
Commissioner Mike Litafik Aye
Commissioner Terry Spears Aye

Commissioner Earl Sullivan Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 05-06-002

Chairperson Akers requested a motion be made to Approve the Agreement for Operation, Maintenance & Management Services with Utility Management Group, LLC pending changes as outlined in Executive Session. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner John Collins	Aye
Commissioner Mike Litafik	Aye
Commissioner Terry Spears	Aye
Commissioner Earl Sullivan	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 05-06-003

ADJOURN MEETING **AGENDA ITEM IX**

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner John Collins	Aye
Commissioner Mike Litafik	Aye
Commissioner Terry Spears	Aye
Commissioner Earl Sullivan	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 05-06-004

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

September 24, 2008

10:00 AM

ATTENDANCE

Herman Napier, Resident, Phelps, Ky.
Brenda Napier, Resident, Phelps, Ky.
Don Adkins, Resident, Millard, Ky.
Jennifer Mounts, Resident, Freeburn, Ky.
Russ Cassady, Appalachian News Express
Tracy Hillman, Griffith, Delaney, Hillman & Co.
Duane Boyles, Griffith, Delaney, Hillman & Co.
Tim Campoy, Environmental Designs, Inc.
Jody Hunt, Summit Engineering, Inc.
Mike Spears, Spears Management
Jerry McNamee, Inspector
Greg Dotson, Inspector
Ross Anderson, Inspector
Bob Meyer, UMG
Dan Stratton, Stratton, Hogg & Maddox
Will Brown, Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners Regular Monthly Meeting was held on Wednesday, September 24th, 2008 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Toni Akers, Chairperson
Commissioner Mike Litafik
Commissioner Earl Sullivan
Commissioner John Collins

New Commissioner Rhonda James was not present for this meeting.

VISITORS AGENDA ITEM II

Chairperson Akers inquired if there were any visitors for today's meeting. The chair recognized Jennifer Mounts, who stated that she is in the process of purchasing a business in Phelps, Ky. She stated that the sewer has already been run by there, and the business was signed up on the list to receive sewer but was never installed. She has contacted Lois Smith about the property who told her that the property was not big enough for a conventional system, and she needed to come to the District and find out what can be done for her. She stated that the business was vacant at the time the sewer system went through there and was probably why it was bypassed during the project. Manager Brown stated that she just needs to apply for service. Ms. Mounts was escorted to the Customer Service department at that time. The chair then recognized Don Adkins from Millard who stated that he owns a business there. He inquired if there was any prospect of sewer coming through the area because he is being asked to install a wastewater treatment plant at a cost of about thirty-six thousand dollars (\$36,000). Manager Brown stated that it would be coming, but it was probably two (2) to four (4) years away. Mr. Adkins asked if it was two (2) or four (4) years. Chairperson Akers stated that the District has no way of knowing how much funding will be obtained any future budgets. Manager Brown inquired from Mr. Adkins if he would be allowed to install a holding tank. Mr. Adkins stated that he had asked that question and had been denied that option. Mr. Adkins also stated that he had received an estimated bill for about thirty-two hundred

dollars (\$3,200). He stated that he has a meter that has not been hooked up and is not being used, and he does not understand why he received this bill when there is no usage on the meter. Executive Assistant & Office Manager Kevin Lowe stated that Mr. Adkins had been put on a payment plan for three (3) payments of about two thousand dollars (\$2,000). He had paid a payment of two thousand dollars (\$2,000) which left two (2) more payments. Mr. Adkins stated that his bill was estimated and he didn't feel he should have to pay an estimated amount when the meter is not being used and he operates off of a well. Mr. Lowe stated that the current bill was only one hundred twenty-three dollars and fifty-one cents (\$121.51). The previous balance was the payment agreement that he had signed for and asked Mr. Adkins when he had checked the reading on the meter. Mr. Adkins stated that he had checked the reading this morning and it had read zero (0). Mr. Lowe stated that we can send someone out to check the reading with regard to the current bill, but the previous amount is still owed. Mr. Adkins stated that he did not owe that amount either because he has been on the well system not the city water. Mr. Lowe stated that when the meter crew went out to turn the meter off, there was not a reading on the meter, so an average was calculated and billed. Chairperson Akers stated that as long as he has a meter set, he will be billed monthly for that meter. Mr. Adkins stated again that he had been utilizing his well as his primary source of water and he didn't owe an estimated bill. Mr. Lowe stated that the meter crew found a bypass around the meter base when they went to disconnect the meter. Mr. Adkins stated that he had no knowledge of any bypass around his meter base. Legal Counsel, Dan Stratton, stated that his bill is what it is and it is understood that he is protesting the bill, however, the District does not agree with his position and both parties are at an impasse and as of now, based on the District's findings, he owes the amount stated on the bill. Mr. Adkins responded that he didn't understand legal counsel's statement. Mr. Stratton stated that basically the District discovered a bypass around the meter base, which is why the meter is reading zero (0), even though there was previous evidence of usage through the water line, prior to the new meter being set. Mr. Adkins stated that a bypass was not discovered. Mr. Lowe responded that "yes" a bypass was found at the site of where the old meter base was set. Mr. Adkins stated that he had no knowledge of any bypass hooked to the District's water line and that he does not believe that he owes this bill. Legal Counsel Dan Stratton stated that he and Kevin would meet with Mr. Adkins after the meeting. Mr. Adkins agreed to the meeting but stated that he had another appointment this morning and inquired if he could meet with Mr. Stratton in his office on another day. He stated that he would call Kevin and set up a time for the meeting. The Chairperson then recognized Sabrina Wolford of Abe's Branch. She inquired if a sewer availability letter for her could be obtained so she can get power. The sewer line does not go that far up the hollow. Chairperson Akers inquired if she had room to set a holding tank. Manager Brown stated that she may be better off to go ahead and have the sewer run to her house if it is not too far away. Chairperson Akers stated that someone would come out and check the property to find out what the cost would be to run the sewer to her home.

Chairperson Akers recognized Tracy Hillman of Griffith, Delaney, Hillman & Co. who was present to present the financial audit information for 2007. Mr. Hillman distributed a copy of the audit to the Board of Commissioners. He introduced Mr. Duane Boyles, who works closely with the District in order to gather the information needed for the audit. He also expressed his appreciation for Carrie Hatfield, Mike Spears and Will Brown for all the help that they give in compiling the audit every year. He called the Board's attention to the balance sheet which shows that the District's current assets are up about twenty percent (20%) primarily due to receivables from new construction customers that were not on the books in 2006. He stated that the restricted cash is down about forty-five percent (45%) from the prior year. That makes the District underfunded for the depreciation fund. He also stated that the required budgets for the depreciation fund and in the repairs and maintenance reserve funds are almost gone. The rate increase will help to get those funded again, but it needs to be a priority in order to get the District back into compliance with the agreements that are in place. Capital assets are continuing to increase due to construction as the District continues to grow and expand. Current liabilities are down from the previous year due to a line of credit that was paid off. Overall liabilities are up about three point three million dollars (\$3.3M) mostly due to construction debt. Net assets are up about three and a half percent (3.5%). Total operating revenues are up about eight point eight percent (8.8%) from the previous year. Total operating expenses are up about four point eight percent (4.8%) from 2006. There was an operating loss for 2007 in the amount of one point two million dollars (\$1.2M) with the accounting of depreciation. Legal Counsel Dan Stratton inquired where the District needs to be funded to be in compliance with the reserves. Mr. Hillman stated that the District needs to concentrate first on having an operating plus instead of operating at a loss. Eventually the District needs to be in the

position of showing an operating income even after depreciation. The system is wearing out and the depreciation fund is to necessitate those improvements that will inevitably need to be done. Mr. Hillman recommended that the District needs to consider small incremental rate increases each year in order to help with the funding needed to get the District where they need to be. Chairperson Akers requested a motion to approve the 2007 audit as presented. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution 08-09-001

APPROVAL OF MINUTES **AGENDA ITEM III**

Chairperson Akers requested a motion to approve the minutes from the August 27th, 2008 Board meeting as presented. Commissioner Sullivan made the motion to approve the minutes as presented. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution 08-09-002

PAYMENT OF BILLS **AGENDA ITEM IV**

Chairperson Akers requested a motion to approve the payment of bills as presented. Commissioner Sullivan made the motion to approve the payment of bills as presented. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-003

CUSTOMER ADJUSTMENTS **AGENDA ITEM VI**

Chairperson Akers requested a motion to approve Customer Adjustments in the amount of three thousand, six hundred twenty-six dollars and twelve cents (\$3,626.12) as presented. Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye

Commissioner John Collins Aye
Commissioner Rhonda James Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-004

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Dorton Creek Water Project:

Update by Jody Hunt, Summit Engineering.

Mr. Hunt stated the project is completed and service is available.

2. Forest Hills Sewer Project, Phase II:

Update by Jody Hunt, Summit Engineering. Mr. Hunt stated that Phase II is complete and record drawings have been presented this morning to the District. Another set will be sent over later this week. An addendum for Phase III has been approved for Forest Hills and the plans are ready for submittal to the Division of Water with the Board's approval. Chairperson Akers requested a motion to approve Summit Engineering to submit the design plans for Forest Hills, Phase III to the Division of Water. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers Aye
Commissioner Mike Litafik Aye
Commissioner Earl Sullivan Aye
Commissioner John Collins Aye
Commissioner Rhonda James Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-005

3. Shelby Valley Sewer Project, Phase III:

Update by Jody Hunt, Summit Engineering. Mr. Hunt stated that construction is going along very well and the contractors are ahead of schedule. The contractor is setting residential grinders and all the main line is installed.

4. Long Fork of Virgie Sewer Project:

No new progress on this project at this time.

5. Belfry/Pond Creek Sewer Project:

This project is currently in the design phase. The property for the possible location of the treatment plant is being investigated as well as line layouts.

6. Pond at Draffin AML Water Project:

Construction is proceeding well and the contractor is ahead of schedule. There is an issue with the encroachment permit that is being addressed at this time.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the pad has been completed in the river to set the machine on that will drill the holes for the structure to go in. The contractor has a drilling contractor coming in to drill the holes. This project requires additional Coal Severance funding to complete it. Mr. Campoy also stated that this contract was initially set for one hundred and eighty (180) days due to having to acquire the additional funds. Those funds have not yet been received and a contract extension may need to be addressed later due to the lack of funding received in a timely manner.

2. WTP Expansion/Upgrades:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the valve and the pump should be shipped this week. The contractor is ready to proceed when these items arrive.

3. Big Shelby Branch:

Mr. Campoy stated that this project is completed except for the pump station. The pump station will be completed when the Coal Severance funds are released.

4. Big Creek Sewer Project:

This project is going well. Thirty-one (31) of the forty-seven (47) conventional systems are installed. The contractor is continuing to work. And the conventional installation part of the contract should be completed in October. There are fifteen (15) aerator systems awaiting approval from the Division of Water at this point. The equipment is ordered for the Elkhorn sewer portion of this project.

5. GW Newsome Line Extension:

This project has been completed.

Update by Doug Griffin, Kenvirons, Inc.....In the absence of Mr. Griffin, Greg Dotson, Inspector will provide the update.

1. Smith Fork of Phelps Sewer Project:

Commissioner Earl Sullivan passed around photographs of the work that has been done in the previous month on the Smith Fork Sewer Project. Greg Dotson stated that this is the one hundred and ninety-sixth (196th) day of the contract and the contractor is twenty-seven percent (27%) complete with fifty-four percent (54%) of the contract time expended. There have been ten (10) grinders installed so far of one hundred and thirty (130). They still have five thousand feet (5,000') of 1 1/2" PE pipe left to be installed. Legal Counsel Dan Stratton inquired if there were any quality issues with the contractor's work. Mr. Dotson stated that there was a concern with the line being too shallow, but the contractor went back and

corrected it. Mr. Stratton stated that there has not yet been a response to the letter that they were sent last month.

DRAWS:

Chairperson Akers requested a motion to approve the draws as submitted. Commissioner Litafik made the motion. Commissioner Collins seconded the motion.

FOREST HILLS SEWER PROJECT, PHASE II		
Contract 2	Coal Severance Funds	\$ 1,371.01
Contract 2	Coal Severance Funds	\$ 13,048.02
SHELBY VALLEY SEWER PROJECT, PHASE III		
Contract 3	Coal Severance Funds	\$ 1,483.67
Contract 3	Coal Severance Funds	\$ 4,711.90
Contract 3	Coal Severance Funds	\$ 83,702.26
BIG SHELBY BRANCH		
Contract 1	Coal Severance Funds	\$ 5,151.60
Contract 1	Coal Severance Funds	\$ 37,800.00
Contract 1	Coal Severance Funds	\$ 7,226.92
SMITH FORK OF PHELPS SEWER PROJECT		
Contract 1	Coal Severance Funds	\$ 42,236.87
Contract 1	Coal Severance Funds	\$ 3,260.80
BIG CREEK SEWER PROJECT		
Contract 1	PRIDE Funds	\$ 97,020.00
Contract 1	Sidney Coal Funds	\$ 7,226.92
Contract 1	Sidney Coal Funds	\$ 5,151.60
FERRELLS CREEK AML – POND AT DRAFFIN		
Contract 5	AML Funds	\$ 4,907.50
Contract 5	AML Funds	\$ 63,018.90
WTP UPGRADE PROJECT		
Contract 1	RD Funds	\$ 11,516.00
Contract 1	RD Funds	\$ 5,047.00

Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-006

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Chairperson Akers requested a motion to approve the monthly operating report as submitted. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-007

NEW BUSINESS

1. Legal Issues -

Update by Dan Stratton, Stratton, Hogg & Maddox. Mr. Stratton stated that the Beatrice Wright property condemnation has been resolved out of court. The Irvin Smith case is going to trail on October 20th. The two (2) Daniels cases are in the process of discovery. The agreement with the City does not bear on this case. We may need to relocate the line. A settlement offer on the Steven Dodd case has been made and we are awaiting their reply. With regard to the agreement with the City of Jenkins, they have approved and signed it. The Board needs to acknowledge that the City of Jenkins has signed the agreement and the Board needs to approve it for signature also. Chairperson Akers requested a motion to acknowledge that the City of Jenkins has approved and signed the agreement and to authorize the execution of the agreement by the Board of Commissioners. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-09-008

Mr. Stratton stated that Mr. Brown was handing the situation with the Division of Water and requested Mr. Brown to take over from there. Manager Brown inquired if the Board wanted to fight the civil penalty in Franklin Circuit Court or pay it. Mr. Stratton stated that it would cost more than the six thousand dollar (\$6,000) penalty to fight it in court than to pay it. Manager Brown stated that the Division of Water wanted the District to guarantee that there would never be another overflow ever. He told them that he could not guarantee that because some of the stations are forty-five (45) minutes to an hour away from the office. However, they (DOW) don't object to another system discharging raw sewage into the river above our intake, which is a much more serious matter. And this station was being tampered with and vandalized or it would not have had a problem. Chairperson Akers stated that we needed to pay the penalty but send a letter disputing the penalty to the Division of Water.

2. Cowpen Sewer Project -

Manager Brown stated that there is still an outstanding balance on that project of eighteen thousand, five hundred thirty-nine dollars and nine cents (\$18,539.09). Rural Development

is requesting a final agreement regarding the transfer of Mossy Bottom before this project can be closed out. Mr. Brown stated that he didn't believe that the District should sign it until the City of Pikeville pays for the over run on the project. Mr. Stratton stated that he would contact Donovan Blackburn regarding this issue. Chairperson Akers stated that this issue will be discussed again at the October Board meeting.

3. LMI Project –

Funding may be available in October or early November.

4. Short Line Extension Projects -

Manager Brown stated that as with the LMI taps, the Memorandum of Agreement (MOA) may not be received until October or November and can not be bid out until that assurance is received.

5. Administrator for the Coal Severance Projects -

Manager Brown stated that whoever the Board decides to do this job needs to be independent of the District. Commissioner Litafik inquired how this person or firm would be paid. Manager Brown stated that the administrator's fee would come out of each project that he/she administers. Mike Spears has offered his services as an administrator for Coal Severance Projects. Chairperson Akers requested a motion to approve Mike Spears, CPA as the administrator for the Coal Severance projects. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-009

6. Execute MOA, Raw Water Intake -

Manager Brown stated that a resolution is needed authorizing the Chairperson to execute any and all documents with regard to the Raw Water Intake Project. Chairperson Akers requested a motion to that effect. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-010

7. Disposal of Mossy Bottom Sewer Plant -

Jody Hunt, Summit Engineering, stated that they have researched the cost of renovating and moving the current plant to the Belfry area versus building a new one and found them to be approximately the same cost. Jody Hunt, Summit Engineering, is to get definite

numbers on the cost of moving this plant as opposed to building a new one. With this in mind, the decision was made to advertise the plant for sale with the right to reject any and all bids, pending the outcome of Summit's report. After further discussion, Chairperson Akers requested a motion to approve the advertisement for sale "as is" of the Mossy Bottom sewer plant with the right to reject any and all bids. Commissioner Litafik approved the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-011

8. Mossy Bottom Transfer -

This issue was discussed previously in the meeting.

9. Petition for Service – Coon Branch of Island Creek –

A letter of petition for service was distributed to the Board members from residents of the Coon Branch of Island Creek. Manager Brown stated that it would serve about three (3) homes and cost approximately twenty thousand dollars (\$20,000) to extend the line. The line would also have to be extended onto private property to serve them because the county road ends where the end of the line is currently. The residents are only about three or four hundred feet (300'-400') from the current end of the line, but due to pressure constraints in the area, a booster pump station would have to be installed to provide adequate pressure. Grondall Potter, Operations Manager, stated that he had offered to set a base at the end of the line and they could dig their own lines and hook to it, but he was told that they did not want to maintain that much line themselves. After further discussion, Chairperson Akers requested a motion to authorize a letter be drafted to the residents of Coon Branch of Island Creek stating that there is currently no funding available for this extension, but it will be considered for future funding. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-012

10. Award of Coal Severance Grants - Projects

Chairperson Akers requested a motion to authorize the Chairperson to sign the Memorandum of Agreement for each of the Coal Severance Projects as follows: Water Treatment Plant Expansion, LMI Services, PRIDE on the River Sewer Project, Waterline Extension Project, Short Line Extension Project, Long Fork of Virgie at Indian Creek Sewer Project, Telemetry Equipment Project, Water Treatment Plant Upgrades (Intake) Project. Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-014

11. Sale of Three (3) Vehicles As Surplus

Manager Brown stated that a bid was received in the amount of sixty-five hundred dollars (\$6,500) for all three (3) surplus vehicles from Shibby Carnes. Chairperson Akers requested a motion to approve the award of surplus vehicles to the high bidder, Shibby Carnes, in the amount of sixty-five hundred dollars (\$6,500). Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-013

12. Commissioner Training -

Chairperson Akers stated that the dates for training are October 15th and 16th. Ms. Olson stated that if any Commissioner wished overnight accommodations to let her know and she would make the arrangements. Mr. Stratton and the Board directed Ms. Olson to make arrangements for the new Commissioner, Rhonda James, to be enrolled in the training and make sure that she is aware of the dates and the agenda for the training.

13. Financial Report

Michael Spears, CPA, stated that Carried Hatfield, Accountant, would be mailing out the August financial report to the Board next week, and the September financial report will be presented at the October board meeting.

14. Executive Session

Chairperson Akers requested a motion to convene the Executive Session. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-015

Chairperson Akers requested a motion to reconvene from executive session. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-016

Legal Counsel, Dan Stratton, stated that a motion was needed to appoint Toni Akers, Chairperson; Mike Litafik, Vice Chairperson; Mike Spears, CPA; and Dan Stratton, Legal Counsel to meet with representatives of Utility Management Group for the purpose of renegotiating the terms of the operating contract based upon the recommendations of the auditor to improve the operating income of the District. Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-017

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-09-018

**MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING**

October 3, 2008

9:00 AM

ATTENDANCE

Russ Cassady, Appalachian News Express
Dan Stratton, Stratton, Hogg & Maddox
Mike Spears, CPA, Spears Management
Tammy Olson, Administrative Assistant, UMG

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners Special Monthly Meeting was held on Wednesday, October 3, 2008 at 9:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner Earl Sullivan
Commissioner John Collins

Commissioner Rhonda James was absent for this meeting.

NEW BUSINESS

1. UMG Contract and Settlement of Current Litigation -

Before discussing any legal issues, Legal Counsel Dan Stratton recommended that the Board of Commissioners convene into an Executive Session. Chairperson Akers requested a motion to convene an Executive Session. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-001

Chairperson Akers requested a motion to reconvene from the Executive Session. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-002

Chairperson Akers requested a motion authorizing Legal Counsel, Dan Stratton, to settle the pending litigation as discussed in the Executive Session. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-003

Mr. Stratton stated that with regard to the UMG contract, the contract was for a term of five (5) years and was entered into three (3) years ago. There is a provision in the contract that allows for a review of operations after three (3) years and renegotiate any issues that arose out of that review. At the Board meeting in July, the Board authorized Mike Spears, CPA, and Mr. Stratton to review the performance of the contract and the terms and conditions thereof. Mr. Stratton stated that he and Mr. Spears have determined that there are some possible opportunities to renegotiate some terms of the contract and requested the authority, along with the Chairperson, to meet with UMG and discuss the terms and conditions which they feel would be beneficial to the District. Chairperson Akers requested a motion for authorization to meet with UMG representatives to discuss the renegotiation of the terms and conditions of the contract. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-004

Mr. Stratton stated that Mike Spears, CPA, was in attendance to present an audit report. Mr. Spears stated that he would first like to address that issue of an annual rate increase. Those do happen but that are difficult to get in increments due to the future projections needed to justify that kind of increase. More importantly, the operating loss is an issue. The Public Service Commission will not allow Mountain Water to show an operating profit because depreciation for Coal Severance for now is two point four million dollars (\$2.4M) and that amount would have to be completely covered. The PSC looks more specifically is the cash flow of the District and for the bond payments. He stated that he believed that outside of the City of governments that are not subject to the PSC can raise their rates as they want to. If a large surplus was accumulated, the PSC would require Mountain Water to have a rate decrease to balance it out. With that said, the District does have a cash flow problem, which is a part of the reason why the Board is meeting with Mr. May and UMG.

COMMISSIONER COMMENTS AGENDA ITEM VIII

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING AGENDA ITEM IX

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Litafik made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-005

MOUNTAIN WATER DISTRICT

BOARD OF COMMISSIONERS REGULAR MEETING

October 29, 2008

10:00 AM

ATTENDANCE

Chris Harris, Magistrate, District 6
Hilman Dotson, Magistrate, District 5
Jerry Layne, Resident, Stopover, Ky.
Russ Cassady, Appalachian News Express
Roland Case, Asst. County Attorney
Jackie Cole, Pike County Health Department
Tim Campoy, Environmental Designs, Inc.
Jody Hunt, Summit Engineering, Inc.
Mike Spears, Spears Management
Jerry McNamee, Inspector
Greg Dotson, Inspector
Bob Meyer, UMG
Dan Stratton, Stratton, Hogg & Maddox
Will Brown, Manager, UMG
Grondall Potter, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners Regular Monthly Meeting was held on Wednesday, October 29th, 2008 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Commissioner Mike Litafik
Commissioner Earl Sullivan
Commissioner John Collins
Commissioner Rhonda James

Chairperson Toni Akers was absent for this meeting.

WELCOME NEW BOARD MEMBER

Vice Chairperson Litafik stated that the Board of Commissioners would like to welcome its newest member to the meeting today, Ms. Rhonda James.

VISITORS

AGENDA ITEM II

Vice Chairperson Litafik inquired if there were any visitors for today's meeting. Magistrate Hilman Dotson, District 5, was recognized by the Vice Chair. Mr. Dotson stated that he wanted to bring the issue of the lack of water pressure at the head of Winns Branch for Bobbi Coleman to the Board's attention. She has had professionals install a pump at the foot of the hill where she lives but she has no water pressure every morning. Other times of the day she has water pressure. Vice Chairperson Litafik inquired if anyone had been out to evaluate this situation yet. Grondall Potter, Operations Manager, stated that he told Ms. Coleman's parents at the last meeting to call him or Will Brown, Manager, and let them know when she could meet with them and they would go to the property as private citizens, not as Mountain Water District representatives, and see what they could do to help. She has not called to set a time to meet. Mountain Water District personnel have been there several times and put pressure charts on the base. We consistently maintain forty (40) pounds of pressure at her base. Mr. Potter stated that he has a relative that lives next door to Ms. Coleman and he also has an inline pump. He has no pressure issues. Her problem is on her side of

the meter. Manager Brown stated that he believes that her inline pump is too large and pulls the line out of water when it kicks on. Mr. Potter and Mr. Brown are still willing to go over and look at the situation when she calls to let them know when she will be home. Mr. Dotson stated that another issue he wants to bring to the Board's attention is the odor at Pounding Mill lift station. He stated that some days you can pass by there and it is okay, but other days you can't stand the odor. He inquired if anything has been decided about how to solve this problem. He stated that he knew the same issue was occurring at Forest Hills at South Williamson. Manager Brown stated that it is partly the nature of a force main system, in that part of it is exposed to the atmosphere, and is also the distance that the sewer has to travel before it gets to a plant. The District has recently received a chemical that will be fed at Forest Hills and at Pounding Mill. It will probably reduce the odor by seventy-five to eighty percent (75-80%) but will not eliminate it completely. Magistrate Chris Harris, District 6, stated that he can't imagine that the system was designed in such a way that it would put off such an odor. He stated that he is getting complaints from fans attending ball games that the odor is so bad. He inquired if the system was designed to have that chemical put into it and the District has not been using it. Manager Brown stated that the system is not designed to have to use this chemical, however, the transit time of the sewer in the line is very important. If the sewer stays in the line a long time, it generates hydrogen sulfide gas, which is the odor that people are experiencing. Jody Hunt, Summit Engineering, stated that there is a blower installed at the Forest Hills lift station and a part to it had fallen off the input and was reinstalled. He went back a day or two later and it had remedied the problem at that time. Mr. Hunt stated that there are several methods to keep the odor down such as a scrubber, injecting the line with oxygen and chemicals. These are all methods that can be tried to help eliminate the odor. Manager Brown stated that the odor can be reduced but not totally eliminated because of the nature of the system. If you drive down US 23 near Walters Chevrolet around 5:00 pm you can smell that plant all the way to the four lane road. Magistrate Dotson stated that the plant at the Phelps Intersection is also having a problem with odor. Manager Brown stated that the Phelps Intersection station is to be redone in the near future. He also stated that the sewer collects in the station and builds up to a certain level before it is pumped on downstream to the next station or to a wastewater plant. The amount of time that the sewer stays in the lift station before it is pumped out determines whether the sewer becomes septic or not. Magistrate Dotson stated that he is not trying to tell the District how to run their business, but he has a responsibility to the people in his district to try to help better their lives and keep them from having to live around or smell that all the time. He stated that he knows that the District is aware that there is a problem with these stations and recommended that the District get some outside help to eliminate the problem. Manager Brown reiterated that the problem can be reduced but not eliminated. The amount of odor is determined by the number of people using the system and length of time the sewer stays in the lift station. The more flow there is going to the station the sooner it will leave the station and be pumped on downstream to the plant. Magistrate Dotson inquired if adding more people from the Smith Fork project will help the situation. Manager Brown stated that it might help but it wouldn't make the odor go away. The chemicals that the District just received will be fed into the line at Phelps Intersection and at Forest Hills which helps to treat the sewer before it gets to the station. Magistrate Dotson inquired who determines where the lines are to be installed. Manager Brown stated that District makes recommendations regarding where the most people can be served for the fewest dollars but the State Legislature makes that final determination. Mr. Dotson stated that he had been told that when Smith Fork Sewer Project was done, the next phase would be Barrenshee to Majestic and Stopover. But he is hearing now that the sewer may be going up the Right Fork of Peter Creek. Manager Brown stated that he thinks it will go to Beech Creek but that was not the District's choice. The District's choice was to construct the rest of Forest Hills, Indian Creek (which did not get funded), Long Fork of Virgie and the Dorton area, but the District did not request funding for Beech Creek. Mr. Dotson stated that in the Majestic and Stopover areas there is a high population and limited room to set septic tanks and so there are a lot of straight pipes and they need sewer service. Mr. Dotson also stated that the area of Peter Fork has a lot of complaints due to odor from straight pipes. Manager Brown stated that the District wants to serve all the customers it can, and the residents of Winns Branch to Meta have been asking for at least five (5) years when they are going to get sewer service, but it all depends on the funding. Magistrate Harris stated that there were several issues and projects on the agenda that he is interested in that are on going or proposed in his district, so he is in attendance to observe the meeting and gather information. The Vice Chair recognized Roland Case, Assistant Pike County Attorney. Mr. Case stated that he is attending the meeting on behalf of the Pike County IDEA Board regarding the property at Mossy Bottom. The IDEA Board is very interested in having that property deeded back to them for industrial development and inquired as to when that might be done. He stated that he understands

that there are some issues with the old plant that is on the property now, but time is of the essence with the IDEA board wanting to acquire the property back. Dan Stratton, Legal Counsel, stated that that he has reviewed the deed and there is no reverter clause that requires the District to deed the property back, however, there is no need to keep the property if the District is not going to be using it for the wastewater plant. The issue becomes whether the plant be relocated to Pond Creek, which at this time there is not a location to move it to, or sell the plant for salvage material and build a new one. Relocating the current plant would probably require moving it now to a storage lot and then moving it again when the location was available. This would deplete most, if not all, of the savings generated from a single move. He recommended that the Board work with Summit to develop any options that are available and make a decision from there. Mr. Case stated that it is hard for the IDEA Board to negotiate on the property when they don't have title to it. They want to develop this property but until they have the title they can't really do anything with it. Mr. Case inquired as to the time frame of when a decision would be made. Jody Hunt, Summit Engineering, stated that this issue is being addressed by gathering cost information for moving the plant versus building a new one (steel or concrete). The concrete plant manufacturer is to be here November 5th with that option. Having someone bid for salvage of the plant is also an option. Commissioner Sullivan inquired as to the age of the Mossy Bottom plant. Manager Brown stated that it is about twelve (12) years old. Commissioner Sullivan inquired how old the Douglas plant was. Mr. Brown stated that it is about thirty (30) years old but was renovated for over a million dollars. Manager Brown recommended that the Board advertise the current station as salvage to see what the numbers are for that option in order to compare it to moving it or building a new one. Vice Chairperson Litafik requested a motion to authorize Summit Engineering to advertise the Mossy Bottom Wastewater Plant for salvage and to present a comparative analysis at the November Board meeting. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 08-10-006

Mr. Case inquired if it was the consensus of the Board that the property will be deeded back to the IDEA Board. Mr. Stratton stated that it will take one more month for a decision on the plant to be made. Mr. Case inquired if it is the intent of the Board to keep the property after the station was removed. Manager Brown stated that the original intent was that the property would revert back to them when the District had no further use for it. Magistrate Harris stated that with regard to an unrelated matter, he inquired why most of the water purchased for resale is being purchased from the City of Pikeville when Williamson's rates are cheaper. Manager Brown stated that it is out of convenience due to the way UMG operates the system, and UMG does pay for the water. Magistrate Harris stated that his concern is that if the Board is working toward saving money in order to avoid raising the rates again, it would make sense to buy as much water as possible from the less expensive alternative. Mr. Stratton stated that his point is well made, however, the direction of the flow of the water is an operational decision made by UMG, one that the District is not involved in. Mike Spears, CPA for Mountain Water District, stated that the issue that needs to be clarified here is that the District does not purchase the water; UMG pays for it as part of the contract. Magistrate Dotson inquired who sets the water rates for the customers. Mr. Spears stated that the Public Service Commission sets the water and sewer rates for the District. Magistrate Harris stated that if there is a way to reduce our expenses in order to save the customers of the District money, it should be looked into. The Board agreed to check into the matter further. Vice Chairperson Litafik inquired if there were any more visitors. There were none.

APPROVAL OF MINUTES AGENDA ITEM III

Vice Chairperson Litafik requested a motion to approve the minutes from the September 24th, 2008 regular Board meeting and the October 3rd special Board meeting. Commissioner Collins stated that a correction to the Pikeville City Manager's name be made on page 8 of the regular

meeting minutes. Commissioner Sullivan made the motion to approve the minutes as corrected. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 08-10-007

PAYMENT OF BILLS

AGENDA ITEM IV

Vice Chairperson Litafik requested a motion to approve the payment of bills as presented. Commissioner Sullivan made the motion to approve the payment of bills as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-008

CUSTOMER ADJUSTMENTS

AGENDA ITEM VI

Vice Chairperson Litafik requested a motion to approve Customer Adjustments in the amount of four thousand dollars and sixty-seven cents (\$4,000.67) as presented. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-009

CONSTRUCTION REPORT

AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Forest Hills Sewer Project, Phase II:

Update by Jody Hunt, Summit Engineering. Mr. Hunt stated that Phase II is complete and there is nothing new to report at this time.

2. Shelby Valley Sewer Project, Phase III:

Update by Jody Hunt, Summit Engineering. Mr. Hunt stated that construction is on going at this time. The contractor has approximately ninety percent (90%) of the residential grinders installed. There is an issue with the power to the lift station on AEP's side and the rest of the residential grinders can not be put on line until the lift station has power. Because of this, there may be an issue in the future with a time extension request. The contractor has worked every day of the contract and has been very diligent in completing this project. Another issue with this project is with the current inspector, Jerry McNamee. He has taken another position and wants to start the first of next week. Mr. Hunt stated that he has spoken with Mr. Campoy with EDC, Inc. regarding the remainder of the inspection contract for the project. Mr. Campoy has expressed a willingness to provide an inspector through Resource Management to complete the project. Mr. Hunt recommended that the Board authorize Resource Management to provide inspection for the remainder of the Shelby Valley Sewer Project, Phase III. Vice Chairperson Litafik requested a motion to authorize Summit Engineering to negotiate an inspection contract with Resource Management to provide the remaining inspection services for this project. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-010

3. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that the funding for this project should be available around the first of the year. Summit is currently working on the design for this project and the contract for this project needs to be finalized. He presented a copy of the engineering contract to Dan Stratton, Legal Counsel. He stated that it is the same format as has been used previously for other projects such as Shelby Valley Sewer, Phase III and the Pond Creek Sewer Project with the addendum. The funding amount for this project is approximately \$1,400,000. Construction cost is being anticipated to be about \$1,100,000. A summary of the costs were attached to the contract and inspection services are not included. Vice Chairperson Litafik requested a motion to approve the engineering contract with Summit Engineering for the Long Fork of Virgie Sewer Project, pending legal counsel review. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-011

4. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that this issue has been discussed previously in the meeting when discussing the relocation or rebuilding of the Mossy Bottom plant. He also stated that he

would know more about the estimated costs after his meeting with concrete contractors on November 5th.

5. Pond at Draffin AML Water Project:

Mr. Hunt stated that this project is ahead of schedule. The railroad permits and the encroachment permits are in process.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the contractor has prepared the site for the subcontractor to come in and drill the casings that go into the riverbed. There have been problems with a subcontractor committing to the work and then backing out of the project. Another sub has now committed to come the third week of November and perform the work. As of this date they have not contacted us to nail down the contract price. The contract time is ending mid-December and Mr. Campoy recommended that the Board consider a one hundred and eighty (180) day extension on this project in order to be able to finish it. Mr. Stratton inquired if there had been any rain delays or other issues that have contributed to the need for an extension. Mr. Campoy stated that there have not really been any delays due to weather conditions. Mr. Stratton inquired if there are penalty provisions in the contract. Mr. Campoy stated that there are penalty provisions that are standard in the contract. Manager Brown stated that the contractor is at the mercy of the subcontractor because of the specialty of the work to be performed. There are only a couple of contractors in the country that can do this kind of work and getting them to honor their commitments is difficult. This current subcontractor says he can do the work but he is a few weeks out from coming to the site. The Board tabled this issue until the November meeting.

2. WTP Expansion/Upgrades:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that this project was on hold due to waiting for the high service pump to arrive. It has arrived and the contractor is on site. Completion of this project is expected in the next three (3) weeks.

3. Big Shelby Branch:

Mr. Campoy stated that this project is completed except for the pump station. The pump station will be completed when the Coal Severance funds are released, probably the first of the year and will be approximately twenty thousand dollars (\$20,000).

4. Big Creek Sewer Project:

This project is going well. Forty-one (41) of the forty-seven (47) conventional systems are installed. The six (6) remaining conventional systems are not going to be installed due to customers not wanting them or various other reasons. EDC is currently identifying six (6) other residents who can receive these conventional systems. After this month there is approximately one hundred and ninety-nine thousand dollars (\$199,000) remaining in the contract. Ten (10) of the fifteen (15) requested permits have been approved for aerator systems. The other five (5) homeowners were denied (probably due to the limits of the

property size) and will be receiving letters to that effect. The aerator systems were bid separately due to the permit approval time, and since they have now received their permits, Mr. Campoy requested that the Board approve the change order to add these eleven (11) additional aeration systems to the contract and also identify eleven (11) additional properties for service. The units have been priced at nine thousand, nine hundred dollars each (\$9,900/unit) for a total change order amount of one hundred and eight thousand, nine hundred dollars (\$108,900). Vice Chairperson Litafik made a motion to approve the change order for the Big Creek Sewer Project to add eleven (11) aerator systems and to continue with conventional systems until the funds are expended in the amount of one hundred eight thousand, nine hundred dollars (\$108,900). Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-012

5. GW Newsome Line Extension:

This project is completed.

Update by Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project:

Commissioner Earl Sullivan passed around photographs of the work that has been done in the previous month on the Smith Fork Sewer Project. Greg Dotson stated that the contractor worked twenty-three (23) of the last twenty-five (25) days this month. Thirty-seven percent (37%) of the construction is complete with sixty-three percent (63%) of the time expended. There are thirty-three (33) of one hundred and forty-one (141) grinders on line at this time.

DRAWS:

Vice Chairperson Litafik requested a motion to approve the draws as submitted. Commissioner Sullivan made the motion. Commissioner James seconded the motion.

SHELBY VALLEY SEWER PROJECT, PHASE III

Contract 3	Coal Severance Funds	\$ 2,158.06
Contract 3	Coal Severance Funds	\$ 6,227.89
Contract 3	Coal Severance Funds	\$ 109,467.83

BIG SHELBY BRANCH

Contract 1	Coal Severance Funds	\$ 572.40
Contract 1	Coal Severance Funds	\$ 26,955.86
Contract 1	Coal Severance Funds	\$ 803.00

SMITH FORK OF PHELPS SEWER PROJECT		
Contract 1	Coal Severance Funds	\$ 62,119.15
Contract 1	Coal Severance Funds	\$ 5,363.32
BIG CREEK SEWER PROJECT		
Contract 1	PRIDE Funds	\$ 69,300.00
Contract 1	PRIDE Funds	\$ 123.29
Contract 1	Sidney Coal Funds	\$ 11,100.00
FERRELLS CREEK AML – POND AT DRAFFIN		
Contract 5	AML Funds	\$ 18,648.50
Contract 5	AML Funds	\$ 238,675.95
WTP EXPANSION PROJECT		
Contract 1	Coal Severance Funds	\$ 11,516.00

Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-013

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Vice Chairperson Litafik requested a motion to approve the monthly operating report as submitted. Commissioner Sullivan made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-014

NEW BUSINESS

1. Legal Issues -

Update by Dan Stratton, Stratton, Hogg & Maddox. Mr. Stratton stated that a verdict was rendered in the amount of thirty thousand dollars (\$30,000) in the Irvin Smith case and there are grounds for appeal. The normal post trial motions have been made that will be

heard in the next couple of weeks. Based on the outcome, a decision will be made as to whether to proceed with an appeal. There has been no action in the Steven Dodd case or the Daniels cases. With regard to the condemnation of AEP's right of way on the Jesse Allen Coleman property, we have contacted AEP's local attorney and they forwarded information to AEP and have contacted him back, but he has not communicated back with them as of yet. There has been no follow up on the Don Adkins matter since the last Board meeting. He has not made any appointments for a meeting as of yet. There was a claim made by Ron Stepp regarding damages to a corn bin that he claims was damaged. A settlement agreement has been reached. The issue with the easement with the Corps of Engineers at Fishtrap has not yet been settled due to an issue with liability of the contractor's work for the "in kind" part of the easement. Mr. Stratton made the recommendation to just pay the money for the easement directly to the Corps of Engineers and not worry about the rest of the consideration. Regarding the collection of the past due amounts in the South Williamson area, Mr. Stratton directed Kevin Lowe, Executive Assistant/Office Manager, to fax the list to his office again and he would move forward with the collections. The final issue was a letter received requesting a line extension at the District's expense to Gannon Estates at Meathouse. The District has no legal obligation to run a line that results in the development of private property and Mr. Stratton will draft a letter in response to Mr. Gannon.

2. Cowpen Sewer Project -

Manager Brown stated that Rural Development is still waiting for the District to sign documents transferring the RD loan over to the City of Pikeville, but there was a construction overrun on that project of over eighteen thousand dollars (+\$18,000). The City of Pikeville has been collecting revenue on this area for more than a year. Manager Brown recommended that the Board not agree to transfer it unless the City agrees to pay the overrun. Mr. Stratton stated that if the District was gaining revenue from this area, we could afford to pay the overrun, however since the City has been collecting the revenue; there is a basis for asking them to pay the overrun. Mr. Stratton recommended that Mr. Brown write a letter to the City of Pikeville requesting that they pay the overrun on the Cowpen Project before the transfer can be completed.

3. LMI Project -

Funding may be available in October or early November. Mr. Brown stated that in order on the priority list, the LMI tap funds were number thirteen (#13). Commissioner James stated that she had spoken to the Department for Local Government and was told that with their estimations and projections for what should be funded this quarter, the LMI's would be funded in this quarter. There has been no deposit into our account as of yet.

4. Short Line Extension Projects -

Manager Brown called the Board's attention to four (4) different letters that were received regarding the funding being received after January 1, 2009. Mr. Campoy stated that these five (5) areas have been selected to be bundled into a project with a budget of about five hundred and fifty thousand dollars (\$550,000) which is approximately half of the total funding awarded for this project. The permits have been submitted and approval from Division of Water has been requested for all but one. Mr. Campoy requested authorization to advertise these projects for bid with possibly a bid hold on them so they will be ready to go when the money comes in. Interim financing is in place for this project, but may not be needed if we put a hold on the bid until the funding is available. Manager Brown recommended that the Board advertise it with a sixty (60) day bid hold on the project and it won't have to be awarded until the MOA comes in and interim financing would not be needed. Vice Chairperson Litafik requested a motion to authorize EDC, Inc. to advertise the Short Line Extension Project for bid with a sixty (60) day bid hold. The areas included in this project are Elm Street of Phelps, Peter Branch of Robinson Creek, Little Fork of Route 611, and Sycamore/Petty Fork of Long Fork of Virgie. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-015

5. Disposal of Mossy Bottom Sewer Plant? -

Manager Brown stated that this item was covered earlier in the meeting.

6. Costs of Maintaining Grinder Pumps in the Sewer System -

Manager Brown called the Board's attention to a handout of the number of grinders being replaced per month throughout the sewer system. So far, we have had the spare grinders to replace them, but the question becomes what happens when we run out of spares and have to spend the money to replace them. Vice Chairperson Litafik inquired as to what could be done to curb this problem. Manager Brown stated that he believes that in some instances, the force main is not large enough, so the grinders have to work harder and longer to pump the sewage out. This shortens the life of the grinder. Most of the grinders we are replacing are in the Phelps system. Commissioner Sullivan inquired if Manager Brown is referring to a 2" line. Manager Brown responded that he is referring to the grinder that sets in the customer's yard. Commissioner Sullivan inquired how big that line is. Manager Brown responded that it is about 1 1/4". Commissioner Sullivan inquired if that line needs to be larger than that. Manager Brown responded that that line doesn't but the force main itself is where the problem is. It can be anywhere from 1 1/2" to a 6" or an 8". When you run two (2) or three (3) miles of 2" or 3" line, there is a lot of pressure on it and he believes that is what is causing the failure of the pumps. Other systems are getting ten (10) years of life from these pumps without a problem. Commissioner Sullivan inquired as to the size of the smallest line we should be laying. Manager Brown stated that 2" should be the minimum and should serve no more ten (10) or fifteen (15) homes. He also stated that most of the systems that Summit Engineering has designed have not had near the problems that other areas have had. The maintenance of these systems will be a serious expense in the future as they age. The lines in the Phelps area are undersized and causing a lot of this problem. However, built into the Smith Fork Project is the replacement of six thousand feet (6,000') of 2" line with 3" line and the upgrade of the lift station in the area. In the future, the Board will need to study the design of sewer systems very carefully to ensure the correct sizing of the line. Vice Chairperson Litafik stated to Mike Spears, CPA, that this will need to be factored into future financial analyses.

7. Larry Burnette – Wastewater Treatment Plant at Island Creek -

Manager Brown stated that he and Grondall Potter, Operations Manager, went and looked at the plant. Mr. Burnette has completely rehabilitated the plant, but the major concern is that due to the work load we currently have, we don't feel we have the manpower to take on another plant. It would generate revenue of about one thousand (\$1,000) to eleven hundred dollars (\$1,100) per month and it would cost that much or more to operate it. Mr. Burnette's best solution would be to hire a licensed operator privately to operate it for him.

8. Pond Branch Road at Elkhorn Creek -

Manager Brown stated that there are two (2) homes in the Pond Branch Road area that are not served. Elkhorn City serves the homes at the mouth of the hollow already. The District would have to purchase water from Elkhorn City to serve those two (2) homes. Mr. Brown recommended that the Board offer Pond Branch Road to be part of Elkhorn City's service area if they will accept it. Vice Chairperson Litafik requested a motion to authorize Dan Stratton, Legal Counsel, to draft a letter to the City of Elkhorn City offering Pond Branch Road at Elkhorn Creek to be included in their service area. Commissioner Sullivan made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-016

9. Identity Theft Policy –

Manager Brown stated that Homeland Security requires all public utilities to adopt a theft identification plan. A copy of the plan was distributed to the Board members. Vice Chairperson Litafik requested a motion to approve the Identity Theft Policy as presented. Commissioner Sullivan made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 08-10-017

10. November and December Meeting Dates -

Manager Brown stated that the December meeting date of the 31st should be okay, however, the day before Thanksgiving has traditionally been a problem day for the Board meeting to be held for some. The decision was made for the Board meetings to be held on November 25th and December 31st.

11. Financial Report – Michael Spears

Mr. Spears stated that he had mailed out, prior to the meeting, a copy of the financial report. He requested that the Board let him know of any comments or items included in the summary letter that they wanted changed. Mr. Spears quickly reviewed the different pages included in the financial report. He stated that at this time the District is behind a half payment to UMG. The trend analysis is a new addition to the report that should help the Board members to see a clearer picture of the financial shape of the District. He stated that if the Board had any questions he could be contacted at home or by cell phone at any time.

12. **UMG Contract -**

This item was not addressed in open session at this time in the meeting.

13. **Executive Session -**

Vice Chairperson Litafik requested a motion to Convene Executive Session. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Absent
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-018

The record will reflect that Chairperson Toni Akers joined the meeting during Executive Session via conference call. She was unable to attend the meeting due to illness in her family.

Vice Chairperson Litafik requested a motion to Reconvene from Executive Session. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-019

Dan Stratton, Legal Counsel, stated that the Mountain Water District has been in negotiations with Utility Management Group, LLC seeking modifications to the contract in order to create more cash flow for the District so that the District could pay its bond debt. The District has been unable to reach an agreement with UMG as to the restructuring of the contract.

Vice Chairperson Litafik stated that based upon the inability to reach an agreement with UMG with regard to the restructuring of the contract, he requested a motion be made to provide notice to UMG to terminate the contract pursuant to the terms of the contract. Commissioner Sullivan made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-020

Mr. Stratton stated that he would provide written notice to UMG today in the form of a letter to Bob Meyer, Controller, and acknowledged that there are a lot of issues to be addressed with regard to this matter and stated that he looks forward to working with Mr. Meyer in that regard.

Vice Chairperson Litafik requested a motion to authorize the Board of Commissioners to take initial steps to begin the transition from UMG to the Mountain Water District. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-021

Mr. Stratton stated that a press release has been prepared and is available for the members of the media present at today's meeting.

COMMISSIONER COMMENTS

Vice Chairperson Litafik inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Vice Chairperson Litafik stated that if there were no further comments, he requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Sullivan seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 08-10-022

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
MARCH 30, 2009
10:00 AM

ATTENDANCE

Tommy Justice, Visitor
Donovan Blackburn, City of Pikeville, Ky.
Tim Campoy, Environmental Designs, Inc.
Jody Hunt, Summit Engineering, Inc.
Mike Spears, Spears Management
Greg Dotson, Inspector
Ross Anderson, Inspector
Dan Stratton, Stratton, Hogg & Maddox
Greg May, COO, UMG
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
David Taylor, Operations Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting was held on Wednesday, March 30, 2009 at 10:00 a.m. Chairperson Akers clarified that this meeting is a special meeting because the regularly scheduled meeting for March 25th, 2009 had to be rescheduled to today and therefore, any item that is not on the agenda cannot be discussed.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner John Collins
Commissioner Rhonda James

Commissioners absent for the meeting were as follows:

Commissioner Earl Sullivan

VISITORS **AGENDA ITEM II**

Chairperson Akers inquired if there were any visitors for today's meeting. The Chair recognized Tommy Justice, a business man from Blackberry. He stated that he is putting in a pay lake at Blackberry and the sewer service stops about twelve hundred feet (1,200') from the pay lake's location. This is an excellent place for a camp ground and he needs sewer service. He came into the office last week and was told if the line was extended, it would have to be at his expense at this time. He is at the meeting to inquire if the Board could provide him any help with this extension funding. There is water that goes by there already but he needs the sewer service also. Chairperson Akers inquired from Grondall Potter, Manager, if he was aware of Mr. Justice's request. Mr. Potter stated that he had called in before and Jamey Keathley, Wastewater Supervisor, was sent to gather information for a cost estimate on the location. There is no current funding for this extension. The only funding possibly available would be at the Phelps Sewer Project. There is some funding left over in that project but the District has made a commitment to Judge Rutherford and the Magistrates in that area to keep the remaining funding with the Phelps water shed. It is up to the Board to review the site and consider if you want to go that direction with the remaining funding. Chairperson Akers inquired if the cost estimate has been completed yet. Mr. Potter stated that all information is not done as of meeting time today. Chairperson Akers stated that a cost estimate has to be provided to the Board for review before the Board could make any decisions on what, if anything, could be done. Mr. Justice thanked the Board for their time and exited the meeting. Chairperson Akers inquired if there were any more visitors. There were none.

APPROVAL OF MINUTES AGENDA ITEM III

Chairperson Akers requested a motion to approve the minutes from the regular meeting on February 25, 2009. Commissioner Litafik made the motion to approve the minutes as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 09-03-001

PAYMENT OF BILLS AGENDA ITEM IV

Chairperson Akers requested a motion to approve the payment of bills as presented. Commissioner Litafik made the motion to approve the payment of bills as presented. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-002

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

Chairperson Akers requested a motion to approve Customer Adjustments in the amount of eight thousand, one hundred eighty-eight dollars and ninety-one cents (\$8,188.91) as presented. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-003

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. **Shelby Valley Sewer Project, Phase III:**

Mr. Hunt stated that the project is substantially complete and we have been waiting to receive remaining funding from an old project and he wanted to make sure we received that money in before extending the project any further. Carrie Hatfield has informed him that the funding has been received and a change order has been prepared in order to add nine (9) additional customers at the end of the project, design is already complete on that. The change order also includes a time extension to June 6, 2009 in order to give the contractor time to complete the additional customers and because there is a rail road bore involved which may take some time to complete. Additional engineering is not needed due to the original engineering cost being for the entire project, so there will be no additional engineering costs, however, there will be additional inspection fees included on the change order due to Resource Management's inspection contract for this project is up, in the amount of seven thousand, seven hundred and thirty-five dollars (\$7,735.00). Tim Campoy, EDC, Inc. stated that he had brought the new Resource Management contract for the additional work with him for the Board's approval as well. Mr. Hunt stated that there is approximately one hundred and six thousand dollars (\$106,000.00) remaining for this project. If everything goes according to what was discussed at previous meetings, there would be additional funding left over to purchase fourteen or fifteen (14-15) grinder units to replace any that go down. Chairperson Akers requested a motion to approve the change order for the Shelby Valley Sewer Project, Phase III, and also to approve the payment of seven thousand, seven hundred and thirty-five dollars (\$7,735.00) for additional inspection fees for the nine (9) additional customers. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-004

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is still in the design phase. They have the layout complete and are currently working on the hydraulics of the project. Mr. Potter stated that the grant agreement has been executed by the Board and we are waiting for the agreement to be executed by KIA and returned.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that this project is also still in the design phase. The line layout and hydraulics have been completed for the line portion of the project. He brought the plans for the Board's review. It is a fairly extensive project and there are approximately eight (8) pages to the plans. The plant site location is still an issue. There have been some discussions with the school board and they are meeting this week and are willing to talk to the engineers. Hopefully it will get approved at this weeks meeting for their portion of the property. The other portion of the property belongs to Tierney Land Group. Several letters have been sent to them. Mr. Stratton stated that it would appear that we will have to condemn the property and he would recommend to the Board is that they authorize an appraisal to be done on the property and write them a letter based on the appraisal. If no agreement can be made, then we proceed with the condemnation. Chairperson Akers requested a motion to authorize an appraisal to be done on the property and make a written offer to Tierney Land Group based on the appraisal amount, and if not accepted, proceed with the condemnation of the property. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-005

Mr. Stratton inquired if Jody Hunt would sent him a plat map showing him the property boundaries and what area that is needed for the plant. Mr. Hunt agreed to get that information for him.

4. Pond at Draffin AML Water Project:

Mr. Hunt stated that this project is substantially complete and a walkout was completed on this project. There were some minor clean up issues that need to be addressed. A letter for the final close out of the project is being prepared. AML has requested that Mr. Hunt hold off on sending that letter until they are able to perform their own final walk through. They were not able to attend the one that was already done. He has spoken with AML about all the documentation that is needed for the close out and final payout of the project. As soon as the release letter is received from Summit Engineering, the District can proceed with setting meter bases and adding customers to water service. Mr. Potter stated that he has reviewed the letter that Mr. Hunt has today for the Board's signature and it is basically a letter saying that the Board has seen the plans and are in agreement with the alignment as shown on the plans.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the contractor is working on the fabrication work on the walkway and barge in their shop. He distributed a picture of the barge for the Board's review. The barge section is about fifty percent (50%) completed and walkway portion is about thirty percent (30%) completed at this time. They have also been working on removing the pier that was built out of rock to set the posts in the river. That is being removed in order to clean it back up and set the barge in the structure and build the rest up around it. He expects to have this completed in the next sixty (60) days. Chairperson Akers inquired if the recent rains have hampered the ability to move forward with this project. Mr. Campoy stated that the rains have held up the project. Every time we turn around we have two (2) or three (3) days where the pier is exposed followed by a week of it being under water. Even when there was not rain, we have had to deal with rain upstream or Flannigan letting out. Mr. Potter stated that the construction easement for access to the intake structure from the Bowlings runs out in April and the residents have requested four thousand dollars (\$4,000) for the continuance of the easement. It needs to be continued for another year. Mr. Potter stated that they had originally requested five thousand dollars (\$5,000) and they have now agreed to accept four thousand (\$4,000). Chairperson Akers requested a motion to authorize the extension of the easement for the Bowlings for one year in the amount of four thousand dollars (\$4,000). Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-006

2. WTP Expansion/Upgrades:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the contractor has completed his work. The last valve was installed last week. The only part remaining is the electrical, power and control wiring that the District had agreed to do. There is funding set aside for this portion of the project and the District needs to set a schedule for completing the work.

3. Big Creek Sewer Project:

Mr. Campoy stated that this project is substantially complete and the contractor on the Big Creek portion of this project is doing reclamation work at this time. There were fifty-six (56) conventional systems installed and nine (9) aerator systems. On the Elkhorn City wastewater portion of the project, all equipment is installed now. He spoke to the contractor last week and he was in the process of ordering his OSHA signage which is the final issue to take care to be completed. There will be funding left over on this project which can be moved over to the Watson Hill/Orinoco project to help with the completion of it, along with Fiscal Court funds that Mr. Potter has gotten committed for it as well.

4. Short Line Extensions - \$1,300,000

Mr. Potter stated that the five (5) individual line extensions have been approved by the Division of Water, but no grant agreement has been received as of yet. We have received the letter from the Clearinghouse that it has been approved through them. Mike Spears stated that Kelli Rice had indicated that she put them in the mail on Thursday of last week. Mr. Campoy stated that he is still on hold as far as giving the contractor a Notice to Proceed. Mr. Potter inquired if Mr. Campoy could go ahead and issue the Notice to Proceed upon word that the funding is available and the agreement is received for the first five (5) extensions. The receipt of that will be before the next meeting. The Board collectively affirmed that the Notice can be given upon confirmation that the agreement is in and the funding is available. Mr. Campoy stated that the second contract of this project is to construct line extensions at Kettle Camp Branch and Adams Branch. This part of the project has been submitted to the Division of Water and there is a good chance approval could be received by the next board meeting. He requested authorization to advertise Contract 2, Kettle Camp and Adams Branch for bid. The cost estimate for this contract is about four hundred eighty to five hundred thousand dollars (\$480-\$500,000). Chairperson Akers requested a motion to authorize the advertisement for bids for the Short Line Extensions upon receipt of the Memorandum of Agreement and confirmation of funding. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-008

5. Various Short Line Extensions - \$100,000

Mr. Potter stated that we have not received the grant agreement as of yet, but it has passed the Clearinghouse. This funding is to be allocated to the Watson Hill project. The Board had rejected the bids for this project at the last meeting in order to rebid both Watson Hill and Orinoco together as one project using this funding and the Watson Hill/Orinoco funding for one hundred and fifty thousand dollars (\$150,000).

6. Watson Hill/Orinoco - \$150,000

Mr. Campoy stated that this project is to be submitted to the Division of Water in April. The approval may not be in before the next meeting, but if it does, he inquired if the Board wants to authorize the advertisement of Watson Hill and Orinoco together so that they can be available at the next Board meeting. Chairperson Akers requested a motion to authorize the advertisement for bids for the Watson Hill and Orinoco and Various Short Line Extensions projects upon confirmation that all funding is available and Division of Water has approved the projects. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-007

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project:

Greg Dotson stated that this project is complete and the contractor is working on a punch list. They are working on the change order items of installing a three inch (3") line to Beech Creek and they are beginning to begin the work on the station at the Phelps Intersection. Mr. Potter stated that Doug Griffin called him this morning and they had discussed the issue that change order number one (1) for eighty-three thousand dollars (\$83,000) that included a duplex pump station in the amount of ten thousand dollars (\$10,000) and there were two (2) installed. The contractor was told in November that he would get two (2) for ten thousand dollars (\$10,000) and two (2) have been set. At the meeting during that month, the board approved by resolution to set the amount for future duplex grinder units at twenty-eight hundred dollars (\$2,800). The contractor is reviewing the units that have been set to negotiate a price, believing that the price was too low. Mr. Potter inquired if it is the Board's intention to honor the first two (2) at ten thousand dollars (\$10,000) each and

negotiate a price for any thereafter that are presented by the contractor. Chairperson Akers requested a motion to authorize to pay ten thousand dollars (\$10,000) each for the two duplex grinders set for the Smith Fork Sewer Project prior to the resolution resetting the price, and any after that would be negotiated with the Board of Commissioners. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-009

Mr. Potter stated that Mr. Griffin had also mentioned the additional funding for this project in the amount of eight hundred thousand dollars (\$800,000). A letter has been sent to Judge Rutherford committing that funding to be spent within the water shed of the Phelps area. Mr. Griffin is inquiring if this additional funding will be change ordered into the existing contract or will the whole project be rebid as a new project. Mr. Potter stated that they have prices in place and they run the risk of paying higher prices if it is rebid, but it is up to the Board how to proceed. After discuss among the Board members and legal counsel, Chairperson Akers requested a motion to authorize the bid for the Smith Fork, Phase II as a new project. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-010

Mr. Potter inquired if the Board wanted management to send Doug Griffin information regarding rebidding the new funds for the new contract. Chairperson Akers stated that would be fine, but if it going to be rebid it would not be just him but any engineer that wants to bid on it. Mr. Potter replied that this would be for him to go ahead with the advertisement for bid. Mr. Stratton stated that what the Board is saying is that they want everything rebid including the engineering services.

DRAWS:

Chairperson Akers requested a motion to approve the draws as submitted. The draw for the Smith Fork Sewer Project was changed during the meeting by Mr. Griffin, according to Carrie Hatfield to sixty-three thousand and four dollars (\$63,004) to be paid to BMM, Inc. Chairperson Akers requested a motion to approve the draws as corrected. Commissioner Litafik made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

BELFRY POND SEWER PROJECT		
Contract 1	Coal Severance Funds	\$ 56,936.74

FOREST HILLS SEWER PROJECT		
Contract 1	Coal Severance Funds	\$ 4,265.00

SMITH FORK OF PHELPS SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 4,039.74
Contract 1	Coal Severance Funds	\$ 53,504.00
	Changed to -	\$ 63,004.00
BIG CREEK SEWER PROJECT		
Contract 1	PRIDE Funds	\$ 40,000.00
Contract 1	Sidney Coal Funds	\$ 20,886.80
Contract 1	Sidney Coal Funds	\$ 6,500.00
WATER TREATMENT PLANT INTAKE UPGRADE		
Contract 1	Coal Severance Funds	\$ 6,662.37
Contract 1	Coal Severance Funds	\$ 79,325.00
LMI PROJECT		
Contract 1	Coal Severance Funds	\$ 32,273.00
Contract 1	Coal Severance Funds	\$ 9,533.94
Contract 1	Coal Severance Funds	\$ 34,791.32
Contract 1	Coal Severance Funds	\$ 400.00
FERRELLS CREEK AML PROJECT		
Contract 5	AML Funds	\$ 2,453.75
Contract 5	AML Funds	\$ 86,167.37
HENRY CLAY SEWER PROJECT		
Contract 1	Corps of Engineers Funds	\$ 13,470.00

Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-011

MANAGER'S REPORT AGENDA ITEM VIII

1. Monthly Operating Report:

Mr. Potter stated that one hundred and thirty-four (134) taps have been completed since February 3rd and we have projected approximately one hundred and eighty to two hundred (180-200) taps can be done with the current funding. Chairperson Akers requested a motion to approve the monthly operating report as submitted. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-012

NEW BUSINESS

1. Legal Issues -

Update by Dan Stratton, Stratton, Hogg & Maddox. Mr. Stratton stated that the Jesse Alan Coleman condemnation suite is progressing. The Judge has all the necessary documents to get appraisal done. We have obtained a judgment on the Estep case, the Jewel issue has been resolved and we have obtained a judgment on the Kohari outstanding bill. We now need to move forward on collecting on the judgments that have been made. There has been progress made on the issues made involving the UMG contract, which will be discussed in executive session. Legal Counsel has been notified of a claim made by Robert Coleman, who claims he fell in a meter base while mowing his grass last year and sent a demand letter from his attorney. He is not sure if that falls under the liability policy and he was going to report it to see if there was coverage on it. Another issue is the City of Pikeville's rate increase for the purpose of water and this will also be discussed in executive session. Mr. Stratton stated that the Board had asked him to review the contracts for use on vacant lots and in the District's agreement it states that the owner agrees to commence use on the day that the water or sewer is available, so with that provision in the agreement the District can start billing from when it is set and service is available.

2. Update District Rules, Regulations, Tariff –

Kevin Lowe stated that the District has received a letter from the Public Service Commission asking for more information on our request to increase the sewer tap fee. They want a more detailed breakdown of how we came up with our cost and wanting to know each phase of all of our sewer projects and when they started. We are working on gathering that information for them.

3. LMI Project –

Mr. Potter restated that there have been one hundred and thirty-four (134) taps set since February 3rd. And we are projecting that we can set one hundred and eighty to two hundred (180 – 200) with the current funding. Once we reach that level we will stop construction and wait for the next amount of funding to become available before setting more.

4. Relocation of Waterline – DOT KY 199 Project:

Mr. Potter stated that bids were opened by the Engineer with Commissioner Sullivan in attendance. The apparent low bidder was Kinney, Inc. and the Engineer is checking his calculations to make sure they are correct at this time and then will make his recommendation. Commissioner Litafik inquired who the owner is of Kinney, Inc. Mr. Potter stated that he didn't believe that Kinney, Inc. has done work for the District before. He is currently doing a project in the Elkhorn City area. Jody Hunt stated that the lead man for that company, he believes, is Kinney Cameron and they are from central Kentucky. Mr. Stratton stated that the Board had passed a resolution about sending bids to his law office. The bids were received here but he was in attendance when they were received.

5. Financial Report – Michael Spears, CPA -

Mr. Spears stated that he needs a gross operating revenue report signed by Chairperson Akers for the Public Service Commission extension. Gross revenue is eight point three million dollars (\$8.3M). Mr. Spears called the Board's attention to the cash in bank amount at the end of February of six hundred and sixty-seven thousand, six hundred and eighty-five dollars (\$667,685) with accounts receivable of one million and twenty thousand dollars (\$1,020,000). Accounts payable was five hundred twenty-one thousand dollars (\$521,000) for a total equity amount at the end of February of eighty million, five thousand, five hundred and two dollars (\$80,005,502). The revenues for this month were seven hundred and twenty-one thousand (\$721,000). Operating expenses were eight hundred and thirty-

four thousand dollars (\$834,000) and this includes depreciation expense of one hundred and eighty-eight thousand dollars (\$188,000). There was a net loss for the month of one hundred and fifty-nine thousand dollars (\$159,000) and year to date was three hundred and fifteen thousand dollars (\$315,000). Cash flow for the month increased fifty-five thousand and forty-five dollars (\$55,045). The District needs to keep in mind that there are bond payments coming due at the end of May and the first of June, totaling approximately five hundred thousand dollars (\$500,000). The District has not been able to put any additional funds in the reserve accounts but the intentions are to refund the reserve accounts to build them back up. Commissioner Litafik inquired as to what the consequences were of being late on our bond payments. Mr. Spears stated that it would affect any future loans. Commissioner Litafik inquired if they would file any legal proceedings against the District. Mr. Spears stated that he didn't think so, but there is a definite process they would go through. Mr. Stratton stated that they could sue the District for breach of the agreement but the bottom line is that they are not going to repossess a water line. So the worst thing they could do would be to garnish the District's bank account. Mr. Spears stated that as proactive as we have been in growing the District, it would be a bad mistake to try to consider missing a bond payment. Commissioner Litafik inquired if it was possible to just pay interest on one of them. Mr. Spears stated that a letter could be sent to that effect and see what their response would be, but hopefully we will be able to pay it and it won't be an issue. Chairperson Akers requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-03-013

6. Committee for Russell Fork Sewer Authority -

This item was not addressed during the meeting.

7. Boil Water Advisory Procedure -

Chairperson Akers stated that the Pike County Fiscal Court is requesting that Mountain Water District consider reporting all Boil Water Advisories to television stations in order to reach more customers affected by the advisory. Tammy Olson, Executive Assistant/Office Manager, stated that this issue was discussed at the last meeting and was tabled until this meeting. Mr. Potter stated that the District is complying with all regulations and there is always something who says that they don't read the newspaper, or watch television or listen to the radio. David Taylor, Operations Manager, stated that some say that they have satellite and don't even get the local channels. Mr. Potter stated that the District could announce all advisories on the television but they don't do news updates until 6:00 in the evening anyway. Commissioner James stated that she did notify the Fiscal Court that the District was in the process of purchasing the one-call system. Mr. Potter stated that we are looking toward purchasing an auto-dialer which is on the capital items list that could be used not only for this purpose but also for notifying delinquent customers as well. It could dial up to sixty (60) customers in an hour, but you can have up to four (4) dedicated phone lines which could up that number to two hundred and forty (240) per hour. Mr. Potter stated that in using it for delinquents, it could reduce the field costs of disconnections and reconnections. Mr. Potter stated that he believes that the District makes an appropriate

good faith effort, but it is solely up to the Board if they want to proceed with the television notification. Mrs. Olson suggested that a letter could be sent to Pike County Judge Executive explaining the difference between a "notice" and an "advisory". He may not know when we have a "notice" the television stations are automatically notified due to the eminent health danger, but an "advisory" is not an immediate health risk. The Board members agreed that a letter should be sent to the Judge's office explaining the District's policy and then the Board can act according to his response at that time. Mr. Potter directed Mr. Olson to also put it on the agenda for his meeting with Judge Rutherford and he will discuss it with him then, as well.

8. Capital Items List -

Mr. Potter called the Board's attention to the copies of the capital items. This issue was tabled until the regular meeting in April.

9. Outstanding Accounts Receivable -

Mr. Potter called the Board's attention to the lists provided of outstanding invoices since 2002. There is approximately two hundred and two thousand dollars (\$202,000). Mr. Potter stated that the Board did not need to take any action at this time, but to review it and think about what action the District should take to collect on these balances. Some have received several notices and still have not responded. Mr. Potter stated that he will have a more comprehensive list at the next meeting; he just wanted them to be aware that this amount was hanging out there. Chairperson Akers stated that some that are older, if they haven't been sent another notice, may not be aware that they still owe it and another invoice should be sent to them all and then the Board can go from there. Commissioner Litafik is some are disputed. Mr. Potter replied in the affirmative, but that we will make another attempt to send out invoices and have an update at the regular meeting in April.

10. Transitional Issues -

Chairperson Akers requested a motion to convene into Executive Session. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-014

11. Executive Session -

Chairperson Akers requested a motion to reconvene from Executive Session. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-015

Chairperson Akers recognized Donovan Blackburn, City Manager from the City of Pikeville. Mr. Blackburn stated that the City has made a submittal to legal counsel and have been in discussions with what they are hoping to accomplish out of this, and appreciates the Board's willingness to work with them. He is willing to get back together when the Board has reached an understanding of what Dan is to discuss. Mr. Stratton stated that he hopes to have a proposal to him by Wednesday with the changes that the Board has.

Mountain Water District Legal Counsel, Dan Stratton, stated that with regard to Transition Issues, the Board has reviewed the recommendations for the HR policy for the District. A resolution is needed to approve the policy to be effective on April 25, 2009. Chairperson Akers requested a motion to approve the HR policy as reviewed and presented by legal counsel to become effective April 25, 2009. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-016

Mr. Stratton continued that the District wishes to approve the contracts for employment for Grondall Potter and David Taylor. Chairperson Akers requested a motion to approve the contracts for employment with Grondall Potter and David Taylor. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-017

Mr. Stratton stated that in conjunction with that, the Board wants to prepare a press release announcing who the new leadership team is, with the Chairperson's approval.

Mr. Stratton continued that they would move on now to dealing with the capital items list for 2009. Mr. Potter called the Board's attention to their list of vehicles, equipment and office items that are being requested. Mr. Potter stated that Kevin Lowe, Executive Assistant/Office Manager, has looked into leasing the computers. Mr. Lowe stated that in leasing computers when we need to replace them, Dell has a plan where we could lease the computers with no finance charges, and for a fifteen hundred dollar (\$1,500) computer it would be fifty dollars (\$50) per month for thirty (30) months and at that point we would decide whether to keep it or turn it back in for a newer model.

Mr. Potter called the Board's attention to the vehicles list and stated that it was informational for the Board at this time and would be finalized at the next meeting.

With regard to transitional issues again, Mr. Potter stated that the advertisement for the mini excavator is already out and the ads for the trucks will be out Wednesday in the newspaper. The transitional team has met regarding the uniforms and Aramark has come back with a better deal. The Board decided that no pants would be provided for the office employees. If the Board wants to proceed with Aramark the information is on the spreadsheet that each Board member has. Also, all photos have been taken for the ID badges and they are ready to be printed this week. Kentucky Retirement Systems will be in the office on April 9th to discuss returning their system. They have requested a copy of the bylaws and articles of incorporation for the District, as well as a tentative 2009-10 budget. A copy of this tentative budget was given to each Board member. He requested authorization to proceed. Mr. Stratton stated that if the Board is okay with the uniform choice of Aramark, they should ratify that decision made by the committee. Chairperson Akers requested a motion to accept the Aramark bid for the uniforms. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-018

Mrs. Olson stated that a resolution is also needed ratifying the authorization to bid for the mini excavator and the vehicles. Chairperson Akers requested a motion to approve the advertisement for bid for the equipment and the vehicles. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

~~Upon Commissioner voting, the motion was carried and passed.~~

Resolution No. 09-03-019

Mr. Potter requested authorization to provide all information necessary to Kentucky Retirement System and to apply for returning to their retirement program. Chairperson Akers requested a motion to that effect. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-020

Mr. Potter distributed the quotes for insurance for health, dental, life, disability, etc. Mr. Lowe stated that these quotes are what we have received so far. So far, the best health insurance quote is the one through Nationwide for Anthem. Mr. Potter requested that the Board authorize the transition team to accept the best quote for insurance when all quotes have been received. Chairperson Akers requested a motion to that effect. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-021

Mr. Potter stated that new employee files are being prepared and other employee issues are being addressed. The transition is moving forward. Mr. Stratton stated that the only outstanding issue is entering a settlement agreement with UMG to tie down the numbers before closing the contract. The transition team is working on that as well. Mr. Potter stated that if the Board wishes, we can proceed with sizing of the employees for the uniforms as soon as possible. The Board agreed to proceed with that. Commissioner James inquired from Greg May if he had something that he wished to add to the meeting. Greg May, COO, UMG, stated that he thought that they were prepared to meet in executive session with the Board only. Chairperson Akers stated that they could do that. Mr. May stated that it would be with only the Board members, Bob Meyer, Grondall, David and himself.

Chairperson Akers requested a motion to reconvene back into Executive Session. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-022

Chairperson Akers requested a motion to reconvene from Executive Session. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-023

Chairperson Akers requested a motion to rescind the termination of the UMG contract that was to expire on April 26, 2009 and will now run through June 30, 2010. There is a UMG contract amendment that Dan Stratton will review before the Board will sign it. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-024

Chairperson Akers requested a motion to rescind all motions for transitional actions that were made during this meeting. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-025

Mr. Stratton clarified that the City of Pikeville's contract remains the same. The Board confirmed that statement. Mr. Taylor inquired if they needed to cancel the excavator bid. Chairperson Akers stated that all was rescinded. Mr. Taylor stated that we still need the excavator and with a lease, UMG will pay the bills anyway. It was agreed that this bid stand as approved for bidding.

Mrs. Olson requested that the Board approve the execution of the MOA for the Belfry Pond Sewer Project. Chairperson Akers requested a motion to execute the MOA for the Belfry Pond Sewer Project. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-026

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-03-027

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
APRIL 3, 2009
10:00 AM

ATTENDANCE

Chris Harris, Magistrate, District 6
Hilman Dotson, Magistrate, District 5
Jeff Anderson, Magistrate, District 1
Russ Cassidy, Appalachian News Express
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Grondall Potter, Manager, UMG
David Taylor, Operations Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting was held on Friday, April 3, 2009 at 10:00 a.m. Chairperson Akers clarified that this meeting is a special meeting and therefore, the Board can only discuss or take action on what is on the agenda.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner John Collins
Commissioner Earl Sullivan

Commissioners absent for the meeting were as follows:

Commissioner Rhonda James

VISITORS **AGENDA ITEM II**

Chairperson Akers inquired if there were any visitors for today's meeting. The Chair recognized Chris Harris, Magistrate of District 6. Mr. Harris stated that since he has been in office he has tried, and done a good job, of not coming to the Board meetings and "sticking his nose" into Mountain Water's business. The District is operated by the Board and the Magistrates vote for the Board members. This is only the second meeting that he has been to since he took office seven (7) years ago. He stated that are things that are going on now that need to be addressed. He has spoken privately with some of the Board members and he wants his position to be known publicly as to what he believes is the right thing to do and the reasons for that. Mr. Harris stated that he was very disappointed to receive the letter from Chairperson Akers that the Board had agreed to extend UMG's contract. The financial condition that the Board seems to be in right now compared to what it was when UMG took over is much diminished, in an environment when they came on the scene, they said they were going to do just the opposite. This contract was supposed to save us money; we were supposed to be able to put in more water and sewer lines throughout the county. We were going to run things more efficiently and everything was going to be clean and it has been anything but that. Mr. Harris invited the Board to correct him if he said anything wrong, and continued by stating that the District is in terrible financial condition. We (the District) have had to borrow five hundred thousand dollars (\$500,000) from the bank just to meet our obligations, and now we are in a situation where we are going to have trouble meeting our bond

payments. All of that has happened under the watch of UMG and he doesn't see how that Board can, in good conscience, renew a contract with a company who is partly responsible, or was at least in charge of the oversight, during this time that the finances have been completely demolished. He can't speak for everyone, he has two (2) members of the Fiscal Court here with him today, but speaking for himself, the financial issues aside which are more than enough reason not to bring the same people back in that helped to get us in this situation, but over and above that, you've got a company who is being named in an FBI affidavit from Clay Mason that ties UMG to a federal indictment against Leonard Lawson, Bill Neibert and Brian Billings. This isn't the type of clean running operation that we were promised when they came and talked this Board into switching everything over from a public run entity into a privately run entity. It is just not what it is supposed to be. He stated that he can't believe that this Board would sit back and let this happen. The Board of Commissioners are stewards of this entity just as we (the Magistrates) are stewards of the Fiscal Court and the county's money; and he just can't understand how the Board can make this decision to enter into a contract, and he hasn't seen the contract but has heard bits and pieces of it, but from what he understands, the proposal is that UMG is basically going to give us (the District) five hundred thousand dollars (\$500,000) and if we keep them for another five (5) years they will forgive the loan. Mr. Harris directed Commissioner Litafik to correct him if he was stating something wrong. Commissioner Litafik indicated for Mr. Harris to continue. Mr. Harris stated that he wanted his concerns to be noted and on the record and he would like to know publicly what advice the Board received from their attorney and their accountant, because they know the workings of this as good as anyone, and he would like to publicly hear from both of them what their recommendation for this contract is.

Chairperson Akers recognized Hilman Dotson, Magistrate, District 5. Mr. Dotson stated that he was present today to find out what is going on in the county. The Magistrates are obligated to their people in the county for good, clean drinking water and for sewer service and they have heard rumors and are present today to find out what exactly we are into. He stated that they, as members of the Court, are responsible somewhat to Mountain Water and their people. They need to know, as members of the Court, what is really going on. He stated that he didn't know about the contract that the Board has in front of them, or whether it is a good one or a bad one, but he hopes that whatever kind of contract it is, that we can work to better our people and the Board can get the District out of the hole that it is in. Mr. Dotson further stated that he is just concerned about it.

Chairperson Akers then recognized ~~Jeff Anderson, Magistrate, District 1.~~ Mr. Anderson stated that he doesn't understand, looking back, and with the problems that are currently going on north of Pikeville with the high water rates and the residents not being able to get sewer service, and being a former Sandy Valley Board member and not trying to nose into the Board's business, but there have been some things that have happened that have basically put us on the spot that we (The Magistrates) are going to be asked what is going on with Mountain Water; just like he was asked why they dissolved Sandy Valley when their minimum bill was eleven dollars (\$11.00) and now it is twenty-seven dollars (\$27.00). But those are completely different issues from what we are here for today. He stated that the Board gave the sewer in the north corridor to the City of Pikeville, if he is correct, and the Board was making about fifty to sixty thousand dollars (\$50-\$60,000) per year on it. He asked at the last Board meeting that he attended why the Board did that. He just doesn't understand, and maybe someone can help him to understand, why, especially now with the situation that the District is in, why the Board gave away one of their biggest profit centers and a relatively new system for about half of what it was worth and the debt. He stated that now he has a million dollar (\$1M) treatment plant at Mossy Bottom and a main sewer line going down US 23 and still can't get sewer service. He has a letter at home from the Mayor of Pikeville stating that they have the ability to provide sewer, and he thought it was going to work out, so he requested Coal Severance funds from Representative Combs, and then they said "No, we don't want it". Then they (The City of Pikeville) came up with all kinds of reasons. So he has a letter stating that they have to do this, this and this before they can provide sewer and another letter stating that they have the ability to provide sewer service with no strings attached. It is almost like everything is tied in together and maybe the Board can fill him in on what is

happening...maybe some of the Board's service territory is being taken away or something, but he would like to know the reasons why the Board gave away that sewer area. The reason he is asking is because people that can't get service are asking him and he can't be an ostrich and go bury his head in the sand and say, "well, I don't know but you're not getting it". He stated that he owes his constituents an answer. After no immediate reply from the Board members, Mr. Anderson stated that if the Board didn't want to talk about it now that was fine, or if they wanted to write him a letter that was fine. He returned to the subject of the UMG contract by saying that he didn't know what kind of contract that the Board members had in front of them, but wants the Board to know that last Hillbilly Days he ran into Greg May on the Boulevard, and he stated that he likes Greg and that we all like Greg, he is running Utility Management, and he told Greg at that time that he doesn't care who runs what or who owns what, but you can't break people. It (Mountain Water District) is a public utility. Mr. Anderson stated that he didn't know if the Board is privy to the financials of UMG, and honestly he doesn't care, but it looks bad when you are having to borrow money to make your bond payment and then you look back and the Board has basically given away some of their money making profit centers and now are having to borrow money. He stated that he is just looking for answers just like the other Magistrates in attendance, and if the Board can explain any of this or if they want to have another meeting he would be more than happy to come back and meet again. He also stated that he would like to hear what the CPA and Mr. Stratton's recommendation was regarding renewing the contract.

Chairperson Akers stated that she didn't know if she needed to say anything, but maybe needs to let Mr. Stratton and Mr. Spears speak. But the Board as a whole made this decision after the fact that UMG gave them a proposal that they felt like they had to go with because of the money obligations that the District already has and because of the things that Greg (May) can possibly bring to the table; and then if he doesn't, this contract is only for fifteen (15) more months not five (5) years. Commissioner Litafik restated that it was not for five (5) years and that the Magistrates had not been given good information. Chairperson Akers continued that the Board has not signed a contract for five (5) more years. This contract is only for fifteen (15) more months and runs through June of 2010 and the Board feels like the recommendations that he made and the things that he (Greg May) possibly could bring to the table for the District is the reason the Board made this decision. The Board has been given a letter from the CPA stating that the Board can make some money between now and then because of part of the recommendation that Mr. May made and because of what he had to offer. So they've (UMG) made some concessions and brought back more to the table than they had left on it before. Commissioner Litafik stated that he totally agrees with Chairperson Akers and he asked the question the other day, and he is not trying to shift any blame back to anybody else, but he asked the question "if we do not do this, are you sure that the District will have the money to make the bond payments" and the answer was "I'm not sure". He inquired of the other Board members present to confirm that he asked that question. Chairperson Akers and Commissioner Collins responded affirmatively. Mr. Litafik stated that now he sees this letter here (from the CPA) and that is not what was told to him the other day. Mr. Spears, MWD CPA, stated that Mr. Litafik asked him to guarantee that the District could make their bond payments. Mr. Litafik responded that he had said "are you sure" not if he could guarantee it. Mr. Spears conceded that whatever terminology was used, that Commissioner Litafik had asked him "Can you say for sure that we can make bond payments without UMG?" and that he had responded that he couldn't say for sure about anything. If the District had a million dollars (\$1M) and you spent nine hundred thousand dollars (\$900,000) tomorrow, then we couldn't make the bond payments. He stated that that was what he had said and the context which he said it in, just to be clear about what he said. Commissioner Litafik stated that he did not understand it that way. He asked Chairperson Akers if that is how she understood it. Chairperson Akers responded that she really didn't think about it that way. Mr. Spears stated that that is why he wrote the letter to the Board and the reason he wanted the Board to read it. Commissioner Litafik stated to Mr. Spears that he (Mr. Spears) did not say that the other day. Mr. Spears responded that he did say it the other day. Commissioner Litafik asked Commissioner Collins if he had heard Mr. Spears say (what was in the letter) the other day. Commissioner Collins stated that he really didn't remember that. Mr. Spears inquired if he had asked the Board for twenty-four (24) hours to review the contract. Commissioner Litafik stated that he didn't remember that either.

Mr. Spears stated that he did request that time to review the contract and that Commissioner Litafik told him that the meeting has to be done and the decision made today. That that is exactly what Commissioner Litafik said and that he had also said, "We could make it tomorrow but I don't see any reason to wait." Mr. Spears stated that he asked for twenty-four (24) hours to review the contract. When the contract came up and he found out that the Board was having a special meeting, he stated that he felt it was his obligation, just like he wanted to do then, to go in and review the contract and make his recommendation to the Board. He wanted them to know that, just like the letter said, after review of the contract he cannot recommend that the Board accept the amendment as proposed. Commissioner Litafik responded to Mr. Spears that he did not say that the other day. Mr. Spears reiterated that he asked the Board to give him time to review this and inquired if he recommended this contract the other day. Chairperson Akers responded "no". Mr. Spears stated "No, I did not". He stated that he didn't think there was anything that he said the other day that could be construed as him being in favor of this and if any of the Board did, he apologized. Commissioner Litafik stated that that was not his question and everyone is entitled to his own opinion and whether Mr. Spears was in favor of it or not is immaterial. What his whole question was this, "if we didn't take it back, where are we at then?" Mr. Spears stated that he couldn't guarantee that we could make it if we don't take them back. Commissioner Litafik asked where the half a million dollars (\$500,000) plus to pay him off with two hundred and fifty thousand dollars (\$250,000) was. Where are we going to get that money? That is his whole question. He asked Mr. Spears to tell him where we were going to get the money. Magistrate Harris inquired why they couldn't get it from the bank. Commissioner Litafik inquired if they would give them another loan. Magistrate Harris inquired if they had applied for one. Commissioner Litafik stated that they haven't applied for one. Magistrate Harris inquired how would they know that the bank would give them another loan or not. Commissioner Litafik stated that he didn't know if they would or not, but do you want the District another three quarters of a million dollars (\$750,000) in debt to do that? Magistrate Harris stated that if that is what it takes to get back to where you can have an honest...Commissioner Litafik interrupted his comment and inquired if he could say that the District can get back to that point. Magistrate Harris responded that if this Board has the best intentions...Commissioner Litafik interjected that they do have the best intentions...Magistrate Harris continue that "yes" they can get back. This District generates plenty of enough revenue to operate itself. You should not have to go back groveling to the company that put you in the financial condition that you are in just give you another five hundred thousand dollars (\$500,000) to make your bond payment. You are, in essence, rewarding the company that put you in this situation. Commissioner Litafik responded that Magistrate Harris has made some good points and he will agree with him to a certain extent, but that is not the whole problem here. Our mission when he first came on this Board was to extend water to everyone in Pike County if we could, and he apologized if he had gotten out of line with anybody. When he first started there were approximately two thousand (2,000) customers...he requested Chairperson Akers help him with the number. She stated that there may have been a few more than that at that time. Commissioner Litafik stated that now we have approximately seventeen thousand (17,000) customers. We have effectively gotten water to approximately eighty percent (80%) and there were certain areas that it probably wasn't cost effective to have done that. Maybe it wasn't cost effective, but do you shut these people out of water? No, you don't do that. But as you repay these debts the money problem worsens. Commissioner Litafik conceded that he doesn't know the full effect of UMG's contract, and that was probably part of it, but he didn't think that it was all of it. Magistrate Anderson stated that the Board had said that Greg (May) could bring some things to the table. He inquired what kind of things the Board was referring to. Chairperson Akers responded that he had offered to try to get money for the District for debt service. Mr. Stratton clarified that he offered to try to get a million dollars (\$1,000,000) of grant money to fund our debt. He also offered to get seven hundred and fifty thousand dollars (\$750,000) for our repair and maintenance budget. He stated that he wasn't in the room when Mr. May made his presentation, but it was his understanding in the meeting afterwards that he said that if he wasn't able to get that money, that the District could terminate the contract in 2010. Chairperson Akers stated that there is no possible way that we can lose any more than we have already lost. If this happens and he (Greg May) brings to the table what he thinks he can bring to the table, then it has to help us. We have two CPAs or accounting people on the Board, and she stated that she is not

educated in that area other than being a book keeper for years, but those Board members ought to be able to recommend these things to the Board. Magistrate Harris asked the Board's attorney, Dan Stratton, if he is recommending this proposal to the Board. Mr. Stratton stated that he wanted to put this in context of some history that he believes will be helpful. Chairperson Akers interjected that our biggest problem that got us into this situation was the fact that we had not raised water rates in "ever". We attached a small rate increase to the last bond payment that we had, and it is just now starting to show up in our revenues. Magistrate Dotson responded that it sounds to him like the District got into this shape by misusing funds. All of the Commissioners responded a collective "no". Magistrate Dotson responded that he didn't mean the Board members but UMG. He stated that you could look back and see the contracts and things where it all went. Magistrate Harris stated that the allegations in the affidavit are that UMG is making one hundred and some thousand dollar (\$100,000±) consulting fees to people who are indicted. That is all money that is generated from their business, and whether that is Mountain Water or the City of Pikeville or where ever it is, those are revenues that they are bringing in from somewhere. The District is paying UMG in the neighborhood of six hundred thousand dollars (\$600,000) per month.

Mr. Stratton stated that he wanted to clarify some things. He said that he wanted to take them back in time to put some perspective on things and he will walk them through the process that has gotten us here today. In July of 2005 the District entered into a contract for operations. It was a five (5) year contract but there was a provision in the contract that after three (3) years Mountain Water District could opt out by paying whatever was left on the capitalized investment that UMG had made to start with the company. The Board directed us (Mike Spears and himself) at the end of that three (3) year period in June of 2008, to review the contract and the performance to see if it was meeting the expectations that the Board had. What they found was that the annual billings had gone from six point eight million (\$6.8M) to seven point five million (\$7.5M) annually. It was all within the legitimate bounds of the contract, so they began to find out why the fees had jumped so much. Magistrate Harris clarified that it was seven point five million dollars (\$7.5M) annually. Mr. Stratton confirmed that number and that was in July of 2008. Mr. Stratton continued that the contract provided that, in addition to other things, that for every new water tap, UMG got twenty-three dollars and change (~\$23.00) a month to service that. They also got nineteen dollars and change (~\$19.00) for each new sewer tap per month. In the same time period, and something that was not foreseen by either party, we put in close to two thousand (2,000) LMI taps (Low, Moderate Income) along with another twelve hundred (1,200) regular taps. We are now at about ninety-five percent (95%) of the county covered. The low and moderate income customers are generally low volume users. As a result of that, most of the billing from them did not equal the twenty-three dollars and change (~\$23.00) that we were assessed under the contract. As a result of that, our expenses increases faster than our revenues increased and thus ate into the reserve money. As a result of that, our bond reserves dropped nine hundred and seventy-five thousand dollars (\$975,000) over a three (3) year period. Magistrate Harris inquired what that money was used for. Mr. Stratton responded that it was used to pay UMG. It came out of reserves that we are required to maintain for our bond debt. Chairperson Akers stated that we were also making bond debt payments out of that money as well. Mr. Spears added that it was primarily used for bond payments and debt service. Mr. Stratton continued that based on these facts, the Board directed him and Mike Spears to renegotiate the contract with UMG. They made a proposal to UMG and they declined their offer and made a counter offer. We did a financial analysis on that counter offer and deemed it insufficient and as a result of that we gave notice of termination of the contract on October 29, 2008. The contract provides that they must get six (6) months lead time which is why the effective date of termination was April 27th. In the interim we have done all the things that we needed to do for a smooth transition and all but one (1) thing was approved at the last meeting. At the last meeting, UMG came back and presented another proposal which the Board considered. That is the proposal that Mr. Spears referenced to have time to review. Magistrate Anderson inquired if Mr. Stratton had any numbers. Mr. Stratton confirmed that he did. He stated that the UMG proposal which has been put into an amended contract form, per his instructions from the Board, provides that they will give a five hundred thousand dollar (\$500,000) forgivable loan, amortized over five (5) years at five percent (5%). As

of June 1, 2010 when the contract will expire, the balance of that loan will be three hundred and ninety-four thousand dollars (\$394,000). Magistrate Anderson inquired if they were giving the District money or loaning them money. Mr. Stratton stated that they are loaning us money that is forgiven over time, five (5) years. Magistrate Anderson stated that they are not "giving" the District anything. Mr. Stratton stated that if the District terminated the contract at the end of the 2010 term it would be three hundred and ninety-four thousand dollars (\$394,000), that would be our exit fee. They have reduced our repair and maintenance bills for 2009 by fifty percent (50%) or a total of thirty thousand, nine hundred and forty dollars (\$30,940). They originally proposed reducing the management fee thirty-six thousand dollars (\$36,000) per month for a total of four hundred thirty-two thousand dollars (\$432,000) per year and at the Board's request, amended that to forty-six thousand dollars (\$46,000) per month for a total of five hundred and fifty-two thousand dollars (\$552,000) per year. Magistrate Anderson inquired what the Board had asked for initially. Mr. Stratton stated that he would get to that in minute but wanted to continue with what he was saying before. The legal structure of the contract also changed with this proposal. UMG agreed to adjust the fee adjustment formula, the one that was discussed earlier with the added amount for water and sewer taps, and they agreed to drop that and change the monthly maintenance fee to a negotiated amount. If an amount cannot be negotiated, it will be addressed to the CPI (Consumer Price Index/Inflation Rate). In addition, the other major change in the contract was that they currently pay for all expenses of producing water...purchased water and power. Our power bill runs, on average, about eighty thousand dollars (\$80,000) per month. The change in this contract is that they are passing any increased cost in power over the baseline today, on to the District. Any savings or decrease in power costs, would come back to the District. Instead of paying all the costs of production, they are paying the water and the core power, but any increases in power would be borne by the District. The other amendments we have discussed...the million dollars (\$1M) and the seven hundred and fifty thousand dollars (\$750,000) and they also committed to work with having the District appoint someone to be a liaison to the Board. What we've been dealing with is that when we contracted out operations, we didn't want any employees so that there would be no insurance payments or workers compensation or things of that nature. It has been discussed and we believe that we may need someone to be the Board's representative to review things. This is an idea that has been on the table for a long time and UMG agreed to continue with that. Magistrate Harris clarified that UMG was handling all of Mountain Water's finances. Mr. Stratton stated that Mr. Spears reviews everything on behalf of the Board and there are independent auditors, but the day to day operations were being handled by UMG employees. In comparing the old contract with the new, which we did not get to do in detail at the last meeting, is that basically, in effect, the five hundred thousand dollar (\$500,000) loan extends the contract for five (5) years or four (4) years past today. If we exit now, we owe UMG one hundred and forty-four thousand dollars (\$144,000). They also have some money that is owed. We have offered to off set some money and we have offered to make their payments over time in order to allow us cash flow to pay our bond payments. The question was how are we going to pay our bond payments and the original answer was to ask UMG to take their payments over time and let us use our cash flow and the five hundred thousand dollar (\$500,000) loan to make the bond payments. The Community Trust loan was primarily for our bond payment. Mike Spears clarified that is was for the December bond payment. In terms of what it means to the District, our exit fee today is one hundred and forty-four thousand dollars (\$144,000). If we choose to exit in 2010, the exit fee would be three hundred and ninety-four thousand dollars (\$394,000) and that would effectively prevent us from exiting the contract at that time. The other thing that is different from the original contract is this...the contract eliminates a major cause of the problem which was the additional cost for each new water and sewer customer, but substitutes the CPI. Under the old contract, the CPI kicker did not kick in until two point five percent (2.5%). In other words, inflation had to be above two point five percent (2.5%) before there was any other adjustment. Under this contract it starts at zero (0). So, if the inflation rate is five percent (5%) we are going to pay a five percent (5%) increase over the management fee as opposed to a two point five percent (2.5%) increase over the management fee. Lastly, the power bill passes a substantially unknown fee cost to the Board and we don't know what that is. On the promise of the extra money, there is no guarantee of that and there is no enforcement or penalty if that fails to come through. Based on these things, from a legal perspective, the Board is assuming two (2) more unknown risks as

opposed to fixed fees, which is going to possibly...and he stated that he can't predict the future...but possibly pass increased operating costs on to the District, and after reading Mr. Spear's letter to the District this morning regarding this proposal, which according to his numbers represents about thirty-two percent (32%) of what we had asked for that they turned down, and based on that it would be difficult for him to recommend this contract because of the shifting of cost fees and the shifting of risk. Magistrate Harris inquired if he told the Board members that when it was presented at the last meeting. Mr. Stratton stated that there were some things that were discussed and other things that he has told them for the first time today because he had not had a chance to look at it in detail and these are things that he has developed in trying to do the comparison of writing the amendment and comparing things one on one. Magistrate Anderson inquired that thirty-two percent (32%) was what? Mr. Stratton clarified that this contract represents thirty-two percent (32%) of the amount of concessions that the Board had originally requested during negotiations. Mr. Spears clarified that that is with his assumptions of the unknowns. If you take those out, it is between thirty-two and forty-four percent (32%-44%). Magistrate Harris stated that in order to be clear, the Board has their accountant advising them not to do it, you have your attorney saying it is not a good idea, and members of the Court present saying that they don't think it is a good idea, or at least that is what he is saying and he doesn't want to speak for anybody else. He inquired if the Board didn't think that they should take a little more time than just the time it takes to put a contract in front of somebody. At least give your advisors the opportunity to look at the contract and make an informed decision on whether this was the right thing to do for the seventeen thousand (17,000) customers that we have in this District. He inquired if twenty-four (24) hours was too much to ask. Mr. Stratton stated that the reason we are here today is because this item was brought up at a special meeting, which was in lieu of our regularly scheduled meeting which had to be postponed. Because it wasn't on the agenda as an item to be considered, the action that was taken at the special meeting was avoidable, and the purpose of this meeting was to correct that procedural error and bring it before the Board at this meeting so the Board could take whatever action they so-choose to address that issue. Magistrate Anderson inquired from the Board members what the reason was behind the District selling the sewer area to the City of Pikeville. Chairperson Akers inquired if Grondall Potter, Manager, could help out with this issue. Mr. Potter stated that at that time he was not involved with that issue and he is not sure what the reasoning was behind that decision. Magistrate Anderson stated that he is not questioning the transaction but it is just that hind site is twenty-twenty and if he could cast his vote again he would not have voted to dissolve Sandy Valley. It has been an embarrassment to Pike County and he can't understand why the District gave away a profit making area. Chairperson Akers stated that she didn't think it was. Mr. Stratton stated that he can't speak to the money but that the state has what is called a 201 district designation for sewer. That has nothing to do with the water territory. The City of Pikeville's 201 boundaries that had been established as early as the nineteen seventies (1970's), and could have been earlier than that, included all of the North Mayo Trail area. The City was saying that this is, by statute, within their boundaries and it was. Magistrate Anderson inquired if it went all the way down to the county line. Mr. Stratton stated that it almost did. The Board tried to work out something with the City to comply with what was clearly their jurisdictional area. He cannot speak to the money flow because he isn't familiar with that, but he did research the maps and where the boundaries were and it was clearly within the City's jurisdiction. Mr. Spears stated that this transaction did go through the Public Service Commission, if that is worth anything. Magistrate Dotson address Chairperson Akers and apologized for getting a little bid "rowdy" before, but he stated that it bothers him when she speaks about getting into this shape because the District didn't raise the water rates. He stated that there are so many people out there that are on a fixed income and can just barely make it, and on the other hand we read in the newspaper where we are giving a guy big money to be a consultant for UMG and then they are putting it back like it was the water rates. If we have one hundred and fifty thousand dollars (\$150,000) to give a man for a consultant fee, why are we worrying about this little water rate for? There should be a balance in there somewhere when the blame can be put a little bit of everywhere. Chairperson Akers stated that they had clarified that the LMI taps were essentially a big part of what put us where we are but the water rates should have been raised before UMG ever took over. Mr. Stratton stated that Mountain Water, other than who is named as Superintendent for the District,

has no control over UMG. Commissioner Litafik stated that it is two separate companies. Mr. Stratton stated that Mountain Water has contracted with an independent contractor to do the job. We have control over what we pay them in the contract and who gets appointed as project Superintendent. Magistrate Dotson stated that the money is still going out and they are still paying them to run it. He inquired if Mountain Water was in pretty good shape before it was contracted out. Mr. Spears stated that the District was fully funded in our bond reserves according to the audit and were current on our bond payments. Magistrate Dotson responded that in other words, we were making it. Magistrate Harris stated that that is what you want from a district. You don't want it to make money, you want it to break even. Commissioner Sullivan stated that we did have a reserve fund of about nine hundred thousand dollars (\$900,000) for emergencies. He inquired if we have it now. The answer collectively was "no" and Commissioner Collins responded that that was our problem. Magistrate Anderson clarified that the LMI fees was a part of the contract with UMG. Mr. Spears clarified that the original contract had built into it an increase of eleven hundred (1,100) water customers and four hundred (400) sewer customers per year. The LMI taps hit us with twenty-some hundred (2,000±) in additional to our regular customers and was something that the Board could not foresee. We did not take into consideration the LMI customers would be minimum users instead of average water users. On an average year, the District has added about three thousand (3,000) customers for the last two (2) years when normally it would be about six hundred (600) per year because it is hard to add customers efficiently to areas that don't have water now because the areas that are left are very expensive to serve with few customers and the LMI taps were an unforeseen issue that came into play a year after the contract with UMG. Mr. Spears stated that in order to clarify some things, in his analysis he did not put any numbers in regarding what could happen at the legislature because there is no way to estimate that and he did want to clarify that. Magistrate Anderson stated that he will do whatever he can do to help the District get funding if he has to go to Frankfort or get somebody at the Fiscal Court to help get the District grant funds. Magistrate Dotson stated that he remembers years ago when there were a lot of problems with the water board and he isn't sure if Chairperson Akers was there yet or not, but they weren't getting many lines run and were at a stand still, and through this Board and with Will Brown, there has been a lot of progress over the years. There are people who have water now that we didn't think would ever have water, and he gives the Board members a lot of credit for that. You have worked hard and they are not there to criticize anybody but they are here to represent their people and do the right thing. Magistrate Harris stated that he believes that the Board is making a mistake and he would not have been able to feel like he was doing his job if he hadn't come today and told the Board his feelings. He stated that he has nothing personal against any Board member or anyone at UMG...Magistrate Anderson stated that it was the same for him...Magistrate Harris continued that he felt that it was his duty and obligation to the people he represents to at least present the Board with this side of the story. Commissioner Sullivan stated that he was glad they came. Magistrate Harris stated that he would like to make the affidavit and indictment regarding UMG a part of the public record. He gave a copy of both documents to Tammy Olson, Executive Assistant/Office Manager, to enter into the record. Chairperson Akers restated that that doesn't have anything to do with Mountain Water District because they are not a part of that. Magistrate Harris stated that it is because it is who the District is doing business with, and if you associate...Chairperson Akers interrupted and stated that this came to light long after the signing of the contract with UMG. Magistrate Harris responded that now they are signing another contract. Chairperson Akers and Commissioner Litafik collectively replied that they are not signing another contract. Chairperson Akers stated that they are trying to fulfill a contract and hopefully get some grants. Commissioner Litafik made the suggestion that the three Magistrates in attendance, representatives from UMG, and a couple of the Board members get together and see if we can work this out...is that a fair request? Magistrate Dotson stated that they are not here to tell the Board what to do and they have enough trust in them that they put them on that Board. Commissioner Litafik responded that he knows that and that doesn't have anything to do with it. He stated that he wanted to make a statement for himself and every other Board member that nobody was unduly influenced to make the decision that they made that day. No Magistrate influence him, Greg May didn't influence him, neither did anybody else. He stated that he doesn't look to any public funds for his living and the decision he made was based solely from the heart. He stated that he has friends in that Board

room and that is not going change. We are not always going to agree on everything but there was nothing done under the table or anything else with anything to do with this decision, other than the facts as he heard them the other day. Magistrate Harris clarified that those facts came from UMG. Chairperson Akers stated that that was correct. Magistrate Harris stated that he (Commissioner Litafik) didn't ask the advice of the District's attorney or the advice of their accountant. Commissioner Litafik stopped Magistrate Harris' comments and clarified that they were here and maybe he didn't hear the advice they gave and maybe his mind was occupied with something else that day, and he inquired from Chairperson Akers if she was told that if the Board didn't do this, that this or that would happen? Chairperson Akers responded that she was not. Magistrate Harris stated that they are being told that today. The Board has a chance to change their mind with the advice from their attorney not to do it, from their accountant not to do it, and now they have a chance to change their mind and it is up to them what they do, but at least they are more informed today rather than just listening to the one side. Mr. Stratton stated that as a procedural matter, the vote taken at the last meeting is either void or voidable because it was not listed on the agenda. The next day he met with Chairperson Akers to review the contract and told her that we needed to redo this because of the technical procedure violation that occurred and she said that she would immediately call a meeting on Friday and bring this back and address the procedural error. He took responsibility for that and for not bringing it up at the meeting, but it had been a very long meeting and slipped his mind. Procedurally, the Board can do a couple of things, they can do what Commissioner Litafik suggested and meet and then have another special meeting. The termination of the original contract, however, is still in place unless the Board votes to do something different and there is not another regularly scheduled meeting until after the April 27th termination date. The next meeting is the 29th. If the Board does not want to do this today that is fine, but the Board would need to hold the meeting prior to the 27th in order to act accordingly. Magistrate Dotson stated that he doesn't care who runs it as long as our people can get good, reasonably priced drinking water and he knows everyone has to make a profit to stay in business but they have obligations to their people who constantly ask why their water bill is getting so high. Commissioner Litafik inquired from Mr. Potter what our sewer rate is. Kevin Lowe, Executive Assistant/Office Manager, spoke up and stated that the District's sewer rate is fourteen dollars (\$14.00) for the first two thousand (2,000) gallons of water used. Commissioner Litafik stated that some districts in West Virginia have a base rate for sewer of over one hundred dollars (\$100.00). He stated that he didn't know if that was correct information but was what he was told. Magistrate Anderson stated that he doesn't care who makes money, but they've got people that look to them for answers and advice about what is going on and he just wants to be able to tell them something. Magistrate Dotson stated that he believes that the Board has the opportunity to have a good organization here and we've got about ninety to ninety-five percent (90-95%) of the county covered and they are over the tough part of getting line run and everything and now, he believes if we manage it right we can get back to the place where we can operate it. Chairperson Akers stated that we will survive and there is no doubt about it. She stated that she has been here when we didn't even have yellow tablets to write on and had to bring their own, and that sort of thing, and we were lucky that we had water. There were no frills whatsoever, and it will get better. She also stated that she believes that the District has a great Board. Commissioner Litafik stated that the Board members will not always agree with each other and if they do something is wrong. Magistrate Harris agreed and stated that that is the benefit of having a diverse Board. The Magistrates thanked the Board and left the meeting. Chairperson Akers thanked them for coming and Commissioner Sullivan stated that their door is always open. Magistrate Dotson stated that it is the same on their end. They thanked the Board and left the meeting.

Chairperson Akers inquired from Commissioner Litafik if this sheds any different light on his thoughts. Commissioner Litafik stated that truthfully, it really didn't. Chairperson Akers agreed. She inquired the same from Commissioner Collins who responded also that it really didn't change his mind. Chairperson Akers addressed Commissioner Sullivan, in that he was not present at the last Board meeting but they had told him what was happening and what the proposal was. Commissioner Sullivan inquired from Mr. Spears that he believed that he (Mr. Spears) told the Board at a previous meeting that if we went with the termination of the UMG contract, that there

was a proposal for the Board that would take care of this bond payment by holding the payment to UMG for thirty (30) days. Mr. Spears stated that it wasn't just that, but was that at the end, whether it be now or a year from now, at the end of the contract UMG is still responsible for the water for the months that we paid them to provide a service. The City of Pikeville is two (2) months behind, just like our bills for December are sent out in January and we will get paid in February. So at the time we were looking at that, we have seven hundred thousand dollars (\$700,000) coming in as revenue this month and approximately five hundred thousand dollars (\$500,000) going out in bond payments. The plan at that point was after paying two (2) payrolls totaling about one hundred and fifty to one hundred and seventy thousand dollars (\$150-\$170,000), with putting off the UMG payment for thirty (30) days, would enable us to pay the bond payments. Through some of the later transition meetings, the water bill issue came to light and Mr. Stratton issued a letter offering to offset some of that, that we would maybe pick up a water bill in lieu of a payment. That is where he was coming from, but if we picked up the water bills and couldn't delay a payment if we had to, his proposal wouldn't work. He could tell him what his plan was at that time, and he did make that statement at a previous meeting. Commissioner Litafik inquired if all five (5) of the Board members should be present before they made a decision on this. Commissioner Sullivan stated that he believed so and he stated that they have come a long way in trying to get this contract changed. Commissioner Collins stated that he believed they all would agree that the Board needs to do what they believe is right and what they think is right in their heart. Commissioner Litafik agreed. Commissioner Collins stated that they didn't need to be thinking about raising rates or anything like that in order to make the money, because that is in the past, and that they need to look at it both ways where we will come out to the best for this Board. Chairperson Akers inquired if the Board wanted to have all five (5) Board members present before a decision is made. The Commissioners present, collectively agreed to wait until they could have a meeting with all five (5) members present before making a decision. Commissioner Collins clarified that what the Board did the other day at the last meeting is voidable. Mr. Stratton stated that in order to protect the Board from any potential issues down the road, if the Board wants to postpone the decision, that is fine, but they need to go on the record saying that the Board is setting aside the last vote until you can have the full Board present. Commissioner Collins stated that it is easy for others to come in when they don't get to come in and set in the executive sessions where the issues are hammered out. Commissioner Sullivan stated that that is why he is glad that they came in because his understanding was that there was a rumor circulating that he was voting for this in order to get his grandson a job, and that is a "damn lie" whoever told it and that needs to be on the record. Commissioner Litafik stated that he wondered what the rumors were of why the rest of them voted for the contract. Commissioner Collins stated that there are certain things that the Board talks about in executive session that are not made known to the public and things that cannot be discussed because it gets heated, even in executive session, and people don't really understand the problem and are only hearing the gossip.

NEW BUSINESS:

- 1. Proposal by Utility Management Group, LLC to amend its contract with Mountain Water District in order to be reinstated as Mountain Water District's contract operator.**

Mr. Stratton stated that if that is their direction then he will quote the motion for the Board if that is their wish. Chairperson Akers responded in the affirmative. Mr. Stratton stated that the motion to amend the UMG contract as approved in the special meeting of March 30th, 2009, is to be set aside as procedurally incorrect in terms of having provided the previous notice and the Board desires to have the full Board present upon the vote and that motion is rescinded subject to being presented again at a future special meeting. Commissioner Sullivan made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-001

Mr. Stratton inquired if the Board wanted to set another date to address this issue. Commissioner Litafik contacted Commissioner James during the meeting, who was out of town, and she stated that she would be able to attend the meeting on Monday, April 6th at 10:00 am, so the meeting was set for that time. Russ Cassidy of the News Express, stated that as long as the notice was given by the end of the day, they would be able to get it in the Saturday edition. Mr. Stratton inquired if the wording of the agenda item was adequate as listed. Chairperson Akers stated that she believed so. Mr. Stratton stated that they had wrestled with the wording a bit before it was posted and he wanted to make sure it was worded clearly.

2. 2008-10 Smith Fork of Phelps Sewer Project

Chairperson Akers stated that at the special meeting on Monday, the board had discussed the Smith Fork of Phelps Sewer Project and the Board needs to rescind its decision to rebid the project due to the presentation from Mr. Potter of bid tab sheets that indicate that rebidding the project would result in much higher unit prices. Chairperson Akers requested the motion to rescind the resolution to rebid the Smith Fork Sewer Project and to change order the additional funding into the current contract. Mr. Potter also stated that there were funds left over on the original contract which resulted in change orders to upgrade the Intersection lift station and to extend the 3" line up to the Nursing Home. There is an additional twenty-five (25) homes in Ashlick and approximately six tenths (.6) of a mile of line that, according to the engineer, there will be enough funding to complete if the Board approves it. Chairperson Akers stated that as long as there will be no additional request for funds other than what is in there for this project, and after he is done he can't come back and submit a request for more funds because they came up short. Mr. Potter stated that this is based on the original contract and is what the engineer relayed to him. Mr. Stratton clarified that the Board is saying that the allocation of the funds for this project need to be inclusive of construction, inspection and engineering costs and any other miscellaneous items that are needed. There can be no additional requests for money to finish paying for this addition other than what is provided in the funding now. Mr. Potter stated that he understands and will relay that to the engineer. Chairperson Akers requested the motion again to rescind the resolution to rebid the Smith Fork Sewer Project and to change order the additional funding into the current contract and also to approve the change order adding twenty-five (25) additional customers in the Ashlick area with remaining funds from the original contract. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-002

3. Water and Sewer Stimulus Funding – Zebulon Area

Mr. Potter stated that the Pike County Fiscal Court had applied for stimulus funding to have water and sewer provided to the proposed Scott Fork Industrial Park site. Although they applied for the funding, it will eventually be operated and owned by the District and therefore, needs the Chairperson of the Board to sign to try to get that funding. Chairperson Akers requested a motion to authorize the Chairperson to sign the Pike County Fiscal Court's request for funding for the proposed Scott Fork Industrial site water and sewer project in the Johns Creek/Zebulon area. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-003

Mr. Potter stated that for the Board's information he had gotten a call from a resident in the Virgie/Robinson Creek area asking why we were doing water sampling in their area. There is some individual or company going throughout that area, saying that they are doing testing on the water and the person who called alluded to the fact that this person represented themselves as working for Mountain Water District. The caller offered to turn over the information they were given to the District and we picked it up and this is not anyone who performs any sampling for the District. We do our own sampling for routine compliance and Appalachian States Analytical is contracted out to do the other testing that cannot be done in-house. Our employees always identify themselves and have certain approved sample sites. Mr. Potter stated that he briefly spoke to Mr. Stratton about this and thinks that it needs to be investigated further, and may eventually need to be put in the paper that informs residents that if they get anything of this nature, this is not affiliated with Mountain Water District. The individuals were telling the residents that they would come back and pick up the sample the next day and the residents were then revealing that they would or would not be home the next day, which opens up another reason why this should not be associated with Mountain Water District. Chairperson Akers stated that she believed that the newspaper and the radio should be notified about this. Mr. Potter responded that he just wanted the Board to be aware of the situation and that he was going to do more investigation into the problem. Commissioner Collins stated that he bet this is a local company doing this. Mr. Potter stated that he had cross referenced the phone number on the internet and it came back as unlisted in Letcher County. He will continue to investigate further and keep the Board informed. Mr. Stratton inquired if he had checked the Secretary of State's web page. Mr. Potter stated that he had not yet, but would check to see if they were registered.

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Ayet
Commissioner Earl Sullivan	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-004

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
APRIL 6, 2009
10:00 AM

ATTENDANCE

Chris Harris, Magistrate, District 6
Leo Murphy, Magistrate, District 3
Kenneth Robinson, Magistrate, District 4
Hilman Dotson, Magistrate, District 5
Russ Cassidy, Appalachian News Express
Dan Stratton, Stratton, Hogg & Maddox
Grondall Potter, Manager, UMG
David Taylor, Operations Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners Special Meeting was held on Monday, April 6, 2009 at 10:00 a.m. Chairperson Akers clarified that this meeting is a special meeting to discuss the proposal from Utility Management Group to amend the contract with Mountain Water District.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner John Collins
Commissioner Earl Sullivan
Commissioner Rhonda James

All Commissioners were present for this meeting.

NEW BUSINESS:

- 1. Proposal by Utility Management Group, LLC to amend its contract with Mountain Water District in order to be reinstated as Mountain Water District's contract operator.**

Chairperson Akers stated that the Board needed to go into executive session to discuss the proposed contract amendment from Utility Management Group to the Mountain Water District. Dan Stratton, legal counsel, stated to let the record reflect that he has been requested to have this fall under the exceptions to the open meeting rules based on the proposed or pending litigation exception concerning the fact that if we break the contract then there is a possibility of litigation, and they (the Board) have asked to consult on that.

Chris Harris, Magistrate, District 6, clarified that the vote would be made in the open meeting. Mr. Stratton responded that the vote will be made in public but we have to give a reason why they (the Board) are going into executive session and what is going to be discussed in session and any ways around that if we can have it. Chairperson Akers stated that before they go into executive session that she appreciates the Magistrates coming to the meeting and that they need come more often, when we are not in controversy. Magistrate Harris stated that when we are not in controversy there is really

no reason for them to be there. Chairperson Akers stated "yes there is, you need to come and visit us every now and then". Hilman Dotson, Magistrate, District 5, stated that it really doesn't matter if they do come according to the newspaper, that they (the Board) don't listen to anything they (the Magistrates) say anyway so it doesn't matter. He continued that the newspaper had said that and that the Magistrates weren't there when the Board made that statement. Chairperson Akers stated that she didn't think that statement was made. Magistrate Dotson stated that the newspaper had quoted that we (the Magistrates) did not have any bearing on the Board's decisions. Chairperson Akers inquired if it was supposed to be "free press, is that what it is?"

Chairperson Akers requested a motion to convene executive session. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Akers	Aye
Commissioner Litafik	Aye
Commissioner Collins	Aye
Commissioner Sullivan	Aye
Commissioner James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-005

Chairperson Akers requested a motion to reconvene from executive session. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Akers	Aye
Commissioner Litafik	Aye
Commissioner Collins	Aye
Commissioner Sullivan	Aye
Commissioner James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-006

Chairperson Akers requested a motion to approve the proposed Utility Management Group amended contract with the exception of paragraph number five (5) which is to be omitted. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Akers	Aye
Commissioner Litafik	Aye
Commissioner Collins	Aye
Commissioner Sullivan	Nay
Commissioner James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-007

Commissioner Sullivan stated that he wanted to explain his "No" vote. He stated that he had thought about this for the whole weekend and have read this report from Mike Spears. He cannot see where Mountain Water is going to be in business and he thinks it is going to be UMG from here on out, so he is voting "No".

Dan Stratton stated that for clarification of what paragraph number five (5) is; in the March 30th, 2009 proposal to amend the contract, UMG proposed that any rate increase in power bills be passed on to the District from the previous year and the savings would be passed on also. This is a fairly significant number and the counter proposal back to UMG is to delete that provision because it is not in the original contract, and that maintains an incentive for UMG to monitor and maintain those costs to the lowest number they can be. This will be taking a substantial unknown with a risk away from the District and passing it back to the operator who has a better opportunity to control that cost than the District would.

Commissioner Sullivan stated that he would like to make a statement before they adjourn. As of today, he has resigned from the Board of Commissioners. He is sorry to say that, but that it is his feelings. He doesn't think that, as he said, that it is Mountain Water anymore, it is UMG. They are running the show so...he thought he was put on the Board for Mountain Water and he really feels like it's...Chairperson Akers interrupted Commissioner Sullivan and stated that they were put on the Board for Mountain Water and still are a Mountain Water Board. Commissioner Sullivan stated that he doesn't see it that way. Chairperson Akers responded that we all agreed when this contract was signed, we all agreed on it. Commissioner Sullivan stated that we sure did, but this is a renewal and we all agreed to cancel that contract, too, if you'll remember that. Chairperson Akers agreed that they did. Commissioner Sullivan responded that "we didn't do it and some of them took back water and you people know your names". So, as he said, as of today he has resigned and he will still be friends with the Board. Chairperson Akers responded that she hoped so. Commissioner Sullivan told the Board to have a good day and left the meeting. Chairperson Akers responded "Thank you, you too, you be careful".

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Litafik made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner Earl Sullivan	Absent
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-008

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
APRIL 29, 2009
10:00 AM

ATTENDANCE

Russ Cassady, Appalachian News Express
Donovan Blackburn, City of Pikeville, Ky.
Ronnie Brooks, USDA RD
Randy Jones, Rubin & Hayes
Bryan Lovan, O'Brien & Gere
Doug Griffin, Kenvirons, Inc.
Tim Campoy, Environmental Designs, Inc.
Jody Hunt, Summit Engineering, Inc.
Mike Spears, Spears Management
Greg Dotson, Inspector
David Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
David Taylor, Operations Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, April 29, 2009 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner John Collins

Commissioners absent for the meeting were as follows:

Commissioner Rhonda James
There is also currently a vacant Commission seat, with the resignation of Earl Sullivan at the April 6, 2009 special meeting.

VISITORS **AGENDA ITEM II**

Chairperson Akers inquired if there were any visitors for today's meeting. There were none.

APPOINTMENT OF TREASURER **AGENDA ITEM III**

Chairperson Akers stated that due to the resignation of Commissioner Earl Sullivan who was the Treasurer for the Board of Commissioners, a new Treasurer needs to be appointed. Chairperson Akers requested a motion to appoint Commissioner Rhonda James as the Treasurer for the Board of Commissioners. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-04-009

APPROVAL OF MINUTES

AGENDA ITEM IV

Chairperson Akers requested a motion to approve the minutes from the special meetings that were held on March 30, April 3, and April 6, 2009. Commissioner Collins made the motion to approve the minutes as presented. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-04-010

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM V

Mr. Spears stated that the Board has in front of them the financial statement for March, 2009. Cash in bank is six hundred thirty-five thousand, seven hundred and fifty-six dollars (\$635,756) through the end of March and accounts receivable is nine hundred eighty-four thousand, eight hundred and seventy-seven dollars (\$984,877) for March as well. Plant and service was ninety-six million dollars (\$96M). Accounts payable was five hundred and twenty-two thousand dollars (\$522,000) and part of that is UMG's payment. Equity is eighty million, two hundred and two thousand, nine hundred and twenty-seven dollars (\$80,202,927). Revenue for March was seven hundred and twenty thousand and eighty dollars (\$720,080). In March there were operating expenses of eight hundred and thirty thousand, eight hundred and seven dollars (\$830,807), which includes one hundred eighty-eight thousand, one hundred and fifty-five dollars (\$188,155) of depreciation, for a net loss of one hundred and fifty-nine thousand, five hundred and nineteen dollars (-\$159,519). As far as cash flow, there was a thirty thousand, two hundred and forty-five dollar (\$30,245) decrease. Even though cash flow was down for the month, there is a positive cash flow for the year to date of forty-eight thousand two hundred and sixty-five dollars (\$48,265). Mr. Spears called the Board's attention to the twelve (12) month cross-over which shows the numbers for the last year. He will add a report for next month that will show the current year and will be another management tool for the Board when looking at budgets. Mr. Spears stated that he wanted to bring to the Board's attention that he had made some entries back in December for notes, that was preliminary for the auditors, and that has changed the numbers by a few thousand dollars. He will be starting preparing for the auditors next week and have them in here in mid to late May. He inquired if the Board had any questions. There were none from the Board members. Chairperson Akers requested a motion to approve the financial report as presented by Mike Spears. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-04-011

PAYMENT OF BILLS

AGENDA ITEM VI

Chairperson Akers requested a motion to approve the payment of bills as presented. Commissioner Litafik made the motion to approve the payment of bills as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-012

CUSTOMER ADJUSTMENTS

AGENDA ITEM VII

Chairperson Akers requested a motion to approve Customer Adjustments in the amount of seven thousand, eight hundred and two dollars and eighty-two cents (\$7,802.82) as presented. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-013

CONSTRUCTION REPORT

AGENDA ITEM VIII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III:

Mr. Hunt stated that the project had additional funds left over and a change order was signed at the last meeting approving the extension of service to nine (9) additional customers in the Ashlick area. Construction has begun on these additional customers. There is no draw presented this month for this project because this work has just begun but it should be able to be closed out next month.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is still in the design phase. A set of plans have been brought to the meeting for the Board to view.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that this project is also still in the design phase. They are finished with the line project and working on the treatment plant.

4. Pond at Draffin AML Water Project:

Mr. Hunt stated that this project is substantially complete and a walkout was completed on this project. There were no major issues with this project other than some additional seeding areas. The final pay request was submitted at the last meeting to AML. The final letter of completion and wrap up change order and a release of liens and affidavit of release of liens have all been issued. Grondall Potter, Manager, stated that Mr. Hunt has given us a letter stating that the project is ready so the District is going to begin setting meter services this week.

5. Hurricane Branch AML Water Supply Project (Ridgeline Road)

Mr. Hunt stated that we have received the MOA on this project and have been given the go-ahead from AML to proceed with this project. It is on the agenda to be executed by the Board today. It is a one point five million dollar (\$1.5M) project and is a combination of construction and design and engineering fees. Mr. Potter stated that this project will provide water to the Hurricane section only which is what AML determined to be constructed at this time. It will be the transmission line only on Ridgeline Road and line that goes all the way down River Hurricane with meter sets. It will serve approximately twenty-five (25) customers. Mr. Hunt stated that this project includes a tank, pump station and a regulator. Commissioner Litafik inquired if that coal company was going to put any money into this project. Mr. Potter stated that they have not indicated, as of yet, that they will but he is going to approach them again and tell them that we have received some funding and see what they may be able to do. Mr. Hunt stated that their area of concern is at the other end of the area, around Pompey. Mr. Potter stated that this has been a long time coming and is a start. Chairperson Akers requested a motion to execute the MOA for the Hurricane Branch AML Water Supply Project. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-014

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that this project is about eighty-five percent (85%) complete. He distributed photos of the structure for the Board's review. He stated that the structure is up, the monorail is in, the hoist is not yet mounted on it, but the barge is in and floating. The pump is not yet installed so the barge looks a little tilted due to the counter weights on the opposite side of where the pump will be. The walkway is there also. We have just received the piping that comes from the pump to the building. The rest of the project will be electrical controls and the tie in to the building. The contractor is in the process of working up a price to see if we can negotiate a price for adding that on to this contract. Grondall and David are also looking into seeing if it would be better for the District to do the electrical and the tie in or have the contractor do the tie and the District do the electrical. It will be a week to ten (10) days before we have all the numbers together and a recommendation will be made at the next meeting. Funding is there with the two (2) four hundred thousand dollar (\$400,000) Coal Severance grants that came in and we have the money to do this with, it is just a matter of which way makes better use of the money. Mr. Potter reminded the Board that this was initially held out of the contract because we were trying to get the structure in and then see how much additional funding would come down

before we added this portion of the work into the project. Mr. Campoy stated that waiting for the funding has stretched this project out much farther than we had anticipated. But we have steel and concrete in place right now and it is a good thing.

2. WTP Expansion/Upgrades:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that we are still in the same position as we were at the last meeting with the electrical and electrical controls being handled by the District. Mr. Potter stated that the District's electrician is currently going through and looking at it. The District has gotten the parts and has held them until we could build a small building out next to the pump to house that. This should come along and we should be at a better point with this at the next meeting. Mr. Campoy turned this item over to Bryan Lovan, O'Brien and Gere, to discuss an issue that has come up. Mr. Lovan stated that they are reviewing the contractor's final pay estimate and there has been some discussion about the amount of deduction for the tax savings that he had proposed to the District in his letter during the change order negotiation versus what the actual tax savings were realized by the District, as well as some of the listings of materials that were purchased. He stated that he has not had a chance to sit down and review it and discuss it with Mr. Potter and he is hoping to do that today. If we can come to a conclusion, a recommendation will be made at the next meeting for final payment so we can finalize Howard Engineering's contract and get him paid and finished up. Commissioner Litafik clarified if he was talking about sales tax on the materials. Mr. Lovan responded that it was the sales tax on the materials that were purchased, yes. He (Howard Engineering) had offered a value of what he estimated what the sales tax would be and when we totaled all of the materials that was purchased by the District, it was different than the value that he had given so there is some discussion on that. Mr. Potter stated that the Board had signed a letter stating that they would purchase the major equipment to avoid the sales tax and it was done that way. After he and Mr. Lovan go over the numbers again, they will see where it is.

3. Big Creek Sewer Project:

Mr. Campoy stated that there has not been a lot of progress made on cleaning up resident's yards on this project due to the wet weather. They have had a discussion with the contractor to get back out and try to start reclamation work now that we have been getting some dry weather. Hopefully we can finish this project this month. The Elkhorn City project is complete. Last month the only left to finish was the safety signage and that has been installed and is ready to go.

4. Short Line Extensions - \$1,300,000

Contract 1: Mr. Campoy stated that this is the initial project that includes five (5) short line extensions. The Notice to Proceed is prepared and ready for signature today. This is the same contractor that is working on the Shelby Sewer Project and has gone back to working on that project for now. They should begin working on this project by next week.

Contract 2: This is Adams Branch and Kettle Camp Branch extensions at Elkhorn Creek. The mandatory pre-bid meeting was held on April 22nd. H2O Construction and US Rentals and Construction are the two (2) plan holders. Bids were received April 27th at Stratton, Hogg & Maddox, and were opened on Tuesday, April 28th here at the District conference room. The apparent low bidder was H2O Construction at five hundred

thirty-nine thousand, three hundred and thirty-five dollars (\$539,335). However, upon review of both bids, they were both incomplete. He has discussed this issue with David Stratton who has advised that both contractors be contacted and let them know what is wrong with their bid and give them a deadline to resubmit their information. They are both incomplete with regard to their financial statement, and the high bidder was incomplete on another item as well. Chairperson Akers stated that Mr. David Stratton has advised the Board that they need to allow the contractors five (5) calendar days from today to provide the needed information. Chairperson Akers requested a motion to authorize the Environmental Design Consultants, Inc. to notify US Rentals and Construction and H2O Construction that they have five (5) calendar days to provide the necessary information to complete their bid. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-015

Mr. Potter inquired if the Board wanted to give permission to go ahead with the award to the low bidder contingent upon compliance with providing the necessary information. Chairperson Akers requested a motion to award the bid for Contract 2 of the Short Line Extension Project to the low bidder contingent upon their compliance with providing the necessary information as required and to issue a Notice to Proceed for this project. Mr. Campoy stated that before the Board votes on this, Mike Spears has something to add that pertains to this issue. Mr. Spears stated that as this project was bid yesterday, we will be at the end of our funding for this project. We have one million and fifty thousand dollars (\$1,050,000) set aside for construction and one hundred thousand dollars (\$100,000) for contingency. If the low bid remains at what it is, we will be at the extend of the full amount of this project. Engineering and Inspection cannot be calculated until he gets the final bid amount. Mr. Campoy suggested that with that said, the Board may want to include something about that and running it through the Project Administrator. Chairperson Akers requested that Mr. Stratton word the motion. Mr. Stratton stated that the motion is to award the contract to the low bidder contingent upon compliance with provided their needed information within five (5) days and to authorize the engineer to issue a notice to proceed with the project contingent up the Project Administrator's notice that funding is available. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-016

Mr. Stratton stated that a time should be set for Monday for the deadline for the contractors. Mr. Campoy inquired if they should submit the information to Stratton, Hogg & Maddox again. Mr. Stratton stated that that was fine. The time was set for four o'clock on Monday for the contractor's deadline. Mr. Campoy stated that he and Mr. Spears will be at Mr. Stratton's office on four o'clock on Monday as well.

5. Various Short Line Extensions - \$100,000

Mr. Campoy stated that funding for this project and the one hundred and fifty thousand dollars (\$150,000) for Watson Hill/Orinoco project are being combined to complete both the Watson Hill and Orinoco Line Extensions. Watson Hill has been designed and design is not yet completed for the Orinoco portion of this project. They hope to have the design

completed and submitted to the Division of Water in May. Bids were originally done for Watson Hill and the bids came in over, and that is when it was decided to bid both together. There are also some private funds that are to be left over on the Big Creek Sewer Project that may be used toward this project as well. Watson Hill is the area right behind the courthouse at Belfry. Commissioner Collins inquired if there were about five (5) families involved in this project. Mr. Campoy confirmed that there were about five (5) families included in this project. Orinoco is back up the creek and involves about eight (8) homes.

6. Watson Hill/Orinoco - \$150,000

This project was discussed under the heading of number five (5).

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project:

Doug Griffin, Kenvirons, Inc. stated that this project is reasonably complete as far as the existing contract is concerned. The contractor is currently working on the approved additional change order work on the Phelps lift station and the extension of the three inch (3") line. We have about one hundred and eighty thousand dollars (\$180,000) left over for this project and are working on the design to go on up the creek and also do the approved additional work of adding the twenty-five (25) additional homes at Ashlick Branch. They are also working on the punch list which mostly consists of clean up work, seeding and strawing. He stated that he is working on getting the stated approvals to go ahead on the change orders that have been approved. He also stated that Greg Dotson, Inspector, was up on the punch list. He inquired from Mr. Dotson how many grinders were left and if it was enough to do the additional twenty-five (25) homes at Ashlick. Mr. Dotson stated that we have twenty-five (25) barrels and about eighteen (18) pumps. Mr. Griffin suggested to the Board that they order another fifty (50) units due to going on up with the three inch (3") line and we will need them anyway. Chairperson Akers inquired if we have the money available to pay for this. Mr. Griffin stated that the money is there and he has checked to make sure. He stated that he needs to order at least one barrel that is deeper. They have set one that is not deep enough and will have to pull that one back out and set a deeper one. The contractor has started on the lift station in Phelps. We had to make a few changes to the control panel which was not set up for telemetry, which Mr. Potter wanted done. The pumps are there and they are going to start pumping into the overflow basin and the pump out of that into the lines while they finish the station. The generator should be in next week. There is another week to ten (10) days of work at the lift station to finish it up. He stated that an item that did not get put on the agenda was the DOT Highway 199 Relocation project. Mrs. Olson responded to Mr. Griffin that it is under New Business on the agenda. Mr. Griffin stated that he didn't see it on there. Chairperson Akers stated to Mr. Griffin to go ahead and cover it now if he wished. Mr. Griffin stated that he has checked the references of the contractor that was the low bidder and everyone that they referenced seemed to have been satisfied with them. He recommended that the Board approve awarding the bid to the low bidder and referenced the letter of recommendation that he sent to the Board. Chairperson Akers requested a motion to approve the award of the DOT Highway 199 Relocation Project to the low bidder, contingent upon the approval to begin construction by the Department of Highways. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-017

DRAWS:

Chairperson Akers requested a motion to approve the draws as submitted. Commissioner Litafik made the motion. Commissioner Collins seconded the motion.

SMITH FORK OF PHELPS SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 30,419.00
Contract 1	Coal Severance Funds	\$ 5,254.74

BIG CREEK SEWER PROJECT

Contract 1	Sidney Coal Funds	\$ 525.00
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LMI PROJECT

Contract 1	Coal Severance Funds	\$ 11,393.00
Contract 1	Coal Severance Funds	\$ 12,744.14
Contract 1	Coal Severance Funds	\$ 15.30
Contract 1	Coal Severance Funds	\$ 38,932.70

WATER TREATMENT PLANT UPGRADE – RD

Contract 1	RD Loan Funds	\$ 3,473.55
Contract 1	RD Loan Funds	\$ 1,687.50
Contract 1	RD Loan Funds	\$ 5,048.63

WATER TREATMENT PLANT INTAKE UPGRADE

Contract 1	Coal Severance Funds	\$ 12,012.00
Contract 1	Coal Severance Funds	\$ 13,381.47
Contract 1	Coal Severance Funds	\$ 12,467.00

WATER TREATMENT PLANT RAW WATER INTAKE

Contract 1	Coal Severance Funds	\$ 149,748.06
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WATER TREATMENT PLANT EXPANSION

Contract 1	Coal Severance Funds	\$ 587.00
Contract 1	Coal Severance Funds	\$ 3,064.28

VARIOUS WATERLINE EXTENSIONS

Contract 1	Coal Severance Funds	\$ 6,057.60
Contract 2	Coal Severance Funds	\$ 34,657.00

LONG FORK OF VIRGIE SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 24,487.00
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Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-018

MANAGER'S REPORT

AGENDA ITEM VIII

1. **Monthly Operating Report:**

Mr. Potter stated that there were ten (10) paid taps completed in March. Since July 1, 2008 we have completed one hundred seventy-seven (177) paid taps. We have completed one hundred and sixty-three (163) LMI taps. The R & M budget was twenty-two thousand, one hundred and eighty-one dollars (\$22,181) under for March and we have reduced the overage year to date to thirty-nine thousand, six hundred and ninety-nine dollars (\$39,699). There has been a decrease of water usage and we have had several mines that have closed down that were taking water. Chairperson Akers stated that the decrease in revenue is due to the decrease in water sales. Mr. Lowe stated that it is pretty consistent with March of last year. Chairperson Akers requested a motion to approve the monthly operating report as submitted. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-019

NEW BUSINESS

1. **LMI Project -**

Mr. Potter stated that we have completed one hundred and sixty-three (163) LMI taps to date. He has paused the program right now for evaluation of where we are on the funding. We are getting close and do not want to go over the funding limit. Based upon how that turns out, we may be able to do a few more, but once we reach that point he will pause the program until the next phase of funding comes in that is due in July.

2. **Bond Resolution – Water Treatment Plant Project - \$650,000 –**

This item was not necessary and was skipped during the meeting.

3. **Relocation of Waterline – DOT KY 199 Relocation Project –**

This issue was covered under the Smith Fork Sewer Project.

4. **Revision to Grinder Informational Hand Out and Sewer User Agreement:**

Mr. Potter stated that we have a few changes that we would like to make on these two forms. We are still having trouble with residents putting items in the grinder units that are not acceptable and have clarified some of the do's and don'ts. He requested approval to go ahead and make the changes that have been submitted to the Board clarifying some of the items that are not appropriate to introduce into the grinder units and setting forth the consequences for damage to the unit if they persist in putting these items into the system. The user agreement needs to be updated by taking out the part about the state inspection fee being collected by the District, which it is not. Also, we need to revise the second page to eliminate a clause that is contradictory and to clarify that last section to state that all fees and delinquent accounts will be required to be paid in full before connection of service. Chairperson Akers requested a motion to approve the revisions to the Sewer User Agreement and the Grinder Informational Hand Out as presented. Commissioner Litafik

made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-020

5. Letter – Berens & Tate, PC, LLC -

Mr. Potter stated that we have received a letter from this law firm and he has discussed this issue with David Stratton. At one time, apparently the District has had some legal cases that went through this law firm. They have now merged with another law firm and have asked written permission to transfer the District's records to the new firm. Mr. Stratton stated that this is standard protocol when a merger occurs and recommended that the Board sign the papers transferring the records. Chairperson Akers requested a motion to approve the signing of the letter to Berens & Tate, PC, LLC transferring the District's records to Jackson Lewis, LLP as presented. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-021

6. Award Bid – Compact Excavator -

Mr. Potter stated that we received two (2) bids, Wilson Equipment and Brandeis Machinery. The items that Wilson Equipment submitted bids on did not meet the written specifications that were provided. Brandeis Machinery's bid did meet the specifications. Mr. Potter requested that the Board award the bid to Brandeis Machinery due to their bid being the only one that met the specifications. Commissioner Collins made the motion to award the bid for the compact excavator to Brandeis Machinery. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-022

7. Island Creek Mobile Home Park – Larry Burnette -

Mr. Potter stated that he has been approached again by Larry Burnette. The Board looked at this issue last October. He has done some additional work to the plant and he had gone up there to look at it. He presented pictures that were taken last fall and stated that it does not look significantly changed from those photographs. He stated that he has concerns about the bottom of the plant that you can't see. The City of Pikeville is planning to come up Island Creek with sewer service in the foreseeable future. Since the Board declined to take this plant into the system last fall, he did not see any reason to do otherwise, but it is at the Board's discretion. Chairperson Akers stated that she did not see any reason to change their original decision and asked Commissioner Collins and Commissioner Litafik their opinion. Both Commissioners stated that they also saw no reason to take the plant into the system and change their original decision.

8. Engineer Tracking of Project Complaints -

Mr. Potter stated that in order to better track project customer complaints and to help stop some issues from slipping through the cracks, he recommends that the Board adopt a policy that each engineer submit a monthly list of each customer complaint, its status and what is being done to rectify the situation. He will develop a standardized form that will be issued to the engineers for submission each month. He has spoken to Dave some about it already. Chairperson Akers stated that it sounds like good thinking on Grondall and Dave's part. Mr. Potter stated that it should help to track things a little better. Chairperson Akers requested a motion to authorize Grondall Potter, Manager, to develop a standardized form for the tracking of project customer complaints and to provide a copy to each engineering firm that is to be completed each month and submitted to the Board each month. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-023

9. Open Records Policy/Official Custodian of Records -

Mr. Potter stated that we have recently received some open records requests and to comply with KRS 61 the Board needs to appoint an official Custodian of Records. We have spoken to Mr. Stratton some about this and he turned the issued over him. Mr. Stratton stated the regulation states that it is to be an employee of the District, and since the District does not have any employees, he proposed that the Board appoint Tammy Olson as the Custodian of Records until more investigation is done to see if that correctly addresses the issue. Mr. Potter stated that Mrs. Olson has also prepared a draft Open Records Policy and a copy of the KRS regulations and given them to Mr. Stratton for review. Mr. Stratton recommended that the Board adopt the policy subject to review and approval of legal counsel. Commissioner Collins made a motion to appoint Tammy Olson as the Official Custodian of Records on a temporary basis until the regulations can be reviewed by counsel. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye

Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-024

Chairperson Akers requested a motion to approve the Open Records Policy as presented subject to legal counsel review and approval. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-025

10. Capital Items List -

Mr. Potter stated that the copy of the Capital Items list that is presented today is the final version and ready for the Board's review and approval. These items are mostly those that need to be replaced through daily operations. Some is office equipment such as the auto dialer. The second sheet is a list of vehicles that we are anticipating having to replace. We will review these again and if the Board has any changes, please let him know. If the Board has no changes, we will plan to implement this plan by the next meeting. Commissioner Litafik inquired if money was available to purchase these items. Mr. Potter stated that these are mainly items that UMG is to replace over the course of the contract which are consumables. The vehicles will mostly be purchased by the District but UMG will make the payments according to the contract. Chairperson Akers requested a motion to approve the Capital Items List as presented. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-026

11. Outstanding Accounts Receivable -

Mr. Potter stated that the Board directed us to send out reminder letters to those with outstanding balances and we have received a few responses that have settled their balance, some that have disputed the balance and some have been resolved due to electronically transferred funds being tracked back to the work order. This will be an ongoing thing and the Board will be updated each month on the progress of this issue.

12. Legal Issues

1. UMG Contract Amendment

Mr. David Stratton distributed an amendment to the operations and management services agreement and stated that we have been working on a satisfactory

amendment that basically modifies the existing agreement that Mountain Water District is operating under currently with UMG. If the Board agrees with this and it is satisfactory to the Commission, then it would be satisfactory with UMG. After review of the amendment by the Board of Commissioners, Chairperson Akers requested a motion to ratify the action that was taken by the Board of Commissioners in March on the approval of the contract with UMG. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-027

Chairperson Akers requested a motion to approve the amendment to the agreement for operations with UMG. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-028

2. Water Rate Contract – City of Pikeville

Mr. Stratton stated that this item is an ongoing discussion that we have had with the City of Pikeville in regards to the wholesale water rate contract with the City of Pikeville. The Board had earlier approved a contract proposal to the City of Pikeville and legal counsel's recommendation to the Board would be to resubmit the same proposal to the City again for consideration. Donovan Blackburn, City Manager for the City of Pikeville, inquired if this is the original proposal that was sent to the City or a revised proposal. Mr. Stratton stated that it is the original proposal. Mr. Blackburn inquired if he may address the Board for what the City is asking consideration for. Chairperson Akers responded the he may address the Board at this time. Mr. Blackburn distributed packets to the Board at this time. Mr. Blackburn stated that what he has presented to the Board is a wholesale contract that is the same one the Mr. Stratton had sent back to the City that the Board had approved, but after discussion with the City's attorney and the City Commission, there were some additional amendments that were made to it, that he is presenting at this time for the Board's consideration. He stated that in red are the original requests that were submitted to the City, the green are the additions that the City has asked for the Board to consider. The Commission had agreed with everything from the original submittal to the Board. They agreed with all terms of what Mr. Stratton sent back to the City, as you can see, they are underlined in red. The only thing that we asked for consideration on was based upon earlier meetings. As the Board is partially aware of, back when we had the original discussions the City's water wholesale rate was at one dollar and seventy-eight cents (\$1.78). After discussions with the person that performed their study, they agreed to lower that down to one dollar and sixty-one cents (\$1.61). After Mr. Blackburn reviewed it again, we brought that down again to one dollar and fifty-nine cents (\$1.59). After the counter proposal that was made after one of the meetings that we had as outlined in the sheet that he just gave the Board, one of the examples that was used was based upon thirty-five million (35,000,000) gallons per month,

understanding that the District is requiring now about forty million (40,000,000), but also understand that there is some line leakage and some things that the District is addressing that will have an impact on what you require from the City in the future. With that said, what the Commission has agreed to do is to meet the price that the Board has recommended which is one dollar and fifty-two cents (\$1.52), which is what the submittal was, for the first twenty-five million (25,000,000) gallons and all above that at one dollar and thirty-one cents (\$1.31). But in order for them to come all the way from one dollar and seventy eight cents (\$1.78) down to the dollar and fifty-two cents (\$1.52) they have to have some assurances that are made up in volume. On page two (2) in green, based upon the original submittals they were asking for consideration of thirty-five million (35,000,000). The report that came back to the City brought it down to twenty-five million (25,000,000) and we agreed to lower it to thirty-two million (32,000,000) as a minimum with the condition as it is outlined in green, which is to say that the purchaser would agree to make any additional purchases from the City of Pikeville as long as they are able to sell, realizing that gives the District a roughly four million (4,000,000) gallon buffer from what the average was from the year before, so you have the ability to make up over four million (4,000,000) gallons less in a sense of being honor to the contract. The problem is that if we lower...looking at twenty-five million (25,000,000) gallons compared to their cost of services study, then that rate would jump up to...based upon our last study, about two dollars and forty cents (\$2.40). So, instead of going through the Public Service Commission and of the conditions, we need the volume to get down to the price that the District needs in order to be financially sound. So they are asking for consideration for the Board to approve the contract based upon the dollar fifty-two (\$1.52) and the dollar thirty-one (\$1.31) but giving the City a guarantee of thirty-two million (32,000,000) per month average, unless, if the District needs to purchase more, they ask that that District purchase it through them first, meeting the dollar thirty-one (\$1.31) price. In a nutshell, that is the biggest change, the only other change is the issue with the late payment and they agreed to the terms, but they put in a provision that if the Board meeting was cancelled that in order for them to receive payment, they could apply a late fee. Mr. Stratton stated that some of the terms have been reviewed earlier and there is a level of uncomfortableness with some of the obligations, particularly in terms of the requirement to purchase pretty much all of our water through the City of Pikeville and he believes that it is an issue of uncomfortableness. The second document that he submitted was this wholesale proposal that Mr. Stratton has not seen or reviewed that. This issue can be put off for another month or go with the District's standard proposal, whatever the Board decides. Chairperson Akers stated that she didn't think that the Board is comfortable with going ahead to do this without being able to study this and go over it with their attorney. Chairperson Akers attempted to clarify what he was saying about the District buying more water than...Mr. Blackburn stated that it is a complicated issue. Currently the district is buying about forty million (40,000,000) gallons per month in wholesale. Now, on an average last year before we had the intake problem, the District was averaging about thirty-six to thirty-seven million (36,000,000-37,000,000) gallons. When we had the first meeting when we compared the City's wholesale rate with Williamson's wholesale rate, all of that was predicated on thirty-five million (35,000,000) gallons. The examples that were shown was buying twenty-five million (25,000,000) gallons from Pikeville and fifteen million (15,000,000) additional gallons from Williamson because of the price. What they have agreed to do is to honor the price that the District asked them for at the twenty-five million (25,000,000) gallons and instead of buying the additional fifteen million (15,000,000) from Williamson we agreed to meet the additional gallons at the dollar thirty-one (\$1.31). With that said, understand that you are already buying that from the City of Pikeville, in comparison also what you are already buying from Williamson... that doesn't put anything outside of what you are already buying from Williamson. All they are asking for is, in order for them to be able to lower that price, we have to have some volume assurances that by lowering their price, they have the volume there to make it up, because in a five (5) year commitment if you drop down to twenty-five million (25,000,000) gallons, what that does is force their price up based on their cost of services study to about two dollars and forty cents (\$2.40) plus going

before the PSC and spending some money that they don't want to spend. So from the assurance standpoint we are giving you a buffer saying you can buy four million (4,000,000) gallons less than what your last year's average was, so if your last year's average was thirty-seven million (37,000,000) gallons, we are saying just give us thirty-two million (32,000,000) and we will commit to five (5) years at one dollar and fifty-two cents (\$1.52) price. So in essence you haven't lost anything, you've got the assurances that you need. He has had some discussions with the District's operators and the conversation was that definitely thirty million (30,000,000) would suffice, but what happens if the District fixes some of these leaks, if you have leaks, so that they don't have to go through the process in order to be able to honor that price we obviously want you to acquire the water from Pikeville because that also impacts, not only the City of Pikeville, but also the City of Coal Run and all the way to the Floyd County line. If they lose the revenue then what they are forced to do is to have to raise the out of City rates, and right now they are comparable to the District's rates. If they lose the volume then they will have to go back in and adjust and ask for the two dollars and forty cents (\$2.40) from the PSC and have to raise the out of City rates higher. Chairperson Akers inquired as to why he is saying the "out of city" rates. He stated that they have two different rate structures, an out of city rate and an in city rate. They are different because they are two different systems and because the cost of services for both systems, as far as debt service and such, is different for both systems. Every city across the state of Kentucky that has a water system has two (2) tier rates. So anyway, from the standpoint of giving the City stability to be able to offer the lower price they have to have some assurances of the thirty-two million (32,000,000) gallons. Mr. Stratton recommended that the Board table this issue until the May meeting. Commissioner Litafik stated that the Board needed time to go back over this issue with their operations people and review this proposal with their attorneys. Chairperson Akers stated that the Board is going to table this issue until the May meeting.

13. Executive Session to Discuss Outstanding Litigation

1. Will Brown vs. Mountain Water District

2. Mountain Water District vs. Jesse Coleman

Chairperson Akers requested a motion to convene executive session to discuss outstanding litigation. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-04-029

Chairperson Akers requested a motion to reconvene from executive session. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-030

Chairperson Akers stated that there was no action to be taken on either matter in executive session.

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-04-031

MOUNTAIN WATER DISTRICT

BOARD OF COMMISSIONERS REGULAR MEETING

July 29, 2009
10:00 AM

ATTENDANCE

Charles L. Brown, Resident, Black Gem of Belfry, Ky.
Russ Cassady, Appalachian News Express
Jackie Cole, Pike County Health Department
Tim Campoy, Environmental Designs, Inc.
Jody Hunt, Summit Engineering, Inc.
Doug Griffin, Kenvirons, Inc.
Mike Spears, Spears Management
Greg Dotson, Inspector
Dan Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Executive Assistant/Office Manager, UMG
Kevin Lowe, Executive Assistant/Office Manager, UMG

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, July 29, 2009 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Toni Akers
Commissioner Mike Litafik
Commissioner John Collins
Commissioner Rhonda James
Commissioner Kelsey Friend

WELCOME NEW BOARD MEMBER

Chairperson Akers stated that the first on the agenda today is that the Mountain Water District has a new board member. His name is Kelsey Friend, III and they are glad to have him on the board. Mr. Friend thanked the board for welcoming him. Chairperson Akers commented that the board needs some young blood.

VISITORS AGENDA ITEM II

Chairperson Akers inquired if there were any visitors for today's meeting. The Chairperson recognized Charles Brown, a resident of Black Gem at Belfry, Ky. Mr. Brown stated that he is a school teacher with a few rental places and he is trying to relocate the water line to make it more centralized. He has been checking with Mr. Potter and got an invoice for \$4,538.27 for relocating the line and was told it would take about two (2) eight (8) hour days to complete. He is concerned because he asked for an itemized sheet but was told they couldn't supply one. What we want to do in order to save money and keep waste and costs down was to dig the meter bases up themselves. Mr. Potter has told him that we could reuse them but if they were pulled they might be damaged, so he is saying that he wants to reuse them. Also, the flushing valve is an issue. The meter bases come out to be about \$675, or something of that nature. Mr. Potter stated that a new tap is \$675 which is for the sixth meter base that Mr. Brown wants installed. Mr. Brown stated that they had already paid for the others once and that is why he wants to go ahead and reuse the existing meter bases. Mr. Potter stated that the first five (5), yes, he had paid for but he had inquired about setting a new sixth meter. Mr. Brown responded stated that what they wanted to do, since Mr. Potter thought that it would tear up the meter bases to dig them up, he checked the meter bases and they are in good condition, and he wants to hand dig them out for Mountain Water before they got ready

to do the relocation, so that he would not be out the \$600+ dollars or whatever it came out to. Also the flushing valve which is \$1,800, he checked with four (4) other water companies, Williamson, Pikeville, Prestonsburg and Paintsville, who say that they do not even use flushing valves and if you wanted to flush the line you could put a 2" cut off valve in there and flush the line in a few minutes because all that you would be flushing would be the new line that is being put in, and he wants to know if they can eliminate that. Mr. Potter stated that those that he mentioned are municipal entities and they do not normally have flushing valves. The City's have fire protection and have fire hydrants. Mr. Brown stated that they have a fire hydrant there already. Mr. Potter stated that the 2" hydrants that we've been using that the Board has approved for blow offs, we use the Cliffs or another brand and that is what has been approved as standardized for the system. Yes, there are those old 2" ones still in the ground that were put in years ago, but there have been problems with those and the Board agreed to go with a standardized type for the system and that is the price and parts and labor to install it. Mr. Brown responded that they do not have a flushing valve there now and have never had one. Mr. Potter stated that that is why the District needs to put one in. Any time he upgrades a system, and it is at Mr. Brown's request, but he has to do it up to standards and he is trying to meet the District's standards. Mr. Brown stated that that line is not that long and you could turn water on and it would flush the line out and broom the line. He stated that they can flush their own lines at the end up there. Mr. Potter responded that that is not allowed. If there is flushing to be done it is up to the District. Chairperson Akers agreed and stated that it is not up to the individual customers to do that. Mr. Potter stated that the breakdown is that the meter bases are \$129.95 a piece and when you go dig a base out whether you hand dig it or not, those are bases that have been in for several years, they may be damaged and he feels it is best to put new ones in, but it is up to the Board if you want to try to reuse an item, but it may take additional time if you do that. As far as the customer digging them out and having them ready, that is up to the Board, but he can assume the liability if anybody falls in them or anything to the point where it gets to that. Mr. Brown stated that he would fill the holes up also. Mr. Potter stated that when you move the base and fill the hole up, it takes time to switch the line. Our thing was to come in and have it all ready, switch it over, and remove the other bases at a later date. Mr. Brown stated that they can have those ready when the crew gets there to do the work. Mr. Potter stated that it is the Board's decision. Mr. Brown stated that also on the flushing valve, they would like to just flush their own lines...they can do that without placement of a flushing valve. Chairperson Akers stated that that they don't allow us to do that. Mr. Potter stated that there are several engineers present who know that any time a line is upgraded, if it is not up to code, it has to be brought up to code. The code is that you have to have a flushing device. Mr. Griffin, Kenvirons, Inc. stated that you also have to keep a record of flushing also. Mr. Brown inquired if a little 2" cut off valve in and use that instead of something that costs \$1,800, something that costs under \$100, according to other water companies that he checked with? Chairperson Akers responded that the other water companies he named earlier are different than we are. They are actually private entities. Mr. Potter stated that they are cities....municipalities. The Board had standardized that any time we do a line that is 2" or greater, that we use a standard flushing device which has been standardized as a fire hydrant type. Mr. Brown stated that he is not a business but residential and he has a few rental places and are just trying to update those because they have had so many water leaks, we are not going to be able to take care of them as time goes on, and may have to shut down some of the places. Because we are up on a mountain, we got to run new lines down to what we are wanting the District to do. Chairperson Akers stated that that is even more reason for them to do the job with new parts, because if we start doing this, we are opening ourselves up for more problems down the road. Because if John Doe down the road finds out that we allowed you to do this, then Suzie Somebody else up the road is going to want to do the same thing. Mr. Potter stated that this started about a year ago. A price or two has been given. There are four (4) or five (5) bases at the bottom of the hill at Black Gem. At one point there was an easement for those bases to be there and they have been there several years. At any rate, the properties he owns are up on a hill. What he wants to do is run his own lines to the properties or whoever owned them at that time, from the bases. He had requested a price to relocate those bases. Get the line up on the hill and relocate the bases. We looked at it and gave a price. He came to the Board meeting and asked if he paid for it would the Board paid for it would the Board do it. Any time you extend a line you need to put in updated materials because that is more maintenance issues that will be placed upon the Board. If Mr. Potter had to run the new lines, he would be responsible for those bases and where they are at. That is why he was priced with the current standards and parts that we utilize. Mr. Brown stated that he is just trying to get them centrally located and he thinks it would be for the good of the people in general to have something more centrally located in there. That flushing valve...how often would you use a flushing valve...five minutes... one time? That's all the time it would be used up there.

To him, it's a waste on their part. Tammy Olson, Office & Compliance Manager, stated that if there were to be a leak on that line that we maintain we do have to flush it and take samples from it so it probably will be used more than the one (1) time. Mr. Brown stated that it is not being flushed now and they don't have a flush valve and the line coming through up there is only a 1" line and Mr. Potter wants to put a 2" line in. Chairperson Akers stated that this was done many years ago and was put in based on the standards that were in effect at that time, but our standards have changed and we are now trying to do things better and more efficiently than they were done then. Mr. Potter stated that a 1" line does feed that now, and the reason for the upgrade to 2" is that the 1" line, moving it up in elevation and adding a sixth meter base will be substandard and may cause issues for the District later on. Chairperson Akers stated that she did not see any way that the District can disagree with management on that because they are more familiar with these field issues than the Board is. Mr. Brown stated that there is a fire hydrant there... can't that be used as a flushing valve? Mr. Potter stated that the end of the line will be relocated where he wants it and Division of Water requires a flushing valve, and the District has approved to use a fire hydrant type and they are smaller than a fire hydrant. Mr. Brown inquired what the cheapest flushing valve we could use. Mr. Potter stated that the one quoted is the one that has been standardized for the District. Mr. Brown responded, "So they are \$1,800"? Mr. Potter responded, "Purchased and installed, and according to our PSC tariff a large flush hydrant installed is \$2,500 and some of those prices are set by the Public Service Commission." Chairperson Akers stated that the Board has to go with their management on that. Mr. Potter stated that if the cost comes out cheaper, as we told Mr. Brown previously, we will reimburse the difference. This is a best guess estimate on the parts, labor and how long it will take. If it comes up cheaper it will be reimbursed but these are standard industry parts that we utilize. We have to standardize it to keep with what we have so if the District has a problem, we don't have to buy different parts to keep in stock at all times. Mr. Spears stated that with a municipality, they set their own rates and are not subject to PSC. Mr. Brown stated that he is sorry he wasted the Board's time and his time, too. Chairperson Akers stated that she was sorry and thanked him for coming to the meeting. Mr. Brown exited the meeting. Mr. Potter stated that it is what it is at cost, and he sees no reason to utilize any parts other than what we use on a day to day basis. Chairperson Akers inquired if there were any other visitors. There were none.

APPROVAL OF MINUTES

AGENDA ITEM IV

Chairperson Akers requested a motion to approve the minutes from the regular meeting that was held on June 24th, 2009. Commissioner Litafik made the motion to approve the minutes as presented. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 09-07-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM V

Mr. Spears stated he was gone on vacation last week so there was no way he could mail out the financial report when he wasn't here. He distributed the June financial report to the Board. The cover sheet still says May but it is for June, the balance sheet is as of June. There are some good highlights in the report, some good things that have happened. He stated that the cash in bank at the end of the month of June was \$683,000 which is up about \$170,000 from last month and will be discussed during the cash flow portion shortly. Accounts receivable was \$927,739. Plant and service is \$96,347,343 which is down some from last month's financial but what that is, we have been preparing for the auditors, who will be here tomorrow, and we made some adjustments from back in December. The income statement had changed from some reclassifications. Accounts payables is \$234,907. Equity is \$81,708,348. On the income statement this month we had one of our larger months, which June is always a good month. We had \$799,000 in revenue and \$4,500,000 for the year so far. We had operating expenses of \$771,912 which has depreciation

included of \$188,000 in that number. Expenses for the year are \$4,800,000. We had a net loss for the month of \$21,535, but keep in mind that that number has \$188,000 in depreciation included in the net loss. One highlight once these were finished and going through and reviewing the financials was that we had operating income this month to the positive, and it has been positive for the last two (2) months. He called the Board's attention to page sixteen (16) of their financials which shows a positive operating income in May and June. In May we had the adjustment on the UMG contract so we didn't get too excited at that time, but with June having a positive operating income of \$27,551, and if you look at the previous twelve (12) months of this fiscal year, those are the only two (2) months we have had positive operating income and he thinks that that is a positive note for going forward. With a positive cash flow of \$177,434, he reminded the Board that we had a negative cash flow last month, but if you combine the two we are still to the positive and last month we had bond payments and things of that nature that came out as well. Commissioner James inquired, "So we are current on all payables at this time". Mr. Spears responded in the affirmative. He stated to new commissioner, Kelsey Friend, that the front page is just a summary of the pages behind it and if he wants to set down with him and go through it he will be glad to explain it to him. He stated that he did not get time this last month to put the budget on the financial but he will get it on next months. He has spoken to Mr. Potter about being proactive with trying to get these reserve funds caught back up and until this month he would not have recommended that the Board start to do that yet because we are still settling into the new contract. He recommended to the Board that we transfer ten percent (10%) of the previous month's positive cash flow into the reserve accounts. How that works is that we have a positive cash flow for June of \$177,434, we would cut a check for \$17,700 and transfer it to the reserve accounts. And we have talked about also following up with a letter to RD and KIA saying that this is our plan to reestablish the reserve accounts. Chairperson Akers stated, "Not a guarantee, but a plan". Mr. Spears stated that the way he worded this was the previous month's positive cash flow, so if we have a negative cash flow in a month, in a bond payment month or something, then we do not have to pay anything into the reserve accounts for that time frame. If they know we have a plan that we are moving forward with they will be okay with that. He recommended that the Board direct someone, whether it is him or Dan Stratton or whoever, to write those letters to RD and KIA letting them know of the Board's plan to fund the reserves. Mr. Spears stated that they had talked about paying some money toward these notes and he thinks right now we should put that on hold for a bit. There is no hurry. We have term notes with prime interest rates and locked in payments. He also reminded the Board that the last four (4) pages of the financials are the "meat" of it to look at and a good place for review. Chairperson Akers requested a motion to approve the plan to reestablish the reserve account funds by putting ten percent (10%) of the previous month's positive cash flow each month into the reserve accounts and to send a letter to Rural Development and Kentucky Infrastructure Authority outlining the Board's plan for the future. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:--

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-07-002

Chairperson Akers requested a motion to approve the financial reported as submitted. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-07-003

PAYMENT OF BILLS

AGENDA ITEM VI

Chairperson Akers requested a motion to approve the payment of bills as presented. Commissioner Litafik made the motion to approve the payment of bills as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-004

CUSTOMER ADJUSTMENTS

AGENDA ITEM VII

Chairperson Akers requested a motion to approve Customer Adjustments in the amount of four thousand, eight hundred and six dollars and fifty-nine cents (\$4,806.59) as presented. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-005

CONSTRUCTION REPORT

AGENDA ITEM VIII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

- 1. Shelby Valley Sewer Project, Phase III, Section 1:**
Mr. Hunt commented to Commissioner Friend that if he would like for him to come by or if he (Commissioner Friend) would like to come by the office at Summit Engineering, he would be glad to sit down with him and go over what projects are on going and bring him up to par with Mr. Potter. Mr. Hunt stated that that construction on this portion of the Shelby Sewer Project at Collins is complete. The invoice is utilizing remaining funds that were left over to buy equipment needed for the project. Mr. Potter stated that we will wait another month and make sure that nothing else is hanging out there and then buy repair parts to put in stock to maintain that project.

- 3. Shelby Valley Sewer Project, Phase III, Section 2 – Stimulus Funding**
Mr. Hunt stated that the stimulus funding application has been resubmitted. This has been time and paperwork intensive. They are currently working on preparing the additional paperwork required for the project. Mr. Potter stated that this is for Section 2 that has been reviewed by the Board and will debt serve on the part of the loan that the Board will have to get to fulfill the requirements of the stimulus funding. Mr. Hunt reminded the Board that the

funding is \$750,000. DOW approval has already been granted and design is complete. We will have to bid the project again because we originally bid it out but had to cut this part from the project due to funding constraints.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that the plans and specifications are in to the Division of Water for their review and approval. They are anticipating bidding this project as soon as possible. He also stated that there is a pump rep that is coming by Summit's offices tomorrow at 10:00 a.m. and they had talked about possibly using a little pilot project for a different type of pump than the e-one and that might be a possibility with this project. Mr. Potter stated that they were going to look at a different type of unit, but that is interchangeable with the e-one unit just to see what is available out there. To get the Long Fork project going, he requested that the Board go ahead and allow the engineer to bid it out with a bid hold while awaiting DOW approval so that it will be ready to go when approval comes. Mr. Hunt stated that he believes that he got that at the last meeting and the reason he was waiting was in case this pump supplier did not have anything that was equal to what we are using, he would have to change the plans on it before it went out to bid. Mr. Potter stated that he would get with Mr. Hunt as soon as DOW reviews it and we will go from there. Commissioner James commented, "So this should be ready to go fairly quickly?" Mr. Hunt stated that they will probably advertise it the first of next week, then there will be a fourteen (14) day advertisement time and receive bids back, and then there will be a ninety (90) day bid hold on the project while waiting for DOW approval. The project has been in to DOW about a month or so already.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that they are working on the plant design and are buttoning up the architectural drawings for the control building and things of that nature and are working with the electrical sub on that to get all the controls that we want in the building. They have been coordinating with Grondall on that. There is still a property issue which will be addressed during executive session.

4. Hurricane Branch AML Water Supply Project (Ridgeline Road)

Mr. Hunt stated that the funding has just become available on July 17th and the project is ready to submit to Division of Water. We will probably bid that project just like we are going to do Long Fork Sewer Project. There is nothing real complicated about the project. It has a small pump station and a skid tank and water line. This is a project that a lot of people in that area has been wanting to see happen. Mr. Potter stated that this is the Hurricane part that was funded and he will talk about this a little bit more when he gets to the Manager's report. Mr. Hunt inquired if he could go ahead and get approval to advertise this project for bid. Mr. Potter inquired if the Board wants to go ahead and proceed with that since Mr. Hunt has the design in and ready. AML will be the first part and will be coming from the Grapevine side of the mountain at Ridgeline, go up and down Hurricane, and stop right past Hess Hill. AML has said that they would review that area again to see if they can get additional funding. He has spoken to several Board members and Dan Stratton, and there is a coal company interested in helping get water across there. They have some funding and the Fiscal Court has also been really interested in getting funding for Ridgeline Road and we have discussed asking for that at our next Coal Severance session. The coal company really wants to work to get funding for that extension and he (Mr. Potter) signed a

letter for the coal company that they were sending to Division of Water telling them that they were working in conjunction with the utilities and they have funding that they want to put in and they will assist in any way they can. The funding from the coal company is setting there waiting. We have to try to ask for the additional funding. It is roughly about a \$1.2 million dollar project on the other side. Mr. Stratton clarified if the project that we are wanting to bid and build now has funding available. Mr. Potter and Mr. Hunt both responded affirmatively that this first part is completely funded by AML and the funds are available. Mr. Hunt stated that to the best of his recollection we have about \$1.5 million dollars to do this portion of the project. The MOA has been received and it is ready to bid. Chairperson Akers requested a motion to advertise for bid the Hurricane Branch AML Water Supply Project pending DOW approval and funding availability. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-006

Mr. Potter stated that they have talked about this before. It is a tough area to get to with a lot of geographical changes and is costly. Mr. Hunt stated that he thinks the entire project is to cost close to \$4 million dollars total to serve about one hundred customers, give or take. Mr. Potter stated that it is about 8.2 miles of line. This will be a good start for the residents of this area. Commissioner Litafik stated that this project would in no way debt serve. Chairperson Akers stated that this project is funded by AML and no loans will have to be appropriated by Mountain Water to serve these customers. Mr. Stratton stated that it is important to understand that some of these projects will not fund themselves and the District is eating the maintenance costs over time so we can provide water to these customers. Chairperson Akers stated that that is just the way it works in Pike County because of the terrain. Commissioner Litafik stated then people write these stories that say the District is going broke. Mr. Hunt stated that the District also has some good projects where you might run a thousand feet and serve twenty (20) or thirty (30) customers. Mr. Potter commented that on the flip side you do have some that really do cover themselves plus some. Chairperson Akers stated that they help to offset projects like this one.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that the contractor is expecting to get his mechanical components in August and be able to start on that part of the job. The electrical components most likely won't arrive until September, so that work will continue when those parts come in. He stated that he reported to the Board last month that the barge during the floods had gotten hung and is now freed up and there is a small bow in it. The structural engineers are working out something to correct it. He thinks it will be taken care of and will be fine. They are reviewing some proposals on that right now and the contractor will take care of it. Mr. Potter stated that he will make sure that it is up to speed and let the Board know, because it did hang up and warp. Mr. Campoy stated that part of the problem is that we are having to do this project in segments as the money comes and the barge is not balanced in the water right now so it is not coming up and going as smoothly as what you would want it to, we are in a transition period and that is part of the issue. Mr. Potter stated that he is right; the pump is not in there. Mr. Campoy stated that the pump is not in and you have to fill the pipe up with water. Mr. Potter stated that there

are a lot of issues but it did warp and it needs to be corrected before we get to the point when everything is in and balanced out. Mr. Campoy stated that they are taking care of it.

2. WTP Expansion/Upgrades:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that last month Mr. Stratton was to write a letter to Howard Engineering. Mr. Stratton stated that the letter was to say that basically we are not going to pay the difference and he will check and make sure it went out. Mr. Potter stated that once this is resolved, hopefully we can get a final dollar amount so we can know what is available for the electrical completion of the project and at that point he will proceed with the electrical work.

3. Big Creek Sewer Project:

Mr. Campoy stated that the contractor has gone through and pumped those tanks and they are functioning properly now. There were twenty-one (21) or twenty-two (22) units pumped out and a total of about twenty-two thousand (22,000) gallons that was pumped out and disposed of. That has been done and we have addressed all complaints to this point except one that came in yesterday and the inspector is going to check on it this afternoon. The complaint was that seed and straw was not put down on his yard and it could have been washed away by the flood. There was one customer who decided to come out and work out in the yard while the contractor had done part of the work and then got a lot of rain. The contractor was waiting for things to dry up before going back, and this customer went out and did some work on his own. He didn't like the grass seed that the contractor had so the subcontractor gave him money to go buy the grass seed that he wanted and he came back and now wants to charge the District now for his labor to work on his yard. We have told him no, that the contractor had not finished yet and that he had taken it upon himself to come in and do the work. With that said and the fact that he believes everything is taken care of, he has an invoice to present to the Board today for the contractor's retainage so that this project can now be transferred to the District. This month also, it came to light that the health department required the contractor to install three (3) holding tanks, one (1) each, at three (3) different households to make sure that they would be compliant, and he shortened up some of the leech field in the process and the contractor has asked for each of those a \$2,000 additional fee. Mr. Campoy stated that he believes is justifiable because of the work that was done and because the health department required it to be done and he has included that on the final invoice. There are funds available to pay for it. Chairperson Akers requested a motion to approve the addition of \$2,000 for work done as required by the Pike County Health Department for each of three (3) additional homes for a total of \$6,000 to the contractor for the Big Creek Sewer Project. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-007

4. Short Line Extensions - \$1,300,000

Contract 1: Mr. Campoy stated that this contract is being performed by US Rentals and Construction. This contract is eighty percent (80%) complete and is made up of five (5) individual projects: Petty Fork, Sycamore Branch, Peters Branch, Little Fork and Elm Branch. The first four (4) are all complete except for the sampling. All pipe is in the ground and pressure testing has been done. Elm Branch should begin within the next two (2) weeks and will take about a week to complete. We are good shape on this contract.

Contract 2: This contract is being performed to H2O Construction. It involves Adams Branch and Kettle Camp Branch at Elkhorn Creek. The majority of the pipe is in at this time. It is approximately forty-one and a half percent (41.5%) complete by dollar value but each one has a pump station and they haven't begun yet. They should begin to build those in August and there are no foreseeable problems with this contract finishing in time and on budget. He stated that after he addresses the next item he will come back to contract 1 and discuss it further.

5. Various Short Line Extensions - \$100,000/Watson Hill-Orinoco - \$150,000

Mr. Campoy stated that the Board requested that the Watson Hill and Orinoco projects be bid together as one (1) project. We received bids on this project and opened them on July 21st. There were two (2) bids: H2O Construction and US Rentals and Construction. At the bid opening, at which Mr. Stratton was present, US Rentals and Construction's bid was \$210,850 and H2O's bid was \$216,705. After review of the bids and confirmation of the math, H2O had a mistake on their math and their bid was \$215,655. The low bidder was US Rentals and Construction and he requested authorization to provide the notice of award and notice to proceed to put them under contract to get started. He has brought contract documents today if the Board wishes to execute them and get that project going. Mr. Spears inquired if Mr. Campoy has run the numbers for engineering and everything for the \$250,000. Mr. Campoy stated that we have \$250,000 plus Mr. Potter has secured another \$20,000 from the fiscal court. Mr. Potter stated that when we bid the Watson Hill portion the first time, the bids came in high, even higher than they are currently. Mr. Campoy stated that the bid this time came in even lower than what his estimates were. Mr. Potter stated that that is why we combined these two projects in order to get them both in with the funding available and why he asked the fiscal court to earmark \$20,000 for various projects, just in case these came in high again. Mr. Campoy stated that the individual bid on Watson Hill was about \$14,000 less this time than previous. Mr. Potter stated that what you have to look at also is that everybody is getting a little hungrier with the shape of the economy right now and it is just a good time to bid out work. Mr. Campoy stated that his last estimate for construction was \$240,000 and now we are able to award it at \$211,000. Mr. Potter stated that it is within budget. Chairperson Akers requested a motion to give Notice of Award, Notice to Proceed and to execute the contract with the low bidder, US Rentals and Construction for the Various Short Line Extensions project of Watson Hill and Orinoco. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-008

Mr. Campoy, returning to Contract 1 under number 4, Short Line Extension Project, stated that this is item that he brought up with Mr. Potter, Mr. Stratton, and Mr. Spears and asked them to review it and it was discussed during the June work session. He stated that he was asked by the previous manager to look at, when we were really afraid of cost of materials,

asked to look at that as a combined project for engineering and inspection fees. He stated that he was told that they would see what happened as we got through into construction. He called their attention to a handout that he distributed and stated that if they look at the upper left hand section, those numbers are actual for four (4) projects and the Elm Branch portion is bid. So if you calculated the fees for engineering and inspection based upon that total number, you can see what those numbers are. In reality what we have done is five (5) different projects, five (5) sets of plans, five (5) submittals to Division of Water, five (5) projects that were put together to bid as a unit for the benefit of the District, hoping to get better construction numbers. What you see from the handout is that there is a large difference between calculating the fees as individual projects rather than as one large project. He stated that on engineering, as a whole project, EDC is getting paid seventy-five percent (75%) of the eighty-five percent (85%) number. On the inspection side they are getting sixty percent (60%) of the eight-five percent (85%) number. He stated that now that they are eighty percent (80%) of the way through the project, he thought it was a good time to present this because he feels very confident about where we are with our numbers to know that the money is there to pay these fees in this manner, because that is how they would have been paid if they had been bid separately and he was asked to do that and was willing to do that to make sure the projects went, but also knowing that if they came in and there was money available that this was the standard amount that would have been charged. With that, he would like for the Board to consider this and has provided updated invoices every month anyway, and has prepared an invoice based upon the original amount and a supplemental invoice if the Board is willing to approve that based on the new amount which catches him up to this point to what it would be if it were based upon these individual numbers. Chairperson Akers inquired as to when this project would be finished. Mr. Campoy stated that he is hoping that it is all done by the end of next month. There is more time in the contract but the way the contractors are moving on it, it may be done by the end of next month. It may go into September, but he hopes to see it done by the end of August. Chairperson Akers inquired if this issue could be held to see if we have extra at the end of the project and if we have the amount needed left over then we will do it at that time. Mr. Spears stated that we also do still have \$71,000 in the contingency fund. Mr. Campoy stated that that would be fine with him and he knows that the Board will treat him fairly. Mr. Stratton suggested that this issue be presented again at the meeting next month. Mr. Campoy agreed.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project, Phase I:

Doug Griffin stated that this phase of the project is essentially done except for about five (5) or six (6) items on the punch list and he is not too worried about that because we have \$40,000 left in retainage, so we will get those done.

2. Smith Fork of Phelps Sewer Project, Phase II:

Mr. Griffin stated that they have done a little of the work for Phase II and the Division of Water notified him Monday that they were issuing the permit. We haven't got it in hand yet, but it was alright. The highway department has now said it is now alright, we got all the differences with them resolved and he hopes the contractor will start the laying the lines on Phase II next week. Mr. Potter stated that this project is going back up toward the old Chisham area. He stated that he has a change order for some more line in that and it does included everything at this time to be sure that we don't run out of money. Mr. Potter stated that we do have contingencies for change orders to pick up additional customers. Mr. Griffin stated that there is roughly about one hundred (100) potential customers over there, if we get everything done we would like to do. He stated that there is a resident over there who wants a pump moved. Mr. Dotson stated that her home burnt down and she wants it moved and he told her it was between her and the contractor to move it the thirty (30) yards to where her new double wide is going in. Mr. Griffin stated that we can't let the contractor go back up there and do that and pay them again for it. Mr. Potter stated that the situation is unfortunate, but he really doesn't think it is between her and the contractor, the

contractor placed it where it was approved to go in the beginning and if she wants it relocated, somebody is going to have to pay to relocate it. He hates the circumstances but you just can't do things like this for free. Mr. Griffin stated that the other thing he noticed on the Smith Fork numbers is that there will be enough that should go to Smith Fork Phase I to close out the KIA project and the rest of it will go to Phase II, so that will help. He would like to get rid of one (1) of them instead of having both of them open. Mr. Potter stated that he will submit today or tomorrow the request for the highway department to do their final inspection so the bonds can be released on Phase I.

Mr. Griffin stated that there is one other project that he needs to call to the Board's attention. There is a highway relocation at Stone. The bids were opened at the commissioners meeting four (4) months ago. The bids have expired. The reason for that is that the highway department had some right of way issues that weren't clear with the railroad and the land company that owns all that. They told him Monday that they thought they got the letters they needed to clear it, but we cannot hold that contractor to his bid. He can, however, give us a letter stating that he is willing to keep his bid open. What Mr. Griffin would like to have, if he says "no, we've got other work now and are not going to do it" is to have the Board's authorization to go ahead and rebid it if we have to or award the contract if he says okay. The bid was within the money available and everything should be alright if they say okay. If they don't we have no choice but to rebid it. Mr. Stratton inquired if it is ready to go now. Mr. Griffin stated that he has not gotten the final word from the highway department yet but that they have indicated that they are very close and would have it this next week. Mr. Potter stated that what they do is that they want you to go ahead and get it in the works, but the good about this is that this is their mistake and they are paying for the whole project. They are going to pay Mr. Griffin, it comes out of their pocket. Mr. Stratton stated that he was just clarifying that we got clearance to go and if we have another month before we get clearance from the highway department, why ask the guy to do a bid now, he says okay and then a month from now he says no. We should wait until we get clearance in hand and then rebid. Mr. Griffin stated "No Dan, when the highway department says go, we have a choice to make. Well, we don't have a choice; the contractor either gives us a letter saying his bid is good or we can go and rebid it." Chairperson Akers stated that we have to be ready. The contractor has to be ready however. Mr. Griffin answered in the affirmative and stated that if we have to rebid it that is another time frame and there are two (2) more projects over that they have worked on and about got done that they were hoping to sort of follow it, but he doesn't know if they will or not. Chairperson Akers clarified that he needs the Board's okay to go ahead with this. Mr. Griffin stated that he needs the Board's okay to go ahead and rebid this if necessary and the contractor does not agree to his keep his original price, but we will not start without the highway department saying it is clear. Chairperson Akers requested a motion for the engineer to rebid the Highway 199 DOT Relocation Project if the contractor does not provide a letter confirming his original bid as good. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-009

DRAWS:

Mrs. Olson stated that due to the board's decision to revisit the engineering and inspection fees issue for Mr. Campoy at the next board meeting, the submitted draws for Contract 1 for Resource Management and for EDC, Inc. will be deleted from the list. Chairperson Akers requested a motion to approve the draws as corrected. Commissioner Litafik made the motion. Commissioner Collins seconded the motion.

SHORT LINE EXTENSIONS

Contract 1 – Little Fork	Coal Severance Funds	\$ 74,109.50
Contract 1 – Petty Fork	Coal Severance Funds	\$ 18,810.00
Contract 1 - Sycamore	Coal Severance Funds	\$ 20,303.40
Contract 1	Coal Severance Funds	\$ 8,113.83
Contract 1	Coal Severance Funds	\$ 7,000.00
Contract 2 – Adams Br	Coal Severance Funds	\$ 62,912.80
Contract 2 – Kettle Camp	Coal Severance Funds	\$151,770.10
Contract 2	Coal Severance Funds	\$ 17,693.28
Contract 2	Coal Severance Funds	\$ 12,956.03

WATSON HILL/VARIOUS WATERLINE EXTENSIONS

Contract 1	Coal Severance Funds	\$ 6,115.95
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LMI PROJECT

Contract 1	Coal Severance Funds	\$ 6,206.03
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FOREST HILLS SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 564.19
Contract 1	Coal Severance Funds	\$ 41,610.00

TELEMETRY

Contract 1	Coal Severance Funds	\$ 26,819.20
Contract 1	Coal Severance Funds	\$ 81.95

SHELBY SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 12,921.52
Contract 1	Coal Severance Funds	\$ 2,200.00

WTP EXPANSION

Contract 1	Coal Severance Funds	\$ 3,651.28
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SMITH FORK SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 20,079.20
Contract 1	Coal Severance Funds	\$ 36,616.83

BIG CREEK SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 61,715.20
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Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-010

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Mr. Potter stated that there was a violation received on the Modern Mobile Home Wastewater Treatment Plant a little over a year ago. There was a storm that night and

lightening knocked the power out. It went over the weekend and no one was notified and the Division of Water on a complaint. We arrived on the scene when they did and got the plant back in working order but they issued a violation. He and Jamey Keathley, Wastewater Supervisor, went down to Frankfort and had a hearing with them and everything went really favorable and they will be in contact with them. The inspectors were well pleased with the response we did and they are working with them right now and he will give a further update later. Since July 1, 2008 there have been two hundred and twelve (212) paid taps and one hundred and sixty-nine (169) LMI taps since February of 2009. Currently we are down to the bottom on the funding of the initial phase of LMIs and are waiting for the MOA for the second portion of the funding and will resume the program when the additional funding comes in. He will call down to Frankfort and try to see when that will be coming. The water sales are up a bit as you can see and with the repair and maintenance budget, Bob Meyer, UMG Controller, will be discussing that issue. While Mrs. Olson distributed the memos from Bob Meyer, Mr. Potter stated that there was an increase in water and sewer sales for June. Mr. Meyer stated that each month the Board is given a status report on the repair and maintenance portion of the contract, and June is the end of the contract year and he wanted to let the Board know where things stood with that. He stated that on their schedule of R & M revenues and expenditures the gross amount of over expenditure is \$91,581. If the Board will recall, during contract negotiations earlier this year, UMG agreed to write off right at \$30,000 of the overage for the current contract year. When you take the gross overage for R & M for the month of \$91,581 and subtract the contract adjustment, you get it down to \$60,641 overage. The reason for that, and actually Grondall and his folks have been doing a terrific job in terms of keeping a handle on R & M expenditures, unfortunately Mother Nature has a way of impacting on that in May and June with all of the flooding. The bottom line is that during those two (2) months there was about \$68,000 that was isolated out as flood repairs. If it were not for that, you would actually be under contract with the adjustment from back in April. He stated that he knows that Grondall and Tammy are aware of the lengthy process obviously with getting everything submitted to FEMA in terms of both labor, equipment and materials and a lot of that cost will be recovered by the District from FEMA. Mr. Meyer stated that what he is basically saying to the board is that UMG is going to leave that overage sitting there until the District gets to some point of resolution with FEMA on the recent flooding from May and June and when we know that then we can come back and work out whatever the bottom line is. So essentially in terms of FEMA reimbursements, that portion of the FEMA reimbursement that is for materials will offset the overage in the repair and maintenance category. The balance of it will work out in terms of...because we obviously had a lot of additional labor costs and equipments costs that UMG incurred during that time, and we talk about that in context of when those FEMA reimbursements come in as well. So basically the point of this memo is to let the board know that yes you are over, the reason you are over is because there were a lot of flood related expenses and we are just going to hold off for a while and see how long it is going to take to get to final resolution. We don't want to put the District in any more of a cash flow bind as far as getting that caught up. The Board thanked Mr. Meyer. Mr. Potter stated that if it hadn't have been for the extenuating circumstances of the floods the R & M budget would have been dead level and right on budget. Chairperson Akers thanked Mr. Potter and UMG for a job well done during the flooding. Commissioner James concurred. Mr. Potter continued with the Manager's report by saying that we have been repairing service lines that were taken out for permanent fixtures. We have done temporary work, but in the course of looking back and doing our leak detection and various things associated with the flood, he has had reports of contractors or either home owners or contractors for the state working on the roads or private bridges, etc. are damaging service lines that the District has in the area. They have not been reported to us and the contractors in the area are trying to repair those themselves using other than standardized parts that we use and he is really concerned about that because, unless it is done properly, there is a chance of contamination or various other issues, plus tampering or working on a potable water system without authorization is a federal misdemeanor. He stated that he would like to investigate the issue further and get some names and numbers and have Dan Stratton, legal counsel, to approach these people on the Board's behalf and let them know that this is not the way business is and any damages that we see and have to repair due to what they have done, they will be billed for it. Mr. Stratton stated that it is a matter of identifying who it is and directing them to cease and desist and divulge any prior activities that they have done so we can go look at them and see if there is any damage. Mr. Potter

stated that he was made aware of this yesterday and he wanted to bring it to the Board's attention that that is occurring. Mr. Spears inquired if that is not something that the Board should advertise in the newspaper just as a precautionary measure. Chairperson Akers stated that that was probably a good idea. Mr. Potter inquired if the Board wanted UMG to prepare something for the newspaper for Dan and the Board's review. Chairperson Akers requested a motion advertise that information in the newspaper and to proceed as necessary. Commissioner Collins made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-011

Chairperson Akers requested a motion to approve the monthly operating report as submitted. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-012

NEW BUSINESS

1. LMI Project -

Mr. Potter stated that there have been one hundred and sixty-nine (169) taps so far. We have enough funding to finish two (2) that we have identified and then hold the project until we get the additional funding. No MOA yet and he will check on the status on that. We should be able to do approximately the same number because the amount of funding was real close. We should be able to get 150 to 180 more. We currently have signed up about 280 people still on the LMI program, which is a popular program, but that is the way it has always been, you have more signers than money. We will get as many done as we can.

2. Flood Issues Update -

Mr. Potter stated that this is the first invoice that FEMA is requiring UMG to submit to Mountain Water District and Mountain Water District will have to submit their invoice. The first invoice that FEMA is currently reviewing, and our contact is Jay Parsons, and Tammy has been in contact with them and has preparing all of our invoicing and work orders, which have temporarily repaired, which have been permanently repaired and what we still need to repair. The next invoice will be the final and that will consist of all of the finished permanent work. They are reviewing the invoice to see that it matches what they call their "PWs" and that is their work order that they issue for what they will pay for. Mr. Parsons has indicated today that everything looks good so far and they should wrap it up in the next day or two and he requested that upon FEMA completion of their review to go ahead authorize that invoice for submittal to FEMA for payment for Mountain Water and that the Board would authorize Toni Akers, the primary contact, or Rhonda James, the secondary contact, to sign for the submittal. Chairperson Akers requested a motion to authorize her or

Commissioner James to sign the FEMA submittal for temporary work when completed and reviewed. Commissioner Litafik made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-013

3. Advertise for Bid – Two (2)– 1 Ton Utility Trucks:

Mr. Potter stated that in accordance with the capital items list that was approved a couple of months ago that included what needed to be purchased for the District, we advertised for bid for two (2) new service utility trucks. They are in advertising right now and he requested the Board's authorization when the bids come in on August 7th to award the bid to the low bidder. Chairperson Akers requested a motion to authorize Mr. Potter to award the low bid for the advertised trucks when received and reviewed. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-014

4. Appointment of Project Manager as Authorized Voting Representative -

Mr. Potter stated that the Mountain Water District is a member of the Kentucky Rural Water Association and the annual voting for the conference that is coming up in August will be held. He is planning to attend and inquired if the Board wanted to authorize Mr. Potter to be their proxy vote on issues relating to water and wastewater. Chairperson stated that she thinks that the Board should do that. She also inquired if this conference was open to any Commissioners that wanted to attend. Mr. Potter stated that it was open to the Commissioners and he will provide more information on that shortly. There will be classes taught and it is a three (3) day conference. Continuing education credits will be given. Chairperson Akers requested a motion to authorize Grondall Potter to be the Board's authorized representative and proxy vote for the Kentucky Rural Water Association's annual conference and meeting held in August, 2009. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 09-07-015

5. **Legal Issues -**

1. **Project Bidding Procedure** – Mr. Stratton stated that a while back the Board decided to implement a procedure where the bids came to him (Mr. Stratton) and a question arose as to whether or not the Board said they were to be opened at the next Board meeting following the advertisement. The engineers have said that they wanted them opened before the meeting to give them time to review, calculate and determine everything. It was left a little ambiguous as to which way it was and the procedure needs to be clarified. Mrs. Olson distributed copies of the resolution that was passed in February and stated that it may just need to be amended. Mr. Potter stated that sometimes in the steps to get projects along the line the progress occurs in between board meetings and the intent was to have Dan oversee the process with board members present at the opening. Mr. Stratton stated that he agrees with the engineers that it might be prudent to open the bids a few days before the board meeting at a spot designated by the board to give them a chance to review everything before making a recommendation to the board. Mr. Campoy stated that it is very helpful to the engineers to make sure that they know that the bids are all correct because sometimes a contractor will make math mistakes, just like H2O did on this last one, or not include something that they are supposed to. Mr. Stratton stated that the board did a good thing with what they did before, but they need to accommodate the engineer's request for verification. He requested a motion to amend Resolution 09-02-020 to provide that bids may be opened at the attorney's office or the District office a few days prior to the next official board meeting. Chairperson Akers requested a motion be made to that effect. Commissioner James made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-016

~~2. **Bond Amendment—Various Line Extensions** — Mr. Stratton stated that we had a request from US Rentals on their bond for Various projects. Their bonding company has submitted a proposed amendment to the bond that basically says that after all the supportive documentation has been submitted that the claimant would be us and could be paid any undisputed amounts and any disputed amounts would be withheld. The change here is that before it has been sort of an all or nothing deal and this cuts both ways. It gives them an opening to dispute things and not pay us should an issue arise with a disputed amount. The flip side of the coin is that if there is a dispute they can say that they are going to hold up the whole thing. It is something that can cut two ways. It can be helpful or awful depending upon the situation. He stated that he doesn't have any objection to recommending that the Board sign it, but he wants to make the Board aware that it could be helpful or could be harmful depending upon the situation. Mr. Stratton stated that there is not impact on us if we just decline to sign the amendment to the bond. They have already issued the bond and they can't take it back now. Chairperson Akers stated that she didn't think that they needed to sign it. The Board agreed not to sign the bond amendment on this project. Mr. Campoy clarified that US Rentals, who requested the bond amendment be signed, is the same company that we are awarding the Watson Hill/Orinoco project to and it may become an issue. Mr. Stratton stated that it may be in the next bond and if it is we would want to look at that closer. Chairperson Akers agreed stating that if it is the Board will look at it again and make a decision then.~~

3. **Various Debt Collections** – Mr. Stratton stated that they had looked at various miscellaneous debt collections and Kevin Lowe, Office/Financial Manager, was kind enough to compile for him a list of outstanding debts owed to the District. The District has

eight (8) or nine (9) of those that are over \$2,000 that we could sue and collect on. Mr. Lowe stated that one of those listed is the contractor that was just being referenced. Mr. Stratton stated that some of them are worth going after if the Board chooses. Mr. Litafik inquired if we are going to make them pay it why don't we offset it? Mr. Stratton stated that he would feel better about doing that if we had a judgment against them first. But what we can do then is to write a letter then and say we would like to be paid this money. Mr. Spears stated that it would be cleaner to trade checks with them anyway than offset the amount. Mr. Stratton stated that there is one there for \$18,000 which is from a clean up that an accident that occurred in 2004 near Lawson's Branch. It was a diesel spill and Mr. Stratton stated that he would have to check to statute of limitations on that one. Mr. Potter stated that we have billed that repeatedly and sent letters. Mr. Stratton stated that he would copy the Board on the collection letters that he sent out.

7. Executive Session to Discuss Outstanding Litigation

- 1. Will Brown vs. Mountain Water District**
- 2. Mountain Water District vs. Jesse Coleman**
- 3. Robert Coleman vs. Mountain Water District**
- 4. Triny Tackett vs. Mountain Water District**
- 5. Irvin Smith vs. Mountain Water District**

Mr. Stratton stated that executive session should be convened to discuss outstanding litigation. Chairperson Akers requested a motion to convene executive session to discuss outstanding litigation. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-017

Chairperson Akers requested a motion to reconvene from executive session. Commissioner Collins made the motion. Commissioner James seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-018

Chairperson Akers stated that the Board decided to proceed with litigation already in progress during the executive session.

(This section of the minutes has been transcribed word for word due to the presence of the media and to ensure correct information was reported based on actual comments from the Board members.)

COMMISSIONER COMMENTS

Chairperson Akers inquired if there were any Commissioner comments.

Commissioner Rhonda James: I do. First of all I would like to welcome Kelsey to the Board. I think, as you said, the fresh new blood will be good. Kelsey, I'd like to tell you that the Board members that we serve with, I'm new, I just came in October of last year, but these Board members are excellent. They are very knowledgeable, experienced, and going back and looking at the historical information that I have seen, they served this District well, and I am very proud to be on here with them.

Commissioner Kelsey Friend, III: Thank You.

Commissioner Rhonda James: You are very welcome, very welcome. There is a looming decision that we are waiting on on Toni and Mike regarding their eligibility and, I'll just be honest with you, I pray that they keep them because their leadership ability shows in what we have done here. And, you know I sit through the Court meetings and I see the papers and I hear the comments and it just seems that one Magistrate, in particular, Chris Harris, continues to attack, I think, these Board members personally, me as well, every opportunity he gets, and it's unfortunate that he does that because he made the comment most recently at our Court meeting that we were misguided. Well, I think he is wrong. In my opinion he is uninformed, and he is uninformed by choice, because I personally have talked to him after the decision with the UMG contract was made and I think that Mike, you did as well, and I tried to talk to him about the financial position that we were in and he wasn't interested. I... the only thing that he kept reiterating was his little talking points and it just seems to me that he has a personal political agenda that he just keeps going back to. Because when you look at the financials of this District...you know he made the comment at the last Court meeting about the water rates increasing....over the last ten (10) years, in going back and looking, there's been two (2) water rate increases.

Chairperson Akers: Very small.

Commissioner Rhonda James: Very small....2002 and 2008, and I asked the members here... the staff of UMG, and you all are great...absolutely great in helping us in anything that we ask for. And Kevin did some calculations on some...an average water rate bill, I would think, forty-five hundred (4,500) gallons, and if you look back at that in say, I think you had in 1999, that water rate for that average bill would have been around \$31.00. Today, that would be about \$38.00. A difference of \$7.00 on that bill, which I think, when you look at other utilities, your power, your gas, that's just wonderful and that again is a testimony, I think, to this water Board in trying to keep these water rates down and manage this District wonderfully. I mean, it's great testimony to you guys. And as far as, you know, Chris keeps mentioning, and I'm talking about Chris Harris, that he keeps mentioning about UMG putting this District in financial ruin, when you go back and look, and I did this on the historical trend, the debt was accumulated way before UMG came on in 2005. As a matter of fact, in 2004 that debt was about \$16 million dollars before UMG came on. The cost, when you look at our expenses, the cost per customer was about \$415.00. Today, at the end of 2008 I should say, it decreased. It actually went down. So when you look at that it tells you that we are going down the right path, in my opinion, and that debt was accumulated for a good cause. Not just for whatever reason, the debt accumulated because in the last ten (10) years this water district has experienced tremendous growth. You know, we now serve, what...in the ninety percentile for water customers, which is wonderful....and when you compare that to other counties, surrounding counties, at thirty percent (30%)...you know we could have stayed there. You guys (the Board) could have said "No, we are not going to incur debt. We are going stay, but we are not going to be providing water to the customers of Pike County." You couldn't do that. I mean, it's not a bad thing that we're where we are right now, it's a great thing. I mean, ninety percentile coverage in this area and sewer...on its way...a good start on sewer. And I just feel that, you know, right now with the report we got today from Mike Spears, I think we are down a good path. You know the reserves were used during a time to fund this tremendous growth that we expected and that we experienced and I think that, you know, maybe we shouldn't have done that...but I don't think so. I think that it

was a good thing that we did that. And it is just really sad that we have a Magistrate in this county that just continues to attack this Board and the only thing I can think is, he just didn't get his way. And that is all I have to say.

(Applause)

Chairperson Akers: Thank you for your comments, Rhonda. Does anybody else have any comments?

Vice Chairperson Litafik: I've got one. I think another issue that has not been addressed, and we have an attorney setting here right now, is the liability issue. UMG, through their liability policies and insurance policies provides insulation of this district for who knows how much. I don't think you can put a number on that protection. I think that one issue there is another reason, and you look all over the country and even other local districts, everybody is going to this type of service. You've got an insulation in between you and what's going on out here in the field, and I personally think that is wonderful and you know, you can't put a price on this particular.....

Commissioner Rhonda James: You know, I do think..., I think that the financial situation that we're in now is improving and it shows....and it shows. And I hope our economy in this area stands, you know that we keep improving, because we don't have a crystal ball and we don't know how all of that is going to work out, but as of right now I think we are on a good path. And I hope that, you know, recently we had a work session about a month and a half ago, where we went through all this and it was publicized and advertised and, as a matter of fact, I think we had a representative from the media here, and I just, I'm not sure that there was anything in the paper...I don't know for sure....but I never really heard anybody say anything about that and I just really wanted to put some good things out there that we are doing. And UMG...the way that they responded in the flood was just wonderful, and I just think that they have been an excellent contractor for us.

Chairperson Akers: And I think the whole Board would have to agree with that.

Commissioner Rhonda James: Yeah.

Chairperson Akers: Anybody else...Any comments? John?

Commissioner Collins: Good job.

Chairperson Akers: Good job. I agree. Okay, if we have no more comments then I need a motion to adjourn.

ADJOURN MEETING

Chairperson Akers stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner James made the motion. Commissioner Litafik seconded the motion. Commissioner voting as follows:

Chairperson Toni Akers	Aye
Commissioner Mike Litafik	Aye
Commissioner John Collins	Aye
Commissioner Rhonda James	Aye
Commissioner Kelsey Friend	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 09-07-019

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
WORK SESSION
NOVEMBER 13th, 2009
1:30 PM

ATTENDANCE

Russ Cassady, Appalachian News Express
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Financial Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting/Work Session was held on Friday, November 13th, 2009 at 1:30 p.m.

Chairperson Rhonda James was not present for the meeting today.

Commissioners present for the meeting were as follows:

Vice Chairperson/Secretary John Collins
Treasurer Kelsey Friend, III
Commissioner Ancie Casey
Commissioner Prentis Adkins

In the absence of Chairperson James, Vice Chairperson Collins took charge of the meeting.

AGENDA:

1. KIA December Bond Payment

Mr. Potter stated that the Kentucky Infrastructure bond payment is due on December 1st, and since the Board meeting is not until November 25th and the Thanksgiving holiday is immediately following, he requested the Board's approval to pay the bond payment so we can go ahead and pay it on time. The amount is approximately one hundred and eight-nine thousand dollars (\$189,000) and Mike Spears, Spears Management, stated that the Board has sufficient funds in the bank to pay it. Vice Chairperson Collins requested a motion to approve the payment of the KIA bond payment due December 1, 2009. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Vice Chairperson Collins	Aye
Commissioner Friend III	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 09-11- 001

2. Westcare Community Action Organization

Mr. Lowe, Office/Financial Manager, distributed a hand out to the Board members regarding Westcare and their plan for serving the most vulnerable of our county's citizens. The information contained information on the qualifications that must be met for the customer to receive this service. The customer must be in danger of losing their housing, must be employed, and they must meet the income guidelines that have been provided by Westcare. For example, a one person household's income would have to be less than fourteen thousand, eight hundred dollars (\$14,800), two person households could not exceed sixteen thousand, nine hundred dollars (\$16,900), three person households could not exceed nineteen thousand, fifty dollars (\$19,050) and a four person household could not need exceed a yearly income of twenty-one thousand, one hundred and fifty dollars (\$21,150). Westcare would pay seventy-five percent (75%) of the bill for a qualifying customer and the customer would be responsible for twenty-five percent (25%). This service can be used for up to three (3) months. Mr. Potter stated that Westcare wanted to know if the District would participate in their program. There will be a little bit of a lag time on the turn over of the payment of the bills and they are asking that the District defer disconnection until the time that the funds come in to the District. This will probably keep revenue going in the long run because these customers would become delinquent or disconnected and leave without paying. It has potential advantages for the customers and the District. Vice Chairperson Collins inquired if there was any cost to the District for participating in this program with Westcare. Mr. Lowe responded that there is not cost to the District other than agreeing that we will hold off on disconnection of the customer until we receive payment from Westcare, which could be up to thirty (30) days. Commissioner Casey stated that this sounds like a good plan that would help the less fortunate people in our county. Mr. Lowe stated that they are also working with the City of Pikeville and do help with other bills as well, such as the customer's power bill. Vice Chairperson Collins requested a motion to authorize the District to participate with Westcare Community Action Organization in their program to aid customers in making their payments for water service. Commissioner Friend made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Vice Chairperson Collins	Aye
Commissioner Friend III	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-11- 002

3. Grinder Quote – Service Pump and Supply

Mr. Potter stated that we have had Service Pump and Supply (SPS) submit a quote for grinder units that the District currently has an open contract on with Wascon through E-One. We currently pay fourteen hundred dollars (\$1,400) per complete unit through Wascon. SPS has made a comparable quote which comes in at fifteen hundred and fifteen dollars (\$1,515) each. They are slightly higher than the District's current contract price. No decision needs to be made today but the District is being asked to consider the quote. The SPS unit is a hydromatic versus the E-One station. They say it will retrofit with the E-One station but will still cost a little more per unit. Mr. Potter stated that he didn't really see a benefit for the District and would recommend that the District stay with what they have because there are already a couple of thousand of these in the ground and he would not recommend mixing and matching. If they had come in significantly lower than the E-One stations, he might have recommended that the Board look at it a little harder, but it is still the Board's decision. Vice Chairperson Collins inquired if in Mr. Potter's experience the SPS grinder is a better grinder. Mr. Potter stated that they are comparable to one another.

A decision on this issue can be made at the regular board meeting. The Board agreed to put this subject on hold until the regular meeting in November.

4. **Execution of Tariff Revisions as Requested by Public Service Commission**
Mr. Potter stated that the non recurring charges to the tariff were approved by the Public Service Commission about thirty (30) days ago. They are requiring that the pages of the tariff be signed and returned to them after review. Mr. Potter stated that he had reviewed them, as well as Mr. Lowe and Mrs. Olson, and found that everything looks good and is ready to be published by the PSC. Mr. Potter stated that this is not a rate increase, but set charges for services like paying by credit card and a late fee for sewer service. Mr. Lowe called the Board's attention to the copies of the water and sewer tariffs that he had provided for their reference. After further review by the Board members, Vice Chairperson Collins requested a motion to approve the execution of the tariff revisions by the PSC. Commissioner Friend made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Vice Chairperson Collins	Aye
Commissioner Friend III	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 09-11- 003

5. **Francis Road of Turkey Creek Meter Base Relocation**
Mr. Potter stated that at the previous regular meeting, a customer had come in saying that his base and some neighbor's bases were set a location that was unsatisfactory. They had signed an easement at one time to have them set there and now wanted them moved further up on the hill. Mr. Potter stated that the District would have to do a line extension and the customers would have to have an easement to relocate their bases to the new location. The Board had directed him to look into doing that and get a cost prepared. He stated that it would cost approximately fifty-two hundred dollars (\$5,200) to put a 2" main line where the main line is to the hollow, about five hundred feet (500'). Due to pressure constraints we cannot run it all the way to his house. We can go about five hundred feet (500'), relocated the bases to that area if they get easements from the property owner to have the bases set there. Vice Chairperson Collins stated that they would have to have the easements in hand before we can do anything. Mr. Potter responded that that is correct and it would be conditional upon that. Vice Chairperson Collins requested a motion to approve the relocation of three meter bases and line at Francis Road conditional upon the easements being obtained by the customers before any action be taken by the District. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Vice Chairperson Collins	Aye
Commissioner Friend III	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 09-11- 004

6. **Shelby Valley Sewer Project, Phase III, Section 2**

Mr. Potter stated that this project funding is coming from the Economic Stimulus funding, which is part loan and part grant and is on Collins Highway. This project is to go before the KIA board on December 3rd. The Board of Commissioners has already given the engineer permission to bid the project, but only contingent upon funding being procured. So if the funding doesn't happen, this project will not go forward.

7. **Board Member Seminar**

Mr. Stratton stated that they had discussed previously, since we have so many new Board members, of doing a seminar that would bring you up to speed on your legal responsibilities, ethical restrictions and obligations and the financial side of the company as well as the operational side under UMG. What we want to do is speed the learning curve on understanding the basic operations and the Board's obligations.

Before beginning, Mr. Stratton distributed a response that he had prepared regarding the Mossy Bottom Sewer transfer that Magistrate Jeff Anderson had requested during the last Pike County Fiscal Court meeting. He stated that this letter has been reviewed by Commissioner James and by Grondall Potter and is being sent out today to Magistrate Anderson. He researched the issue through file documents and newspaper articles and this is a summary of the information that was gathered.

Mr. Stratton stated that we are going to put together an additional packet of information for the Board members, but for now he distributed a book of the information that he was going to go over today for the Board to use for future reference.

a.) **Legal Issues**
PSC Regulation

Mr. Stratton began by saying that the District is a creature of statute. We are created by the authorization of the legislature under statute, and as such, all of the rules and regulations that govern us are created by statute. We are limited by what we can do. We are directed on what we can and cannot do. In addition to being a creature of statute, we are also subject to the Public Service Commission, which is an organization created by the state to protect the public on various issues....they regulate gas lines, water, sewer and a number of other services. What their job is to protect the public by defining what we can charge for our services. There are entities that are not governed by the PSC. There are municipal districts that are not subject to the PSC, such as Elkhorn City and the City of Pikeville. So they can charge whatever they want to charge. We, on the other hand, cannot...we are limited. In review of the statutes, he has found that we can create by laws to help govern our operations and it appears that we have not developed a set of by laws. By laws would provide when we elect our officers, when we officially meet and a number of other clarifications of operational issues that we may have. He made a recommendation that the Board consider developing a set of by laws. It is not required but it may be something that would be helpful down the road. Back to the PSC, because they control our rates, our rates will be determined by a rate study that will be done based upon our actual cost of operations. The PSC wants the District to break even, not make money, and when you take our depreciation expense (or our non cash losses) that is the difference in whether we make money or lose money. The PSC will look at two (2) to three (3) years of previous costs, and if we were to make a rate increase application today, they would go back and look at our actual costs in 2005, 2006 or 2007, and based upon those costs would be able to determine a rate. The PSC would also look at UMG's actual cost of operating. In other words, we can't just say, here is our contract with UMG and that is our cost to operate, because it has a profit margin legitimately built in for UMG.

The PSC will look behind those numbers for the actual cost. So even though the UMG contract costs us "x" amount, that is not necessarily the cost number that the PSC will look at in determining our rates. It takes nine (9) to eighteen (18) months to get a rate changed through the PSC. If we wanted to have a rate change today, we are probably a year to a year and a half out. Prior to a rate change that is tied to a bond issue, wherein we say that we have to increase our rates in order to pay the bond, we can attach that to the bond request and the PSC has to approve it. But in a general request for a rate increase, the PSC does have to approve it.

Open Records and Open Meetings Act

Each Board member needs to sign, today, a paper as proof that you have been handed a summary of the open records and open meetings law and the public records management law. Under the law, you are charged with understanding what the obligations are as outlined in those laws. The Open Meeting Act is defined by statute. The definition of a meeting is "any and all gatherings of every kind, including video teleconferences, regardless of where the meeting is held or whether regular or special, informational or casual, held in anticipation or conjunction with a regular or special meeting." The press is allowed to come and that is what open meetings are. We are a public entity and the public has a right to access and evaluate how we make decisions. If two (2) Commissioners meet and talk about something, that is not a meeting, but if two (2) Commissioners meet and another two (2) meet, etc. and then two (2) from each set talk to each other...that is a meeting. You can't meet and break into parts to get around the law. Two (2) can meet and talk and legal counsel can meet with two (2) and discuss something and it is not a problem, but you can't meet in pairs and then discuss something with another member from another pair, and then make a decision. That is a violation of the open meetings law. Commissioner Collins inquired what if three (3) Commissioners are together, say, at lunch? Mr. Stratton stated that if they are having lunch that is fine. If they are making a decision about business, that is something else. It all goes toward the decision making process. There are some exceptions to the rule: 1) Discussion of proposed or pending litigation against or on behalf of the agency. (This is where we go into Executive Session each month to discuss litigation); 2) Any collective bargaining or negotiations between public employees and the Board; 3) Discussions that might lead to the discipline or dismissal of an employee; and 4) Discussions relating to a business entity, concerning a specific proposal, if open discussions would jeopardize the siting, retention, expansion or upgrading of the business. The District is also subject to the Open Records Act. This is based on the policy that the public should have open access to all of our public records. Every piece of paper that we have, that is presented to the Board, or that is sent out from the Board or brought in for the District is a public record. If it comes across your desk as a Commissioner, it is a public record. The exceptions are; 1) Court order of confidentiality; 2) Information of a personal nature; 3) Records disclosed to us on conditions of confidentiality. For all intents and purposes of the Board, presume that all documents are public record.

Commissioner's legal duties and responsibilities

Each Commissioner is appointed under statute with a term of four (4) years, unless you are appointed to fill a seat vacated before the term expires, in which case, you would serve for the remaining time of the term and then would need to be reappointed or replaced by another fiscal court appointee. The Commission has a Chairperson, Vice Chairperson, Secretary and a Treasurer. How can you be removed from office? KRS 65.007 provides that a Commissioner may be removed from office by the appointing authority (Judge Rutherford with the approval of the Fiscal Court). If you are found to be inefficient, negligent in your duty, malfeasance (committing bad actions), or have a conflict of interest, you could be removed from the Board by the Fiscal Court. If the Public Service Commission (PSC) sees something wrong going on, and the Fiscal Court elects not to remove you, the PSC can remove you from the Board. Inefficiency means that you are perceived to be "slopping" through the work, not being informed, not doing your job in an approved manner, that could be deemed inefficiency. Neglect of duty means high

absenteeism, ignoring rules and regulations and that sort of thing. Malfeasance is that you knowingly break the law or knowingly do something wrong. Conflict of interest means that you knowingly have a conflict of interest and allowed to go on without disclosure or addressing it. You can also be removed for living outside the District's service boundaries. The duty of a Commissioner is the hiring, evaluating and compensating of a Superintendent or Manager of the District. Just like in a corporation, it is the Board's obligation to elect a President. We have fulfilled that duty with the obligations of the UMG contract and have provided for management of the District. The Board must also set policies and procedures for meeting its goals and legal requirements including carrying out rules and regulations, ensuring compliance with the law, conducting business only as a Board, and maintaining all required records. Mr. Potter and Mrs. Olson have put together a list of all of the policies that the District has. We are also setting up a review schedule where we review our policies, maybe one or so a month, to ensure we are in compliance. The Board's responsibility is to make sure that what UMG is doing is looked at to ensure that they are compliant with the policies that the Board has established. We think we are about 95% compliant now, but we are going to do a comprehensive review and make sure we have it all. The Water Board Bible listed three fiduciary duties of the Board members; 1) to exercise rights and powers for and on behalf of others with diligence and care, 2) to ensure that your District receives records and spends funds in accordance with modern accounting, and 3) to ensure that the system's revenue covers operations + debt service + reserves. If that obligation fails, the Board is subject to neglect, inefficiency and other things that would be a basis for removal. Without doing extensive research, corporate law centers around the statutes for profit and nonprofit corporations. This is poor definition so he has given the Board members an outline of nonprofit statute, and we are nonprofit, of what those corporate statutes are. That statute is not exactly applicable to the Board, but Mr. Stratton stated that he is using it as an analogy. The first is that a director shall always act in good faith (he honestly believes in his heart that it is the right answer), on an informed basis (he has done his due diligence to make a decision based on good research), in a manner he honestly believes to be the best interest of the corporation. This is the hardest standard in the world to meet, because if something goes wrong, someone will always say "I can't believe you didn't see that or look at that". That is why you are required to do your due diligence in looking at things. We want you to ask questions if you don't understand. If you meet these standards, you will meet any other standards that are set out there. While discharging your duties, you are entitled to rely upon information given to you by your officers and employees. In this case, it would be UMG. That is a defense to any claim against you. You are also entitled to rely upon opinions of legal counsel, CPAs and any other professional that you hire for that purpose. What happens if you disagree with what the lawyer says or the CPA says? That is fine. That doesn't make it bad or wrong. It just means that if it's questioned, you just can't say I relied on the lawyer or the CPA.

Ethical Considerations

The District has adopted and incorporated by reference the Procurement Policy and Code of Ethics of the Pike County Administrative Code as well as the Kentucky Model Procurement Code and the most stringent of any of these will prevail. It is the responsibility of each Board member to avoid pursuing any personal interest, benefit or gain over and above that which he entitled by virtue of his office or employment. That means that each Board member has a responsibility and an affirmative duty to avoid a conflict of interest. There is a conflict of interest when any Board member or designated agent of the Board has any ownership interest in, receives any payment from or has a family relationship with any contractor who is responding to a solicitation by the District for provision of goods and services, including the selection of a construction contractor for District projects. Family means spouse, child, brother, sister, parents and in-laws. For example, if he came to the Board and said that he wants XYZ Company to do a bid for shredding all your paper, and that company happens to be owned by his brother-in-law, he would have an affirmative duty to disclose that. It doesn't mean you can't do it, just that you would have to disclose it and step out of the situation.

We are a small town and everybody is related to everybody and everybody knows everybody and there are a ton of possible conflicts out there. Conflicts are going to happen and it is how we deal the conflict that creates the problem. If we disclose them and step out of the way, then we are okay. It's when we cover them up that will get into trouble. Each year UMG will submit the Board a list of all the vendors for the District. All contractors and vendors that the District does business with will be on that list. Each Board member will have to go through that list and determine and identify if there are any conflicts there. Then, if a vote comes up on anything that they do, you can abstain and step out of the decision process. Under the code, you can not participate in that decision and must remove yourself completely from that situation. We will do this annually, and if anything changes in six (6) months and a family member goes to work somewhere on the list, then you disclose it at that time and move on. Under the administrative code, the penalty can be the loss of the contract or loss of future contracts for the person with the conflict. It also provides for removal of the employee. As Board members, you are not employees, but if you go back to what we talked about before regarding removal of Commissioners, conflict of interest was one of the reasons for which a Commissioner could be removed.

Reimbursement for Personal Expenses

We, as a District, do not have a policy for that but we have adopted the Administrative Code of Accounting. He included the reimbursement schedule for the county in the hand out materials. He called their attention to those items. He shared with the Board the headline of where KACO was recently in a scandal for reimbursement of employee expenses. It starts with saying you'll allow a little bit more, and a little bit more and the next time a little bit more, until you lose sight of what "reasonable" expenses are. So what the Board deems to be "reasonable" will, from now on, be viewed through the microscope of this scandal.

Gifts and Gratuity

We currently do not have a policy on gifts and gratuity other than the county policy. It basically says that it prohibits employees from soliciting or accepting rebate money or costly entertainment gifts or gratuities from any person. He asked the Board to write on the back of their hand out what they believe a gift would have to cost before it could be defined as "costly". Each Commissioner responded with various numbers ranging from \$0 to \$100. Mr. Stratton inquired who was right? There are two (2) ways of handling this; 1) you can leave it vague and have an unwritten understanding of what it is and use your judgement on a case by case basis, or 2) you have a black line test which says that the Board will not accept any gift over "X" amount which makes it very clear and gives an excuse for turning down a gift.

b.) UMG Contract Review

Mr. Stratton called the Board's attention to his informational hand out regarding the UMG contract. He stated that his goal is to have the Board understand what duties that UMG has assumed, what responsibilities Mountain Water District has, the compensation provisions, the negotiations that took place when we restructured the contract and the contract as amended. On page 3 of the contract he called their attention to the fact that UMG has an obligation to staff the project with employees who have met appropriate licensing and certification requirements for the Commonwealth. When they warrant that, it is their promise that they will not hire just anyone to run it, but will hire licensed and certified people. They also have an ongoing obligation to train and educate the people to maintain their certifications. That is the Board's protection making sure that the District has qualified staff. UMG is responsible for maintaining warranties on any new equipment. The equipment structure is that Mountain Water District buys it, and UMG pays for it. UMG has an obligation to maintain and operate the project 24 hours a day, 7 days per week and maintain customer phone service for that time cycle. They will implement and maintain an employee safety program in compliance with our laws. They will modify the processes or facilities to achieve the objectives of the agreement provided that no modification will be made without

the District's prior written approval, if the completed modification shall cost more than twenty thousand dollars (\$20,000). UMG will provide all the administrative and financial functions as currently provided by the District's staff. That includes bill collecting, customer relations and all other parts of our operations. UMG shall submit to the District monthly, all reports and project activities in accordance with the District's policies and formats. This is where we are going to cross reference for the Board and ensure that that is being complied with and set up a periodic review. UMG will provide its reasonable best efforts to control the District's unaccounted for water loss. All the costs for the water in this contract is bore by UMG, so if there is lost water, it is out of their pocket book not the District's. UMG shall provide each capital expenditure as authorized by the District. If they want us to buy a truck, they will bring it to the Board and we will front the money to buy that truck. Capital expenditures are out of the Mountain Water District's pocket. UMG will seek sources of government grants and loans for consideration by the District. In addition to doing the operations of the District, they will assist in solicitation of monies to grow the system. UMG was required to post a two million dollar (\$2M) bond and sometime during the first year of the contract, the Board agreed to waive that bond. UMG is responsible for all operations of the District and have a legal duty under the contract to provide those things in compliance with the law. The Board's duty is to ensure that they are doing that. The District's duties include the following. The District shall fund all necessary capital expenditures, shall pay all ad valorem, property, franchise, occupational and disposal taxes, other than UMG employee taxes. The District will provide UMG with full use of any and all pieces of the District's heavy equipment. The District shall promptly review and consider any request by UMG for any additional capital expenditures or costs incurred by UMG. So if UMG comes to the Board with a capital expenditure to improve a tank or buy equipment, and the Board has an obligation to try to provide that for them. UMG's compensation under the contract is an annual fee and certain connection fees. Some of that has changed in regards to the connection fees. Under the annual fee, we started out at six million, eight hundred and nineteen thousand dollars (\$6,819,000) and there was a maintenance and repair budget limit, which in the original contract was four hundred and fifty-six thousand, one hundred and forty dollars (\$456,140). In December of 2007, the Board realized that the expenses for maintaining the contract were going up faster than our revenue and it didn't take long to create a problem where we couldn't pay our bond payments. He stated he will come back to that, but he wanted to mention it so the Board members would understand why we made the changes that we did. In the original agreement, any water customers over one thousand (1,000) and any sewer customer over four hundred (400), UMG was entitled to an additional continuing fee. The fee at that time was set at twenty-three dollars and fifty cents (\$23.50) for new water customers and nineteen dollars (\$19.00) for new sewer customers. In the tariff you will notice that it says that our minimum water bill is twenty dollars (\$20.00). With each new water customer that was issued after the first thousand (1,000) the District owed UMG twenty-three dollars and fifty cents (\$23.50) while our minimum bill was twenty dollars (\$20.00). During that time period of the first few years of the contract, we installed about sixteen hundred (1,600) Low & Moderate Income taps and many of these new customers pay the minimum bill. That was a large contributing factor of why the expenses went up faster that the revenue did. That was a major part of our amendment when we changed the contract. If the Repair and Maintenance budget expenditures are less that the budgeted amount at the end of the year, UMG will rebate the difference to the District. If the expenditures are more than the budget, the District is to pay UMG the excess amount. That is why it is critical for the R & M budget be done with great accuracy, because if we are short, it is more money out of the District's pocket. We had a lot of flooding this year which impacted the R & M budget. It is not fair to hold UMG to a number over the budget because they are eating it out of their pocket, at the same time, it has to be a reasonable enough budget so that it doesn't come back and bite us. Under the contract if UMG goes over that budget, we are obligated to pay it. That is a critical part of this agreement that the Board needs to understand. Any extraordinary expenses that UMG incurs such as overtime during the flooding, then they can ask to be reimbursed for that. The annual fee shall be negotiated

each agreement year at least six (6) months prior to the anniversary date of the effective agreement. Should the District and UMG fail to agree upon the annual fee, it will be adjusted by multiplying the current annual fee and Repair and Maintenance budget by the percentage increase in the Consumer Price Index for the preceding twelve (12) months. As of September 30th, 2009 the CPI nationally is a negative .13%. If this holds and we do not negotiate something different, it would be zero (0). This is important because we have to negotiate this in December or January, because six (6) months from when this contract to come due will be January. We pay UMG twice a month and if we have a late payment, we pay them two percent (2%) of the late amount. We have agreed to indemnify and hold each other harmless. What that means is if UMG causes an accident, it is their responsibility. If we are sued with them, they have to protect us. If we direct an activity and we are liable, we have to protect them. We maintain an insurance policy that protects us for that. UMG pays for that policy through the maintenance fees, but that is the Board's policy. Mr. Stratton called the Board's attention to tab 2 of the packet he gave them which is a time line of the negotiations that occurred between UMG and Mountain Water for renegotiation of the contract. He reviewed that with the Board. He stated that he wanted the Board to know the history of how we got to this point in the contract, so that when we sit down to discuss renewal of the contract with UMG, the Board will know where we are with it. He then called the Board's attention to tab 3 which is the amendment to the UMG contract. It is a public document and the District agreed to rescind its termination and the contract will run through June 30th, 2010. UMG agreed to provide the District with a loan in the amount of five hundred thousand dollars (\$500,000). It will be amortized at five percent (5%) over a five (5) year period. As long as there is a contract in effect with UMG, that loan will continue to be forgiven. If we decide not to renew the contract, we would owe UMG the balance which is set out on the amortization schedule of whatever month we are in. There were discussions at that time that that would in effect, extend the contract. Did it extend the contract? No. But the question was would the District be able to come up with the balance to pay back the loan balance if they decided not to renew the contract. We will have roughly a four (4) year obligation at the end of this term of the contract, and that is what we have used to pay part of the bond debt. That note is in effect no matter what we do and as long as we are under contract with UMG it will continue to be forgiven. If we elect to do something different, then we would owe them the balance of that money. UMG agreed to also forgive about thirty-one thousand dollars (\$31,000) of the R & M budget and also to reduce their monthly fee by forty-six thousand dollars (\$46,000)-to the District. That has made the pivotal difference in why we are doing better on our cash flow. We also took out the formula for every new water and sewer customer. There is no longer an additional fee being paid to UMG for new water and sewer customers. The growth that we have had since the amendment of April, 2009 is another part that is making up part of our revenue gain. As we add customers, we are not paying UMG the additional fee. When we renegotiate, UMG may come back and say, and appropriately so, that they are serving more customers now and need an increased fee. How much of an increase is or should be is up to the Board. According to the Water Board Bible and the list of obligations of a Commissioner, you have to ensure that there is sufficient revenue to operate the District, to pay its debts, and to fund its reserves. How we do that and how we get there is the Board's decision. He inquired if there were any questions. There were none at this time.

c.) **Financials**

Mike Spears continued the seminar by presenting to the Board his information regarding understanding the monthly and annual financial reports. He stated that every month for the monthly Board meeting he gives each Board member a summary sheet and a packet of information. He stated that this is a basic financial statement. Behind that are supporting schedules, comparison schedules, trend analysis and budget comparisons. He called their attention to page five (5) which provides detail to the balance sheet. He reviewed each supporting schedule which shows detail of different items on the balance sheet. He stated that the District has

about twenty or twenty-five accounts to run this District. Kevin Lowe interjected that there are now thirty-nine (39) accounts. Mr. Spears stated that some accounts just have about a hundred dollars (\$100) in them to keep them open. At one point in time, the District was doing all construction out of two (2) or three (3) accounts. We have since figured out that it is a much better and cleaner system to have a separate account for each construction project. There are several that are required to be maintained, but the majority of accounts are for construction projects. He stated that he started with the District when they went to the PSC for the rate increase which occurred in 1996-1997. He testified on behalf of the District for that hearing when he had been with them for about a month. He has been with the District twelve (12) or thirteen (13) years. He called their attention to the bonds payable section which shows the detail of the bonds that the District has out there, a total of seven (7). The first five (5) items of the long term debt are the Kentucky Infrastructure Authority (KIA) loans. He stated that with our bond payments due in December and January, we will be able to pay those and have excess funds left over, and encouraged the Board members to be thinking about what they want to do with those excess funds. He then called the Board's attention to the plant and service work sheet which shows that the District has approximately ninety-six million dollars (\$96,000,000) in plant and service. Accumulated depreciation has already been taken out of that number. Thirteen million dollars (\$13M) of that is construction in progress, but actual operating plant and service totals about eighty-three million dollars (\$83,000,000). Mr. Spears stated that it is phenomenal how big this district is compared to most. He reviewed with the Board members the trend analysis and the comparison spreadsheets that he presents the Board every month. He also reviewed the District's bonded indebtedness with KIA and Rural Development, the reserve account requirements and the District's plan to reestablish the reserve account balances. He told the Board members that they could contact him any time with questions they have about any of the financial issues of the District. Mr. Stratton stated that one thing we get into that is a little confusing is that our fiscal year is the calendar year, and our contractual year with UMG is July 1st through June 30th. The topic of the audit that was requested by the Pike County Fiscal Court was brought up. Mr. Spears stated that the District has an independent audit done every year that they pay for. The auditor is Griffith, Delaney, Hilman & Company out of Ashland. That firm undergoes a peer review process and certifies that the audit done every year is complete and accurate, just like any other business entity. Mr. Potter stated that the District also underwent a year long comprehensive PSC accounting audit that finished up in 2008 and there were no significant items detected other than what changes were made to the tariff per PSC recommendations. It was an extremely intensive audit of all of the District's accounting and billing operations, and other than the items that needed to be added or changed in the tariff, we were found to be in compliance.

d.) **Staffing**

Mr. Potter stated that when the Board selected UMG to operate the District, UMG had to provide staff at the current level that Mountain Water District had at that time. UMG has fifty-six (56) employees for the Mountain Water District project. He presented an organizational chart to the Board that shows, from the Board members down, the staffing positions of all employees. All equipment is Mountain Water District's equipment. You still have your backhoes, trucks, etc. UMG has to maintain a certain level of operational readiness of vehicles, equipment and that can never go below a certain standard. What the District had when the contract was accepted is what UMG has to maintain. As the system grows, in order to meet the demands for compliance and operations, we would take on and purchase on MWD's behalf the items needed to maintain the system. Part of UMG's policy and handbook was incorporated from the MWD employee handbook. It does include a progressive personnel policy and focuses on the employees, customer service, and the innovation, personnel and teamwork that they perform for the District.

e.) **Bid Process**

Mr. Potter continued by saying that Board has adopted the Kentucky Model Procurement Code for the processes of bidding contracts and things of that nature. In brief, the code says it is to provide for consistency in purchasing, to ensure the fairness and equitable treatment of procurement with monies that the District gets, to provide public confidence in the purchasing and procurement of contracts and goods, sets forth good faith conduct in tracks actions in reasonable commercial dealings, and provides for competition with the sealed bids, negotiations, purchasing and contractor. The District's contracts go through the engineers or pass through the Project Administrator. They make sure the code is followed as far as advertising, that each contractor or bidder gets opportunity within the allowed time frame to see what they need to see in order to bid on the contract or service, and ensure that it is fair across the board and everybody has an equal chance. The District accepts the lowest and best bids and uses this code in order to be good stewards of the money that you are given.

f.) **Overview of Current System**

Mr. Potter stated that the Mountain Water District is unique due to the topography and geology that we have to deal with. There is no water district in the state that is like Mountain Water District, and would go so far as to say that there is not one in the Eastern United States, east of the Mississippi River that is like MWD. It is the largest and most complex rural water system there is. There are currently 17,662 service connections. That provides water service to a population density of approximately 52,456 people using Division of Water calculations. MWD has one water treatment plant at Marrowbone which produces an average of 2.4 million gallons of water per day. System wide the District purchases and/or produces approximately 4.3 million gallons a day. Depending upon seasonal or monthly fluctuations, the District distributes 80 to 90 million gallons per month and about 1.2 billion gallons per year. There are 890 miles of water mains in place and 189 miles of service connections to residential meters. MWD has 107 water storage tanks ranging in capacity from 5,000 gallon skid tanks up to 1,000,000 gallon ground storage tanks, with a total storage capacity of 8.5 million. There are 128 booster pumping stations and they range from pumping 10 gallons per minute up to 700 gallons per minute. And they are duplex stations; they contain two pumps in each station which provides one for a backup. There are 42 main line regulators throughout the system. We regulate lines from 300 psi down to 40 psi, which are some pretty impressive pressures. Mr. Potter commented that when he goes anywhere in the state or other states, it absolutely boggles the mind of other operators who don't see that often. We have 27 master meters ranging in size from 12" down to 2". We use them daily to track the distribution of the water and for leak detection purposes throughout the county. We sell approximately 5 million gallons of water per month to the City of Elkhorn City. We also sell about 15,000 gallons per month to the Mingo County Public Service District at Freeburn. We have the capability to sell water to the City of Jenkins in an emergency situation. We sell Martin County water, but they are currently taking it on an "as needed" basis" with seasonal fluctuations. MWD was created in 1986 by the combination of three (3) separate water districts in Pike County; the Marrowbone Water District which was created around 1971, the Shelby Valley Water District which was created around 1979 and the Pond Creek Water District which is over toward Belfry. At that time MWD had approximately 40 miles of water lines, 10 water storage tanks, 11 booster pumping stations, and 1 water treatment facility which produced about 750,000 gallons per day. There were approximately 1,600 service connections which served about 4,800 people. So you have gone from serving 4,800 people to serving 52,000, from 40 miles of water line to 890 miles of lines, 10 tanks to 107 tanks, 11 booster pumping stations to 128 pumps stations, all in that time frame since 1986. It has been immense growth during that time. The only other district that he can find that is even close to MWD is a rural water district called Hardin County #2. They serve about 16,700 customer connections. But they only have 10 water storage tanks, 8 pump stations and 860 miles of line. So that tells you that they are centrally located in the state and do not have to deal with the topography

that we have to deal with. MWD's progressive growth has made potable water available to over 16,062 service connections or 47,700 people since 1986, which also provided water to 13 public schools, 2 municipalities, 1 industrial commercial customer, several mining companies and recreational areas and the airport. Mr. Potter displayed a map of the MWD service area and showed the Board members how the district is divided into four (4) quadrants or units by area. Each month UMG collects at least 60 bacteriological samples on MWD's behalf, to ensure the water quality and to be in compliance. Every 3 years you have a sanitary survey, which is a comprehensive survey by the Division of Water to check all water storage tanks, pump stations, and chlorine residuals to make sure you are in compliance with all their standards. They perform annual check ups throughout the year to see how you are doing as well. Mr. Potter explained the color coding of the water system on the map. He stated that as far as population density, the District is in the upper 90 percentile of service coverage of the service area. At the water treatment plant, UMG ensures that all sampling and compliance is done. There are monthly operating reports done for the Division of Water. The Board gets a monthly operating report (MOR) from Mr. Potter in the agenda, but there are also state required monthly operating reports that go into the amount of chemicals utilized, how long the plant runs, chlorine residuals, and the river quality. Every four (4) hours the water plant does checks and makes sure that the water that is going out meets the applicable standards. The plant was completed in 2005 and is an actiflo, ballasted, flocculation type water plant. You take micro sand and the particles adhere to it and drop out, then the water is sent through a conventional multi media purification system. He invited the Board members to come to the water plant with him and walk through and he can show them how it works from the raw water coming in, to the finished product. UMG responds to all types of service calls throughout the month and you get a list on the agenda how many service calls, how fast they are responded to, no waters, pressure issues, new service taps and all kinds of issues. Mr. Stratton stated that the question arose the other night where we have agreements with the City of Pikeville and Williamson Utilities for the purchase of water and the City of Williamson has a rate of \$1.39 per 1,000 gallons and the City of Pikeville has a rate of \$1.58 per 1,000 gallons. The question arose why can't we buy all our water from the City of Williamson versus from Pikeville because it is cheaper. He requested that Mr. Potter explain that. Mr. Potter stated that Williamson and Pikeville are on opposite sides of the county and operationally-wise, due to the mountains and pump station-wise, there is a limited amount of sectors he can serve with water from the Williamson area. As we said before when MWD was formed, the Pond Creek Water District was one of the systems that were merged. The Pond Creek District was being served by Williamson, like the Shelby Valley system was isolated to itself and getting their water from Marrowbone or Pikeville. These individual systems were never designed to work together and take water from one side of the county and transport it to the other. We can only use so much from either seller and what we produce at the plant can only serve so many areas due to the physical restraints of the system. Mr. Stratton stated that it is not a ubiquitous system where we can flow all the way across back and forth. In an emergency, we can move some water but we are geographically bound by our topography to pull out of Williamson and Pikeville. Mr. Potter stated that in emergency situations, such as with the flood this year, he can do things to get water from one area to another or to supplement water from one area to another but not on a long term basis. The system was not designed to maintain that for a long term situation. Mr. Stratton stated that we had long negotiations with Pikeville with regards to that agreement and we ended up getting an agreement in the end, but we were to the point where we were going to have to go the PSC and fight it out there. But we decided it was best not to do that and compromised and that is how we got the agreement with the City of Pikeville that we have. Mr. Potter stated that the water is monitored 24 hours a day, 7 days a week and is also monitored daily for chlorine residuals. We deal daily with the Division of Water, Environmental Protection Agency (EPA) and the Clean Water Act. Several of the employees are certified distribution qualified, which means you have to have a certification from the state of Kentucky to be able to go out and do what is necessary to provide potable water to people's homes. Their training is

kept up with annually and training is also done here. Sewer employees are also trained and certified the same way. It is a continuing process to stay certified and UMG provides the training opportunities annually for those employees to obtain and maintain their certifications. On the sewer side, MWD sewer system consists of about 2,300 service connections, or about 6,800 people. There are 17 wastewater treatment plants with 2 large plants that treat 200,000 gallons per day; one at Douglas which is at Shelby Valley and one at Freeburn. There are 19 lift stations throughout the county for the wastewater which pumps a range of from 55 gallons per minute up to 450 gallons per minute. There are 8 miles of gravity line in the system ranging from 4" to 8". There are 45 miles of force main in the ground with the grinder type systems. He showed the Board members the sewer service map demonstrating where the sewer system is located. We have experience about 12 to 15% growth per year in the sewer in the last few years. Commissioner Adkins inquired if Shelby Valley area's sewer comes to Douglas. Mr. Potter responded that it does and the new Long Fork sewer project is also getting ready to be constructed and it will flow to the Douglas plant as well. It will serve from the mouth of Long Fork to the GF Johnson School. MWD treats about 10.5 million gallons per month of wastewater. All plants are not at maximum capacity, but before the District goes any further with sewer after this Long Fork projected area, Douglas will need to be upgraded. Grondall stated that the sewer system has experienced a 16.5% growth rate in the last few years. The Board has said that they will not construct any more projects that do not debt serve unless funding is available from outside grant sources. Mountain Water District has been extremely progressive for about a 25 year stretch. The growth has been amazing from 4,000 population served to 52,000. All the major areas have been done where the major areas of the population is. It has come to point now where there are places that it is difficult to get water, such as Ridgeline Road which is solid rock and has extreme elevation differentials. Mr. Stratton stated that the maintenance of the system is also becoming an issue. There are lines out there that are 50+ years old and need replacing and finding the funding for the maintenance of the system is going to need to be a priority in the near future.

g.) **MWD Current Policies**

Mr. Potter stated that we have looked through several years worth of resolutions and we have made a listing of the Board's policies and we will bind them together for each Board member. Each policy will be reviewed by going over one or two a month and see if the Board wants to modify or amend the policy. If there are any questions that the Board has regarding anything that has been discussed today, Mr. Potter requested that they contact him and he will help in any way he can.

Mr. Bob Meyer stated that repair and maintenance is going to have to be a focus area for the Board in the future. Also, one of the areas that UMG is directly responsible for in terms of operation of the system, is power (electricity). It is the one area where we have the least control over. There are some things we can do in terms of trying to run the plant and pump stations during off peak hours, but you can only do that so much. You have to make water when you have to make water and you have to run pumps when you have to run them. With the expansion of the system, the increase in the number of pump stations, etc. is a phenomenal number of what it costs to run the plants, pump stations, etc. Mr. Potter stated that it averages about \$80,000 to \$85,000 per month for electric. Mr. Meyer commented that he enjoyed working with the Board. The Commissioners commented that they all learned a lot from this seminar.

ADJOURN MEETING

Vice Chairperson Collins stated that if there were no further comments, he requested a motion for the adjournment of today's meeting. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Vice Chairperson Collins	Aye
Commissioner Friend III	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 09-11- 005

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
FEBRUARY 24, 2010
10:00 AM

ATTENDANCE

Mary Fields, Joes Creek, Ky
Jimmy & Ina Ruth Smith, Phelps, Ky.
Donna Akers, Virgie, Ky.
Russ Cassady, Appalachian News Express
Tim Campoy, Environmental Design Consultants, Inc.
Jody Hunt, Summit Engineering, Inc.
Mike Spears, Spears Management
Greg Dotson, Inspector
Dan Stratton, Stratton, Hogg & Maddox
Kevin Lowe, Financial/Office Manager, UMG
Carrie Hatfield, Project Accountant, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, February 24th, 2010 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Prentis Adkins

Commissioner Ancie Casey was absent until the Executive Session portion of today's meeting.

VISITORS **AGENDA ITEM II**

Chairperson James inquired if there were any visitors for today's meeting. The Chair recognized Mary Fields of Joes Creek, Kentucky. Ms. Fields stated that she was in attendance today because of an article in the News Express regarding the cost and lack of funds for the audit that has been requested for the District. She requested how many customers that the District has. Chairperson James responded that there are over 15,000 customers. Ms. Fields suggested a one time fee of \$2.00 or \$3.00 would be all that is needed to cover the audit. Chairperson James clarified that the article was misleading. The Board is not saying that due to just this audit there would be a rate increase. We were saying that there are other things going on here, such as meeting our bond reserves and things like that, that it could possibly cause a rate increase. The Board's issue is that we have already paid for our audit and are under a budget, and Mountain Water District and other Districts are not meant to make a profit, but are supposed to break even. If we were making a profit, the PSC would come in and make us decrease our rates. Because we work under a budget, we budget for an audit because we are required to do an annual audit. Our issue is that we are in compliance and the Fiscal Court requested an additional audit for their benefit and we don't feel that the District should have to pay that so that it could possibly be passed on to the customers. This issue hasn't been settled yet and hopefully it will be settled quickly. Ms. Fields stated that if it needs to be paid by the District, she suggested the one time fee would be better than a rate increase. She stated that her bill has increased about \$10.00 per month beginning about June of 2009. She stated that she has checked and has no leaks. Chairperson James stated that the Board will be as fair as they can be to the customers and hopefully this will be worked out soon and it won't impact the customers of the District. Ms. Fields thanked the Board for their time. Commissioner Adkins told Ms. Fields that he appreciated her comments and input. Chairperson James inquired if there any further visitors. There were none.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the regular meeting that was held on January 27, 2010 as presented. Commissioner Adkins made the motion to approve the minutes as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-02-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mr. Spears reviewed the financial statement for January, 2010 with the Board. Chairperson James requested a motion to authorize Mike Spears to transfer funds in the amount of \$11,340.00 each month into the KIA reserve account and \$9,902.00 each month to the RD account. Mr. Spears would also be authorized to notify the appropriate agencies of that transfer on a monthly basis. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-02-002

Mr. Spears stated that the funds will be transferred today. Mr. Spears stated there has been an issue that has come up with engineering fees. The way engineers are paid on a project is on a scale that is the larger amount for the project, the less the fee for engineering and inspection. Our engineers are paid 85% of that scale. The issue has arisen with Watson Hill/Orinoco whether it is one project or two because of the different areas. It is two separate projects and will be paid this time as separate projects, but in the future, to avoid further confusion, he recommended that the Board agree to a policy to clarify how this situation will be handled. He suggested that if the project is contiguous it should be paid as one project, but if the project is not contiguous, the engineering and inspection be paid on each individual project. If it requires multiple sets of plans, pay separate. Chairperson James inquired if Jody Hunt, Summit Engineering, had any input on this proposal. Mr. Hunt stated that he agreed with that. That if you have one large project and it has several contracts, you have one set of plans. If the contract is spaced in different areas, it causes more time and effort to keep up with different job sites and inspections services also add into it. Chairperson James inquired what Mr. Spears suggestion would be. Mr. Spears stated that the Board should adopt a policy that if the jobs are contiguous and there are one set of plans it be paid on the total project cost; if the jobs are not contiguous and require multiple sets of plans, we pay the engineering and inspection based on the individual projects. This may come up in the future and if there is a policy in place, everyone is on the same page. Commissioner Adkins inquired how much is subcontracted when it comes to these contracts. Mr. Spears stated that he didn't believe that our contractors sub out a lot of the work. Mr. Campoy stated that when it comes to water lines and pump stations and sewer, usually the only subcontractor you might see is for services like directional drilling. Mr. Hunt stated that subcontractors are generally used for more specialized services, but for running water and sewer lines, it is generally the contractor and not a sub. Commissioner Adkins inquired how that works for the construction of a plant. Mr. Hunt stated that Belfry/Pond, for example, H2O Construction is the apparent low bidder on that project but he has some subcontractors listed and he primarily lays water and sewer line and completed the hook ups, but there is a lot of excavation that has to be done on the

plant and he will subcontract out that part. He has another subcontractor that will dig the holes for the WWTP and build the concrete tanks that goes into the WWTP. Mr. Campoy added that you will also see an electrical subcontractor in instances like that where there is a lot of power and electronics and programming that needs done. However, it is the general contractor's responsibility to manage and organize his subcontractors and get the work done in a timely manner and is liable for their work. Chairperson James directed Mr. Spears and Dan Stratton to present a policy proposal at the next board meeting for the Board's review regarding the payment of engineering and inspection fees. After further review of the financial statement for January, Chairperson James requested a motion to approve the financial report as presented. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 10-02-003

PAYMENT OF BILLS **AGENDA ITEM V**

Chairperson James requested a motion to approve the payment of bills as presented. Commissioner Friend made the motion to approve the payment of bills as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-004

CUSTOMER ADJUSTMENTS **AGENDA ITEM VI**

Chairperson James requested a motion to approve Customer Adjustments in the amount of five thousand, two hundred fifty-two dollars and seventy-four cents (\$5,252.74) as presented. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-005

CONSTRUCTION REPORT

AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that this is a stimulus project. Mr. Hunt stated that since the last meeting we were in a hurry to get everything signed and were waiting to see if KIA approved our suggestion regarding the loan payment. Chairperson James went to Frankfort and represented the District. The agreement was changed and the documents and contract was executed. The Notice of Award and Notice to Proceed has been issued on the project and the contractor should be getting started at any time and working diligently to get it completed.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that the contractor for this project is H2O Construction. The contractor is currently working on finalizing the main line on the project and on setting residential grinders.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that this project is still in limbo. He spoke to the contractor and he has stated that he will give a 60 day bid hold on the project to see what will happen with the funding and the property issue.

4. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Hunt stated that this project was bid and the apparent low bidder was US Rentals and Construction. This project has the environmental issues on it. He has been on the phone for the last couple of days with Abandoned Mine Lands (AML) regarding this project. AML has indicated verbally that we are okay to proceed with the project but wants the property acquisition for the tank to be more secure before we actually go ahead. We will have to work around the issues with the Indiana bat and the blue herring bird. We might have to have a bat study done on the project or avoid construction during the hibernation months of the bat and the nesting period of the birds. Mr. Stratton stated that the litigation has been filed regarding the tank site and it is in the appraisal phase. Once the report comes in, the service will be made on the property owner. Mr. Hunt stated that once we have the property in hand we can issue the Notice of Award and Notice to Proceed. The contractor has granted us a 90 day bid hold on this project as well.

5. Sycamore of Lower Johns Creek Water Project:

Mr. Hunt stated that the Mr. Potter had contacted him last week and notified him that the Memorandum of Agreement has been received on this project and he need to provide Mrs. Olson with some estimates and a budget on the project. Once that is executed we can go ahead and bid the project since it is already designed. He requested authorization for the Board to execute the MOA for this project. Mr. Stratton stated that he has reviewed the MOA and it is the standard agreement and the Board can approve the resolution included in the packet as it is stated. Chairperson James requested a motion to approve the resolution to approve the agreement as presented in the Memorandum of Agreement for the Sycamore of Lower Johns Creek Water Project. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-006

Mr. Hunt requested also the Board authorization to advertise this project for bid. Commissioner Collins inquired how far this line extension would go. Mr. Hunt stated that he believed it will extend to just above the fire station. Commissioner Collins stated that that is not very far then. Chairperson James inquired if we have requested additional funds for this project. Mr. Taylor stated that this was the additional funding from the original project, but to his knowledge no additional funds have been requested. Chairperson James requested a motion to authorize Summit Engineering to advertise the Sycamore of Lower Johns Creek Water Project for bid. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-007

Mr. Hunt stated that he has been informed that the MOA for the additional funds in the amount of \$850,000 for the Belfry Pond Sewer Project has been received as well and needs the Board's approval. Chairperson James requested a motion to approve and execute the Memorandum of Agreement for \$850,000 additional funds for the Belfry Pond Sewer Project. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-008

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Raw Water Intake:

Update by Tim Campoy, EDC, Inc. Mr. Campoy stated that after the last Board meeting when change orders 5 and 6 were approved to take care of the modifications to the collars and to add the new panel and electronics and HVAC system that were required, those things are being repaired now. Kruger is at the plant now and is working on the programming and they will be installing the HVAC this week. The collars have been modified but not "dressed up" yet. They are working on those now as the river conditions allow.

2. WTP Expansion/Upgrades:

Mr. Stratton stated that the issue with Howard Engineering has been resolved with a settlement agreement and the settlement amount is being signed by the Board today to complete this issue.

3. Short Line Extensions - \$1,300,000:

Mr. Campoy stated that this project included the Adams Branch and Kettle Camp Branch projects on Elkhorn Creek. Adams Branch is ready for the pump manufacturer to come in and do the start up and they should be in next week. Once that is done the contractor can do the pressure test and disinfection and release this one to the District. The three-phase power at Kettle Camp is still a victim of the storms away from here. After our storms and power outages, there were storms in the Carolina's, Virginia and DC where their manpower was shifted, putting our requests on hold. The contractor is saying that AEP won't give him a day for correction of the power issue. As soon as this is done, the start up, pressure testing and disinfection will be done to get this one released as well.

4. Various Short Line Extensions - \$100,000 – Watson Hill/Orinoco - \$150,000

Mr. Campoy stated that the Watson Hill and Orinoco Projects are complete and have been released to the District. Mike Spears stated that with regard to the Watson Hill and Orinoco projects we have to do a revised final budget because those are included and he has those for the Board's signature today. Chairperson James requested a motion to approve the revised budget and authorize the Chairperson to sign it. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-009

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project, Phase I Change Order 1:

See below.

Smith Fork of Phelps Sewer Project, Phase II:

Mr. Dotson stated that all lines have been installed on Beech and is completed as far as line installation. There are 40 residential grinder units still to be installed and they still need to wire the generator at the Double Quik station at the Phelps Intersection (Change Order 1). He stated that he had spoke to Mr. Griffin who indicated that he would be in contact with Mr. Potter to see where the lines are to be extended further with left over monies.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Friend made the motion. Commissioner Collins seconded the motion.

SMITH FORK OF PHELPS SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 13,420.65
Contract 1	Coal Severance Funds	\$ 1,015.38
Contract 1	Coal Severance Funds	\$ 508.96

LMI PROJECT

Contract 1	Coal Severance Funds	\$ 101.52
Contract 1	Coal Severance Funds	\$ 236.88
Contract 1	Coal Severance Funds	\$ 2,346.88
Contract 1	Coal Severance Funds	\$ 6,604.00

LONG FORK OF VIRGIE SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 55,517.40
Contract 1	Coal Severance Funds	\$ 14,366.30

VARIOUS LINE EXTENSIONS

Contract 2	Coal Severance Funds	\$ 2,512.24
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TELEMETRY

Contract 1	Coal Severance Funds	\$ 300.00
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BELFRY POND SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 47,988.60
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WATSON HILL/ORINOCO WATER PROJECT

Contract 1	Coal Severance Funds	\$ 4,974.55
Contract 1	Coal Severance Funds	\$ 1,243.28
Contract 1 – Watson Hill	Coal Severance Funds	\$ 20,400.20
Contract 1 - Orinoco	Coal Severance Funds	\$ 10,513.39
Contract 1 - Orinoco	Local Funds	\$ 9,815.36
Contract 1	Coal Severance Funds	\$ 1,500.00
Contract 1	Coal Severance Funds	\$ 1,250.00

WATER TREATMENT PLANT INTAKE PROJECT

Contract 1 Coal Severance Funds \$ 24,937.50

Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-02-011

(Resolution 10-02-010 was given that number during the meeting and is listed under New Business, Item #2.)

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

In the absence of Mr. Potter, David Taylor, Operations Manager, presented the Manager's Report. Mr. Taylor called the Board's attention to the Manager's Report as presented and inquired if there were any questions. Chairperson James inquired if the on line payment option was still going well. Kevin Lowe, Office and Financial Manager, responded in the affirmative stating that we have had about 2,610 payments made on line to date. There were 610 different accounts that paid on line last month. Commissioner Adkins inquired how hard it would be to set a direct draw from someone's account for their bill. Mr. Lowe stated the District doesn't offer that service at this time but if it is something that the Board would like him to look into, he would do that. Commissioner Collins inquired how the LMI taps were progressing. Mr. Taylor stated that he believes we have about 180 to do with the current round of funds and we have completed 41 so far. Mr. Spears stated that going back to the automatic withdrawal issue, if someone has a leak on their side and has a very high bill, it would be deducted from their account right away. Mr. Lowe agreed with Mr. Spears on that point. Chairperson James requested a motion to accept the Manager's Report as submitted. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-02-012

NEW BUSINESS

1. LMI Project -

Chairperson James clarified that the District is continuing to set LMI taps. Mr. Taylor confirmed that we are setting LMI taps as weather permits.

2. UMG Contract Extension–

Mr. Stratton stated that he and Chairperson James have had discussions with UMG about the ability to renegotiate the UMG contract which ends on June 30th. In order to give appropriate notice of any negotiations we would have had to do it during this first quarter of the year. Therefore, we have asked and they have agreed to extend the contract 6 months as is, with no changes, to allow us to get through the state audit and any recommendations that they may have and would not give the appearance of the District trying to rush through a contract amendment under the review of the state audit. We believe it is in everyone's best interests to extend the contract. It would also mean that the fiscal year would be moved to a calendar year which would help our numbers match better going forward. He suggested that the Board formerly authorize by resolution extending the contract forward 6 months. Chairperson James requested that a motion be made to extend the UMG contract for 6 months with no changes, changing the contract end date to December 31, 2010. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-02-013

Chairperson James stated that currently the legislators are in Frankfort getting together the next 2 year budget for the Coal Severance Tax, and during the last negotiations of the UMG contract we had said that we wanted to get some of that funding for maintenance and upgrades and also for debt service for the District. Therefore, she requested a resolution authorizing her to prepare a letter to go our tomorrow to our legislators, requesting funding through the Coal Severance Tax program for maintenance and debt service for the District. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-02-010

3. Identity Theft Policy – Summary for 2009 –

Mr. Lowe stated that the District had approved the Identity Theft Prevention Program and according to the policy, UMG is to provide you with an update of any occurrences that we had in 2009 with regard to the policy. In 2009 we had no incidences of identity theft problems. The only thing we changed to have put that at risk, was offering the option of on-line payments. We do have a third party that is involved with accepting those payments. They provide us with 128 bit

SLL (Security Socket Layered) protection which is the strongest and safest type of encryption available on the web. We feel the program is working effectively and would not recommend any changes to that policy.

4. Update – State Audit -

This issue was not discussed at this time during the meeting.

5. Legal Issues -

Chairperson James requested a motion to go into executive session to discuss legal issues as listed on the agenda. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Absent
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-01-014

Let the record reflect that Commissioner Ancie Casey arrived at this point in the meeting, and was in attendance for the Executive Session.

Chairperson James requested a motion to reconvene from executive session where current and potential litigation issues were discussed. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-01-015

Mr. Stratton, Legal Counsel, stated that the record should reflect that he updated the Board on items listed on the agenda. No recommendations or actions were decided during Executive Session and he will proceed with litigations as normal course of action.

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-02-016

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
JULY 19, 2010
1:00 PM

ATTENDANCE

Kevin Prater, Prater Construction
Jody Hunt, Summit Engineering, Inc.
Dan Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Financial/Office Manager, UMG

CALL TO ORDER

The Mountain Water District Board of Commissioners Special Meeting was held on Monday, July 19th, 2010 at 1:00 p.m.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Commissioner Kelsey Friend
Commissioner Ancie Casey
Commissioner Prentis Adkins

Commissioner Lester "John" Collins was not in attendance for the special meeting.

Project Manager, Grondall Potter, distributed photographs of the flood damage that occurred on July 17th and gave the Board on update on flooding damages and customer outages.

AGENDA ITEM I

1. Shelby Valley Sewer Project, Phase III, Section 2 – Grinder Issue
Grondall Potter stated that Mr. Stratton has looked at this issue again and we have received a letter on this issue and he turned it over to Mr. Stratton for discussion. Mr. Stratton stated that with all due respect to Doug Griffin, he respectfully disagrees with his opinion of this issue because on July 27, 2000 we advertised for bid for grinder pumps as follows: supply of 600 grinder pump units, 2 duplex grinder pump units and 1 grinder pump test pit. This was for the Phelps/Freeburn/Buskirk project. That project took 7 years and at the end of 5 years we extended the contract for 5 more years. Mr. Potter stated that we can go ahead and break it out of the project and get the bids out and do a spec for 46 grinder units. Jody Hunt, Summit Engineering, inquired if it could be added as a change order to the contractor, or if they have to be bid. Mike Spears, Spears Management, stated that from what he has been told you can change order it to the contractor if he is willing to take it, but can't take it at a profit. It would have to be like a pass through; otherwise you wouldn't have had competitive bidding on the contract bid. Mr. Potter inquired if Mr. Hunt thought that the contractor would agree to that. Mr. Hunt stated that he thinks he will. Mr. Potter stated that he thinks he will also and just to get us past this hurdle, that would be the best thing to do. Mr. Spears agreed that if they would pass it through with no profit; that would probably suffice. The Division of Water said that if the contractor did it...took the grinder units as a change order...we would have to make sure it was at zero profit. Mr. Hunt stated that the contractor could provide us with his invoice and what he paid for the grinders and we could reimburse him; he believed that E-One would probably agree to do that also. Mr. Potter stated that we also need to bid out grinder units for the District. He would need to get with the engineers

and develop a spec for low pressure force main grinder units. Commissioner Adkins inquired who the contractor was on this project. Mr. Potter stated that the contractor is H2O Construction and is one of the projects that Summit Engineering has designed. Commissioner Adkins inquired who we are buying these units through now. Mr. Potter stated that the units are manufactured by E-one and we go through Wascon Industries who is their distribution rep in Kentucky and is out of Tennessee. Chairperson James inquired if when this is change ordered in, will they be the grinder units that are compatible with the parts that we have? Mr. Potter and Mr. Hunt both agreed that for this project, H2O will purchase that ones that will be compatible. For this project we will be okay. Mr. Potter stated that there are several different brands of these out there: Zoeller, Barnes, and several others who say they have a retro-fit that will adapt into an E-One station, but he is reluctant to believe them because there are always little tweaks to be done. When this is bid out for the District, he wants to have a demo on site that any bidder will have to come here and show him that the retro fit works with the E-One's. Commissioner Adkins clarified that the units that we have right now, the parts will interchange. Mr. Potter stated that yes, everything we have is plug and play and interchangeable right now. Mr. Potter stated that all these brands are similar creatures, but whether they will retro fit, warranty and service are key issues. Mr. Stratton stated that we can stipulate in the bid that the District will not accept the bid until it is demonstrated that it works and all components needed to retro fit are in the bid as the package price. Chairperson James requested a motion to authorize Jody Hunt and Mike Spears to proceed with change order documentation to submit to Division of Water for their approval to proceed with this project under ARRA funding requirements. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-001

Grondall stated that he would gather information for developing specifications for the District's bid on grinder units. Mr. Hunt stated that we don't have any sewer projects that are getting ready to bid right now so we need to take our time and make sure that we have everything in the bid documents that spell out everything that the District wants and make sure there are no loop holes in it. Mr. Potter stated that we will work with Dan Stratton and make sure that if we get a contract this way....Mr. Stratton stated that there are two theories as to how to look at it. One is do we say we are going to buy all of the grinder pumps for every project through us and then sell them back or something to the contractor or do we say this is the repair parts inventory. That is a decision we need to look at making. If we say we are going to buy them all, and we say this is a contract to supply whatever growth we need for the next 5 year option to extend, which is what we planned to do in the beginning and didn't...and then you are not tying it to a particular project. Mr. Spears stated that Ronnie Brooks with Rural Development told him that he will not ever again approve the District providing materials for the contractor on his projects because of what happened with the sales tax issue on the water plant project. Mr. Potter stated that we either need to say that this is what Mountain Water is going to use and let the contractor's know when they bid on it or the District needs to decide that they will buy them all. Mr. Hunt stated that that is what we have always done. We have never had the contractor purchase the grinder units. The District has always purchased them, because it costs more if the contractor purchases them. It has saved a lot of money for the District. Tammy Olson, Office & Compliance Manager, stated that the District would then get reimbursed from the project funds for the units and we can't do that any more. Chairperson James inquired what she meant by saying we can't do that any more. Mr. Potter stated that because of the procurement code we can't do that any more until we have this contract in place for all projects.

2. Belfry-Pond Sewer Project – Project Options

Mr. Potter stated that the District had requested additional funds from Coal Severance to try to make this a viable project and did not get the funds we requested. Mr. Hunt presented the design plans for the Board's review. He showed the Board that area that was originally bid out and what has been designed. A larger area was designed but funds were not available to construct that much so they cut the project area back. We bid it out and still did not have the funds to build it as it was cut back. Mr. Potter stated that there was an issue with building the plant and not having enough customers added on to keep it running or even pay the power bill. Mr. Hunt stated that we have looked at several different options since we can't build the WWTP. One alternate is to complete the third phase of Forest Hills and construct a new line from Belfry to the Forest Hills lift station and upgrade it. As we get additional funding we would construct the WWTP and turn the flow around to get all of those customers from Forest Hills and toward Belfry to flow to the plant. Chairperson James inquired as to the cost of this alternate project. Chairperson James inquired where all the flow is coming from now. Mr. Potter stated that none of the line exists yet from Belfry toward Forest Hills and some flow is coming out of Forest Hills and down by CVS Pharmacy and all of that is being treated by Williamson. Mr. Potter stated that an extension has been requested to give us enough time to decide where to go with this funding. The options are to do nothing and give the money back.....Mr. Stratton stated that the other issues we have to look at is the property acquisition for the plant. If we line something up on that now, we will have it for future use. Mr. Potter stated that the other option is to construct the line down to Forest Hills, finish the Forest Hills project, and see if Williamson will take the flow, and request additional funding during the next funding cycle and build the plant, turn it around and pump the flow to it. Mr. Hunt stated that we would then be saving money by not having to pay Williamson to treat the sewer. Chairperson James stated that we don't want to return the money to the state. We need to do something with it. Mr. Hunt stated that it will take about \$450,000 - \$500,000 to finish Forest Hills and then go back toward Belfry as far as we can and upgrade the lift station at Forest Hills. We currently have \$2.85M and he hasn't finalized the amount because he wants to make sure there are no other invoices hanging out there. Chairperson James inquired if that includes the extra funds that are left on Forest Hills or just the Belfry Sewer Project. Mr. Potter stated that there is about \$140,000 left on Forest Hills and is not included in the \$2.85M number. All the funds that we have drained out of the Belfry Project went for design. The only design that needs to be done is the flow reversal and any upgrades. We will check with Carrie Hatfield, Project Accountant, and make sure that there are no outstanding bills, but right now it looks like we have \$2.85M and we will take \$500,000 to finish Forest Hills Sewer Project. That leaves \$2.3M. With the land acquisition and other fees, that could leave about \$2.1 for the rest. The estimate is \$1.5M for engineering, inspection and construction because he wants to have contingency funds left. He stated that the cost for Summit Engineering on this new proposal is \$91,000 for the new part from Belfry to Forest Hills that was not designed. Chairperson James stated that she does not want to move the funding to another area because it was designated for the Pond Creek area. She inquired that on the design for the Belfry Wastewater Treatment Plant that is already paid for and is approved, if additional funding is obtained for that, will there be additional engineering costs. Mr. Hunt stated that there will be no further design costs. Mr. Potter added that there will be additional administration and inspection costs for that part of construction. Chairperson James requested a motion to authorize to direct Grondall Potter, Jody Hunt and Mike Spears to bring project information and numbers to the next meeting regarding this new scenario for the funding for the Belfry Pond Sewer Project. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-002

Chairperson James requested a motion to convene Executive Session to discuss legal issues as listed on the agenda. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-003

Commissioner James requested a motion to reconvene from Executive Session. Commissioner Adkins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-004

Mr. Stratton stated that he has been advised by UMG that there are two or three homes at Boulder East that have been illegally hooked up and we are required to disconnect those services within a reasonable period of time and to bill the users of that water for what was consumed. Chairperson James added that if it cannot reasonably be determined what the amount used was; we can use a system average usage for the number of homes connected illegally. Chairperson James requested a motion to authorize the disconnection of the homes and the billing of the theft of service. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-005

3. Sewer Tariff Revisions

Kevin Lowe, Office/Financial Manager, distributed a hand out of the changes that are being recommended for the sewer tariff. These are not rate changes but non-recurring charges for customers or fees for returned checks, service charges, charges for disconnection or reconnection of service, etc. Many of these charges will mirror what the standard charges are in the water tariff. Discussion ensued regarding the charge of a minimum bill for someone who gets a free water or sewer tap under the LMI program or a project and does not hook on right away. In the past we had been charging a minimum bill for a year and then dropping the account until they hook on to the system. Chairperson James stated that she is inclined to say that if they get a free tap, they will be charged a minimum bill indefinitely until they hook up to the system and not just for a year, because of the maintenance and audits involved with meters and grinders in the system. The Board agreed that that would be the best policy and wanted that language put into the tariff as well. After further review of the changes to the District's sewer tariff, Chairperson

James requested a motion to approve the recommendations as amended and to authorize UMG to submit the request for changes to the Public Service Commission. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-07-006

Mr. Stratton inquired about the free taps that are in the field not where nothing is being done; do we need to make this applicable to them also or is that a separate issue. Mr. Potter stated that he believes we would have a fight with PSC if we tried to make it retroactive. Mr. Lowe inquired if we do a sewer tap for someone and they don't hook on to the system and six (6) months later they move out, at that point we can't bill them anymore the minimum bill; what then? Commissioner Casey stated that at any time they move back in somewhere in Pike County they would pay. Mr. Potter stated that usually what he would do in that situation is that if it goes a few months and nobody moves in, he goes and gets all applicable parts that can be reused in the system and put them back in stock. Mrs. Olson stated that what she thinks he is asking is what if that property owner moves out sometime during that 12 month period when they were paying that minimum bill. But there is no 12 month period any more. Mr. Stratton stated that if someone is paying the minimum bill and walks away from it, then it becomes an abandoned service and we go out and pick it up. Mr. Potter stated that if it is not a major issue, he turns it off at the main and takes what can be used again. Mr. Lowe stated that what he is getting at is that the customer who got the sewer tap and never hooked up moves out and a new person moves in, but there is a working septic system that they are using and they never agreed to have the grinder put in or use it. Mr. Stratton stated that this is in our tariff now and the unit goes with the property, so when they bought the property they got the responsibility of the grinder unit as well whether they use it or not. He also stated that this goes back to the retro active question he had earlier. Mr. Potter stated that the PSC usually rules in favor of the customer and it would be tough to get the PSC to allow us make a policy that would make any person who has had a meter or grinder set in the past and not hooked up to it, now pay a minimum bill indefinitely because they were not aware of that stipulation before they applied for it. Bob Meyer, UMG Controller, inquired if the county has a mandatory ordinance that if public sewer is available you have to hook up on it. Mr. Stratton stated that he thinks we do but it is not enforced. Chairperson James stated that her position on this issue is that if a person signs up now for a meter or a grinder unit, they will hook up on it and begin getting a bill. We will not allow them to sign up and not take the unit or meter and it goes with the house if it is to be sold. This amendment to the tariff submission is for sewer only, but we can amend the water tariff also to say the same thing.

4. Bond Payment Projects Update

Mrs. Olson distributed a handout of the project balances that make up the District's current bond payments for water and sewer. Mr. Potter stated that Mike Spears could help the board with the numbers. Mr. Spears stated that the top portion is for Kentucky Infrastructure Authority loans and Rural Development loans are listed under that. Each of these loans has a small reserve fund and he will print each board member one out to show them how they are made out. Most of the KIA bonds are old and are pretty much paid down. Mr. Potter stated that most of this was done to serve 13 public schools, 1 airport, Elkhorn City, 1 industrial/commercial complex, 4 recreational areas and approximately 7,800 homes. This is how Pike County has gotten about 98% of the population density served. The District did go into debt quite a bit but a lot of people got water and a lot of school children got potable water that did not previously have it. Mr. Spears stated that some of the bonds that mature in the 2020's were made back in the 1980's and some may have been inherited from other water districts when they merged to form Mountain Water District in 1986. Mr. Potter stated that he did not want to speak out of turn, but he doesn't think that since he has been here that Mountain Water District has ever missed a bond payment. The Board has

always paid their bond payments. Mr. Spears stated that he has been working for the District since 1997 and he knows the District has not missed a bond payment. Mr. Potter stated however, that the reserve accounts have gotten low and depleted but they have never missed a bond payment. Mr. Stratton stated that if you take the Johns Creek project and take the original loan amount and divide it by 389 customers, you are looking at \$4,000+ per customer. The multi-area project listed next divided by 3,135 customers you are at \$555 per customer. When you look at these and at the size of the project you have to look at the revenue base per customer, and that is why Johns Creek will never pay for itself because our average bill is about \$37.00 - \$40.00 per customer. Mr. Spears stated the lesson we need to learn is to apply this over to the sewer side going forward and make sure that projects debt serve before any money is borrowed. Mr. Potter stated that as we go into the future with water also, there will be tough decisions to be made, such as a short line extension that will cost \$200,000 to serve 4 people. Mr. Spears stated that whether it is bonded debt or Coal Severance we need to make the most of what money is available to us. Mr. Potter stated that what Mountain Water needs to do also is look at the maintenance of what you already have. Mr. Spears stated that if the Board had any questions he would be glad to sit down with them one on one and explain it further.

5. Policy Regarding New Meter Sets

Chairperson James made the motion to adopt the policy to allow 60 days for all new meters and grinder units to be hooked into the system from the time they are set and to bill all new meter sets according to our tariff, upon approval of the Public Service Commission. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 10-07-007

6. Sales Tax Liability for R & M Purchases for MWD by UMG

Mr. Meyer stated that about 7- months ago we started getting calls from AEP regarding sales tax on our power bills. He told them that UMG was paying the power bills on behalf of MWD and the City of Pikeville. This started a series of phone conversations locally and then with the revenue cabinet in Frankfort. He was told by the revenue cabinet that UMG needed to send a letter to AEP along with a copy of MWD's and the City's tax exempt certificate and explain to them to UMG is under contract to make these purchases on behalf of MWD and the City and that should satisfy AEP. It did and there has not been an issue with AEP at this point but he suspects that someone else is going to look at that and there will be an issue here at some point in the near future. About 3 months ago we started getting calls from several of our vendors who were having sales and usage tax audits done by the state and they were saying that the revenue cabinet was telling them that our resale certificate..... even though our contract exempted UMG from paying sales tax on materials... his understanding had always been that by virtue of the contracts with MWD and the City of Pikeville, that because of our resale certificate we were not liable for paying sales tax on materials purchases. After a series of conversations, the definitive answer from the people in Frankfort was that neither the contracts nor UMG's resale certificate exempt us from paying sales tax on materials and they don't care who we are buying it for. He has since talked with several people who are knowledgeable about this sort of thing and the sense that he is getting is that UMG has to pay sales tax. The meaning of all of that is that by contract, UMG buys chemicals, repair and maintenance parts, electric bills, etc. and technically at this point we should be paying sales tax on all of that. In terms of past purchases, in his perspective, is an issue that will not be raised. But he has already started the process of having the City of Pikeville pay directly for repair and maintenance parts and materials purchased. On repair and maintenance

parts and supplies, we are paying about \$500,000 per year which is about \$30,000 in sales tax liability and electric is running between \$850,000-\$900,000 per year which is a huge amount of sales tax liability. He is pushing to have specifically the repair and maintenance parts purchased by using MWD purchase orders, track all invoices from vendors and do a summary for the District along with copies of detailed invoices, and then the District would issue separate checks to vendors. He asked them if we are buying this material in the name of the District and UMG is cutting the checks if that is okay. But it doesn't work that way and they are saying we are still liable for the sales tax if done that way. He stated he had been laboring under a false assumption for years and it is a lot of money. UMG has started this already with the City of Pikeville. This is a fundamental change in our contract because regardless of whether we are over or under on repair and maintenance, the City and MWD is going to be paying the bills for it. UMG still has a management responsibility to control the amount that we are spending with regard to repair and maintenance. UMG and the City are working it out so that their monthly payments beginning with July 1st will be for operations and not for repair and maintenance. He stated that he is not saying that that is the way that MWD has to do it, but he is saying there is an issue here that has significant financial impact for the District and needs to be addressed whether in the context of contract negotiations down the road or now. He would like to get this behind us so we are not working in a gray area with regards to paying or not paying state sales tax. Mr. Spears stated that his thoughts on this is that when the vendor payments for the Board are presented each month for signature and payment, then the next payment to UMG would be reduced by the amount of those vendor payments. Mr. Meyer agreed that that is how it would work, at least until we get through another contract negotiation to address the issue. He stated that it would probably mean that the Board would sign about 40-50 more checks per month and we would still present the analysis each month to the Board. The Board requested that Dan Stratton, Bob Meyer, and Mike Spears draft an amendment to the contract for the Board's review at the next meeting.

On a side note, Mr. Meyer stated that as the Board is aware, we are in the process of negotiating with the state auditor's office in the context of documents and so forth, and he finds it incongruous that on the one hand they can say "you are not a public entity; you are a private entity and you have to pay the sales tax, we don't care who you are buying it for" and on the other hand they are saying "no, you really are a public entity and we want access to all of your financial records". The two state agencies are giving us a totally different interpretation. But he agreed to get together with the others and draft something for the next board meeting.

7. Shelby Valley 8" Water Line Issue

Mr. Potter stated that there is a broken water line in front of Shelby Valley's football field. It is currently out of service and is a loop line that fed that whole system up there. He has spoken with Chairperson James and met with the school board about this and the school board built their football field and facility over the existing lines and was aware that they were there at the time. We asked them to let us relocate it a couple of years ago and didn't get anywhere with that. He showed the board a map of where the line is and where it is broken and where it can be isolated. He stated that it needs to be put back together and cost estimates have been done. We temporaried them some water right after school went out and it doesn't serve much but to be able to wash your hands because the main line needs to be back in service. The school board wants MWD to come in and dig up the concrete in front of the concession stand and see if we can dead cap it because the leak is somewhere past that and turn the water back on to give them water, but it needs to be relayed away from their facilities. He stated that they are requesting that we do what we can to put that back in service and have alluded to the fact in an email that they are willing to help and/or pay for it at some point, but they are not giving any definite time frame. Chairperson James stated that Roger Johnson stated in an email that he had discussed it with Roger Wagner and he has instructed him to give the go-ahead with the temporary fix of the leak at the football complex. It also reads that "he is committed to relocating the water line from under the football field and rerouting it under the parking lot area adjacent to the football field. This is a major issue for the school district because football practice begins next week and there is a problem with the lack of water pressure into the complex for showers, restrooms, and water fountains. In addition, failure to relocate the water line may result in the disturbance of the artificial turf on the football field that would result in a major expense to repair the field after the repair of

the line." Chairperson James stated that her concern with this is that we have other folks that rely on that water line. Mr. Potter stated that it is a loop line that ties back in, if one side or the other has an issue he can isolate areas and keep portions of that industrial park in water which includes the nursing home, the apartment complex, the high rise, etc. His capability to do that now with this issue is no longer there. This is the design that was approved by the state that the line cannot be abandoned. Chairperson James stated that if something happened that there was a water leak and we had to isolate that and the nursing home was without water and they complained, then the state could come in on us and say that they shouldn't be without water because of the design and penalize us if we took it out and didn't notify them or get their approval. It needs to be fixed and it sounds like the superintendent is willing to accept that if we temporarily fix it and then they will correct the problem, but we need to get them to be more forthcoming on their commitment as far as what they will do in a specific time frame. Mr. Stratton inquired if we cut the line and did a temporary fix, would it need to be reported to anyone. Mr. Potter stated that he would need to notify Hazard Regional office know that he no longer has the loop capability. The cheapest he can repair the line for is between \$45,000 - \$50,000. If it is bid out it will be double that cost. If we use three (3) parties; one to bore under the field, one to run the line and one to purchase the parts, it could be done without bidding it out. Mr. Stratton stated that we are under the scrutiny of the state auditor's office and this is affiliated with the school board and the last thing we need is the appearance of something inappropriate with Commissioner Casey being an employee of the school board. He is not opposed to anything we can legitimately do and we are under such a microscope that we are overly sensitive to things than we might otherwise be. Mr. Potter stated that about 18 months ago when an estimate was done and was based on contractor values it was about \$83,000. Chairperson James stated that she doesn't want to blow the school board out of the water with the cost of this repair. She requested what the solution is. Mr. Potter stated that the Board could buy the parts; pay a contractor to do the bore (which is a separate item), and UMG or whoever can lay the line. Commissioner Casey stated that the Pike County Bowl is scheduled to be there in less than a month. Mr. Stratton inquired if the school board could buy the parts. Mr. Potter stated that they could if they got what he told them is needed. Mr. Stratton inquired if they could donate them to the District. Mr. Potter stated that he is just trying to find options because he doesn't want to bust them for over \$80,000 when he knows what it would take to put it in. Commissioner Casey inquired how much the parts would cost. Mr. Potter stated that he believed they are \$18,000-\$19,000. Commissioner Casey suggested that he and Mr. Potter meet with the Superintendent regarding permanent repairs. Mr. Stratton stated that we cannot skirt around the procurement issues. The Board agreed it has to be done within procurement limits and procedures. Chairperson James inquired what if the Board did all of this as a line repair and not a project. The Board would pay for the bore, parts and labor and none of it would be a pass thru. Mr. Stratton stated that he would not have a problem with that. Commissioner Casey stated that we have to get water to that facility or we have to cancel the Pike County Bowl and that would be a tragedy. Mr. Potter stated that it is up to the board what to do next. Chairperson James requested a motion to authorize UMG to temporarily repair the line at the Shelby Valley football field with a commitment from the school board superintendent to permanently repair the line within 90 days and for Commissioner Casey and Mr. Potter to bring back the offered solution to the next board meeting. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Absent
Commissioner Casey	Abstained
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 10-07-008

8. Policy Manual Review

Mr. Stratton stated that a policy notebook has been put together for the Board with a list of policies by date and he sorted them by subject matter. This shows how few policies that we actually have. We wanted to put this information together for the Board's benefit and Mrs. Olson has inserted copies of the tariffs, open meetings laws and open records laws for reference. When the Board sets a policy in the future we will amend the index and insert a copy of the resolution and policy into the notebook. He suggested adding a schedule in the meetings to review the policies so that we have those in mind and make any amendments or changes as needed. The Board also needs to develop by-laws and put into the books terms, etc. He requested authority to draft some general by-laws and work with the City on boundary maps according to 201 Facilities Plans for the county for review and approval by the District. The Board agreed for Mr. Stratton to work on these issues for a future meeting. He also suggested that the Board set a schedule to review budgets, policies, etc. and that way the board would get around to everything a year instead of having to look at it all at one time in a work session.

9. Executive Session

Executive Session was held earlier in the meeting.

Chairperson James inquired if there was any update on the audit by the state auditor's office. Mrs. Olson stated that they have not contacted us at all since a few days after they left from the last site visit. They said that they would review everything they had to this point and then come back and begin doing interviews over what they had looked at. Mrs. Olson was told she would get an email several days ahead of time before they came back and she has not heard anything from them. Chairperson James inquired if there was anything they were waiting for us to provide them. Mrs. Olson stated that there is nothing else that they are waiting on as far as she knows. Mr. Spears stated that he believes that they are wanting to resolve this UMG issue before they go forward.

Chairperson James stated that she will not be able to attend the meeting on Wednesday, July 28th and she doesn't know about Commissioner Collins. Mrs. Olson stated that Raccoon Creek phones are still out and she was unable to reach him about this meeting as well. She inquired if the Board wanted to change the meeting date which would make it another special meeting. Mr. Potter reminded the Board that if they set a special meeting, anything they want to discuss must be on the agenda. Commissioner Casey inquired about any visitors. Mrs. Olson stated that if they contact the District and request their name be put on the agenda, their issue can be discussed. The Board decided to move the meeting to Tuesday, July 27th at 10:00 am.

ADJOURN MEETING

Chairperson James requested a motion be made to adjourn the meeting. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Absent
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-07-009

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
AUGUST 26, 2010
10:00 AM

ATTENDANCE

Mark Meade, Ky Abandoned Mine Lands
Russ Cassady, Appalachian News Express
Jackie Cole, Pike County Health Department
Shawn Hicks, Environmental Design Consultants, Inc.
Bruce Coleman, BMM, Inc.
Jody Hunt, Summit Engineering, Inc.
Doug Griffin, Kenvirons, Inc.
Greg Dotson, Inspector
Dan Stratton, Stratton, Hogg & Maddox
Mike Spears, Spears Management
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Financial/Office Manager, UMG
Carrie Hatfield, Project Accountant, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting was held on Thursday, August 26th, 2010 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Ancie Casey

Commissioner Prentis Adkins was not present for this meeting.

VISITORS **AGENDA ITEM II**

Chairperson James inquired if there were any visitors for today's meeting. The Chair recognized Mark Meade from Kentucky Abandoned Mine Lands. Mr. Meade stated that they currently have a memorandum of agreement with Mountain Water District to provide water service to the residents of Hurricane Branch and along Ridgeline Road. He stated that it has come to his attention that one of the residents, Mr. Lunar Thacker, has a habitable dwelling that currently no one is living in at this time; however, he does expect to rent it at sometime in the future. AML's policy for areas that are eligible for water service is the following: AML will provide a meter housing and tap for every eligible residence. We keep the meters separate due to a request by their overseeing agency. The reason they do this is because inevitably someone who didn't want water at the time the water line went through will call their Representative or Senator, who in turn will call him, and say they want their free meter. The policy now is that they will hold on to meters for the length of the memorandum of agreement which is typically three (3) years. He understands that Mountain Water District has come up with a policy that if you get a meter or meter base you have sixty (60) days to sign up which was enacted around July of this year. He has spoken with Mr. Thacker and he is willing, if the District is willing to allow it, to put the meters side by side so that any additional effort by Utility Management Group to oversight this unused tap would be minimal since they would have to be there anyway to read his meter. Commissioner Casey inquired what the

resident's name was. Mr. Meade responded that his name is Lunar Thacker. Mr. Potter stated that Jody Hunt, Summit Engineering, has been in contact with him before and that he doesn't really think it is an issue with setting the base or the meter; it just goes back to the LMI issue and what occurred for the maintenance. He clarified from Mr. Meade if Mr. Thacker wants a meter installed. Mr. Meade stated that he does not want the meter at this time, just the base so that at some later date he can then come to the District and have the meter put in when he is ready for it. Mr. Potter clarified that he realizes what the policy is also. Mr. Meade stated that, yes, he is aware of the policy. Mr. Potter stated that he doesn't think there is an issue with that other than AML wants the District to hold a specific meter. Mr. Meade stated that if it will help, they will hold on to that one meter. Mr. Potter stated that the problem is in setting the meter aside and trying to track the one meter. Mr. Potter inquired if the District could do an agreement with him and put it in his file that MWD knows that he gets a meter and one will be provided at the time he requests, just not that one meter AML wants. Mr. Meade stated that that is fine with AML it is just that he doesn't want to get a monthly bill for not using any water on that particular meter. Mr. Potter stated that the Board's policy is that after sixty (60) days if he has not utilized it, he will be billed the minimum bill. Mr. Meade stated that that is what he is trying to avoid and he can understand that, and AML routinely sets lot of empty boxes all across the state because you don't know when the person who lives there now will pass away and someone different moves in and they want water. This makes it much less expensive for them to just get a meter set in the base. Mr. Potter stated that he was a Mountain Water employee even before UMG came and he has worked with AML on several projects throughout the years and the only issue he sees as far as MWD is concerned is that he still goes to some AML project areas that were done years ago and we still have empty bases where no one has signed up and we are checking and maintaining an empty set up. Chairperson James stated that the Board felt that this was a good policy for the District because of some of the issues that have arisen from past practices, and if we say "okay, we'll do this one time" it opens the door for future recurrences of past problems. The Board has already taken the steps it needed to eliminate the problems that go along with dragging this out for years. Mr. Meade inquired if there was any special dispensation for less than the minimum monthly payment that Mr. Thacker would qualify for. Chairperson James stated that we can't do that because of our tariff that specifies what we have to charge. Mr. Potter stated that AML is paying for the meter and the base, but the Board is saying is that they know that AML has funded these items but we want them to be customers and we are going to give you sixty (60) to figure it out and if you are not going to use the water, we want some kind of payment to ensure that we have the funding to maintain the service. Mr. Meade stated that he is going to be a customer, he just wants another meter for another habitable dwelling on his property adjacent to where his active meter will be which is a little different situation than just putting in a meter on a property that will not be a customer right away. Mr. Potter stated setting another meter on that property will not be a problem; it's just that he needs to realize that after sixty (60) days he is going to get a bill on it. Mr. Meade stated that that is what he is trying to avoid. Chairperson James commented that he doesn't know when he will be ready. Chairperson James inquired if there was any way to not install the meter base until he is ready. Mr. Meade responded that he doesn't know of any way to pay for it if it's not something that they are actually going to construct at the time. He stated that he has three (3) years to do it from July of 2009. Mr. Stratton stated that the primary purposed of developing this policy was to address this issue of a lot of people trying to develop rental property and wanting to have it available and then they would wait years before something would happen. It is the prototype of the reason why the policy was developed. The Board upheld their policy and Mr. Meade stated that he would let Mr. Thacker know their decision. Chairperson James inquired if there any further visitors. There were none.

JULY FLOOD UPDATE

Mr. Potter stated that all lines have been temporaried, everyone is back in water and all boil water advisories are off. We have had our meeting with FEMA and they started our time for our temporary work and reporting of temporary work. To date we have not been assigned a PW worker to start getting those worked up and turned in for funding. Chairperson James inquired if they have given us any timeline on that. Mr. Potter stated not that he knows of. We are continuing tracking where we are. Tammy Olson is doing the work orders so that when we do get a representative we should be able to expedite the process. We have several permanent work orders we will have to do for the main lines that were washed out that we have temporaried or dead capped and rerouted the water at this time. So far the monies expended during the flood is roughly about thirty thousand dollars (\$30,000) for the temporary and initial

work. We are still doing items as we go along and that will continue to go up and the permanent work will be a lot more than that. He stated that we had also talked about doing some thank-you letters to the entities that offered assistance and he has a few drafted for the Board's review. He read the letter to board and inquired if they would like to send these letters on dual letterhead from both the Board and Utility Management Group and let the Chairperson and UMG sign them. Chairperson James stated that she thought that was a good idea. Mr. Potter stated that we had a lot of assistance and it worked really well. In Eastern Kentucky it seems that a lot of the entities work really well together. We had some entities that provided materials and brought them to us and just wanted it on record that we had a lot of good help. Chairperson James stated that the Board appreciates them and also UMG for their work during the flood. Mr. Potter stated that they just got back from training in Louisville and there were several hundred entities there from across the state, and everybody asked about the flooding and how it was going and were really surprised how well it went. They felt for us and there are a lot of people out there looking and seeing that Pike County really tries to do what they need to take care of their people. Mrs. Olson stated that the thirty thousand dollars (\$30,000) that Mr. Potter mentioned earlier is not all that was expended. That is just repair and maintenance and some parts that were used to temporary services. She stated that she is putting together a summary of damages, which is now about twenty (20) pages, that itemizes everything by work order and also the losses at the MWD lot and vehicles. Right now the total is up to seven hundred and twenty thousand dollars (\$720,000) and still going because the permanent repairs have not yet been estimated. Mr. Potter stated that at the kick off meeting he mentioned that he anticipates the number ending up to be somewhere between one point one and one point three million dollars (\$1.1M - \$1.3M). Chairperson James inquired if there was anything that the Board should do to get FEMA to come and get started on this. Mr. Potter responded that the last thing they told us was that since we are a utility and they are so spread out right now, they want the right person to do the work who is familiar with water and wastewater, and that person has not been freed up from another project yet. With us having things ready, it will go really quickly when we do get someone in here. He will contact them again and see if there are any developments in when we can expect someone from FEMA. In the meantime, we will continue to get things ready for them.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the special meeting that was held on July 27th, 2010 as presented. Commissioner Casey made the motion to approve the minutes as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-08-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mike Spears distributed the financial report to each Board member. He stated that everything on the financial statement for the month of July looks good. He stated that the audit will be delivered next month and all the PSC filings have been taken care of. We may have to amend once we get the audit and make changes but he doesn't expect to have to do much of that. After discussion with the Board on the financial statements, Chairperson James requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-08-002

Mr. Spears stated that after review of the Big Shelby Water Project it has been discovered that there are twenty-eight thousand dollars (\$28,000) worth of invoices that are unpaid. We are going back and digging through that and tracking all the money and we have backtracked everything that happened in that project. What happened was that KIA overpaid us fifteen thousand dollars (\$15,000) in 2008 and that was reflected in the financial statements during that time but it wasn't closed out. In 2009 it was thought to be closed out and there was \$28,000 left outstanding in the contract, so we do owe the money. That \$15,000 skewed it and there was another \$12,000 from DLG, according to some emails that Carrie Hatfield has corresponded with them for a year and they sent us a letter saying we can extend this project, and then we got another email that said they turned it over to the county. The last email was dated July 12th, 2010 which said that they are still trying to figure out what happened with the project. He doesn't know at this time if MWD is going to get that money back or not. We do need to pay the outstanding invoices. We have two (2) choices: We can prorate on the \$15,000 we have and pay everyone a percentage until we see if get the other \$12,000 in or we can pay it and try to get the money back. It will have to come out operating. Chairperson James inquired if we do the prorata and pay a portion on it, it doesn't make us have to pay any more than the \$28,000; it would just give us additional time to get the rest of the money in. Mr. Spears confirmed that was correct. In January of 2009 there were some funds in the miscellaneous account and there weren't any projects going on for that money, so the Project Manager at the time had it approved to do GW Newsome Line Extension which was paid for out of that money. That is where \$15,000 of it went. Chairperson James requested a motion to approve the prorated partial payment of the outstanding invoices and pay the rest when we discover if we will be able to recover the rest from DLG. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-08-003

PAYMENT OF BILLS

AGENDA ITEM V

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. After review, Chairperson James requested a motion to approve the payment of bills as presented. Commissioner Collins made the motion to approve the payment of bills as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-004

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of three thousand, five hundred and fifty-two dollars and ninety-six cents (\$3,552.96) as presented. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-005

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that as of the last meeting he was expecting to meet with E-One and the contractor change ordered the residential grinders to the contractor. He has been in discussions with Division of Water and informed them that it was coming. E-One has agreed to hold the same price and the change order needs signed today. The time is up on the project and we have already submitted the time extension on this project.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that the Board had approved a couple of residential grinders to install and the contractor is working on those. The wet well and valve vault is in place and the contractor is working with AEP to do the final connections there to close out the project.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that they are continuing as instructed in the last meeting for the rerouting of the design of this project. He just got back from Louisville and did not have time to complete the addendum but it was approved at the last meeting and he will bring it by for signature at a later date.

4. **Hurricane Branch AML Water Supply Project (Ridgeline Rd):**

Mr. Hunt stated that contractor is moving along on this project very quickly. He has approximately 90% of the line in the ground and we expected to encounter a lot of rock on this project and did not encounter as much as anticipated. The contractor on this project is US Rentals and Construction. He will be starting on the pump station very soon, but we cannot start the tank site or the line up to the tank site until October because of the Indiana bat and the blue heron.

5. **Sycamore of Lower Johns Creek Water Project:**

Mr. Hunt stated that they anticipated this project to begin 2-3 weeks after the last Board meeting. The contractor issued his bonds and insurance on the wrong forms. He had to get those reissued to the Engineer and was a mistake by the bonding agency. Those will be presented to Mr. Stratton for approval and then he will issue the Notice to Proceed on this project. This is the same contractor that is doing Hurricane Branch so as soon as he works as far as he can on that project he will send a crew over to Johns Creek and get them started over there.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. **WTP Raw Water Intake:**

In the absence of Tim Campoy, Shawn Hicks with EDC stated that this project does not have a current update. It is complete. Mr. Potter stated that it has been functioning as we need it to.

2. **WTP Expansion/Upgrades:**

Mr. Potter stated that UMG had just started to get into this work when the flood hit and we also need to make sure we have the project funds straightened out before we get it going again.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. **Smith Fork of Phelps Sewer Project, Phase I Change Order 1:**

Mr. Griffin stated that this project was extended into the contract of Phase II and Phase I was completed in July and there is nothing else to report on it.

Smith Fork of Phelps Sewer Project, Phase II:

Mr. Griffin stated that he misled the Board on this phase of the project by telling them that we had plenty of money. He forgot to add in the retainage we are holding on the contractor for both contracts which is close to \$63,000. He went back and took another look and at the point we are, we are route 194 and have a little over a mile where they are coming up on that has no customers on it. If they go all the way as they planned to, there are only four (4) signers. We are talking about \$160,000 to get there for four (4) signers. Commissioner Casey inquired if the Board directed that in about April to go to Allen's Branch or as far as the funding would go. Mr. Griffin

stated that is true and if we use the existing funds we only get just passed that long stretch of nothing. Commissioner Casey inquired if we trenched all that would it be cheaper. Mr. Griffin stated that it would not be any cheaper because there is a bunch of it where the water line is in the road and we are going to have to go up in a tree line to get through there. Commissioner Casey stated that biggest problems he has had with that project is the numerous calls on service calls. Mr. Griffin stated that according to the emails that he has gotten regarding problems with the units, the majority is due to a faulty switch in the new models of the E-One pumps. E-One and Wascon have had two (2) people here for two (2) weeks changing those out and retrofitting them all. Commissioner Casey inquired if the contractor was going out with these service calls and doing them. Mr. Griffin stated that he thinks that the contractor that takes care of them deserves some compensation for that because he has to pull off of what he is doing to go do those and get the people back in service. Commissioner Casey stated that he believes the contractor should be compensated for each service call. Mr. Griffin stated that he agrees with that and he would recommend that the Board do that because it is not fair to the contractor. A good portion of them were out of warranty. Commissioner Casey inquired what the normal service call fee is. Mr. Potter stated that he believes what we need to do is to see what those are and since it was a manufacturer's issue, they need to step up and reimburse the contractor for that expense, not the District out of the contract. Mr. Griffin stated that he agrees with part of that and disagrees with part of it if you consider that the pumps were out of warranty, especially those at Smith Fork, Phase I. Commissioner Casey stated that he didn't believe that the contractor should have to wait if there are funds in that account. If he is going out on 50 or 60 service calls then his company needs to be compensated for each call. Mr. Potter stated that we can get an average of what the cost is for a service call is. Mr. Griffin stated that it seems fair to him that if the contractor has to pull off of something to go take care of that so the people stay in service, he is all for reimbursing the contractor for that work. Mr. Stratton clarified that it was a defective switch. Mr. Griffin stated that it was a switch that was put on and when it gets warm, gives off ammonia that trips alarms. Mr. Stratton stated that Mr. Potter makes a good argument in that this is not a warranty issue of normal wear and tear. This is a defective switch issue so we need to at least ask E-One for consideration on that. Mr. Griffin stated that it is his opinion that those companies really stepped up and came here and changed them out and with a lot of other companies, we would have had a lot of trouble getting them to come in and retro fit everything. Mr. Potter stated that they did a good job by coming in and seeing what their issue was and fixing it. Commissioner Casey interjected that he understands that and he thinks we should go that route and try to retrieve that, but at the same time if the contractor is pulled off other venues to go to a service call, they have to be compensated. Mr. Potter stated that it is something we can look in to. Mr. Griffin stated that with the existing money and trying to go all the way to pick up those 4 customers at a rather high cost, we would not be getting the pump station the Board wants or the telemetry. Bruce Coleman, BMM, Inc., stated that they have responded to 46 service calls since January of this year, 42 of which were due to a faulty switch. He stated that they send 2 people out per call and it averages about 2 hours per call. Mr. Potter stated that he believes they should be compensated; it is just the place we need look for the compensation is E-One because this is not normal to lose a switch even if the unit had been in for 22 months. They had a defect and he really believes that on this issue we need to go back to the manufacturer. Commissioner Casey stated that he believes it would be good to do that, but at the same time, with the monies available that are left in that project, the contractor has to be compensated for his employees making all these service calls because of a manufacturer problem. Mr. Coleman stated that after looking at the money left in the budget, leaving money for the new pump station, the remainder of the installs that they have, which is about 50-55, even though the current list has about 26 on it and they will pick up more as they go through....Mr. Griffin interjected that there was only 4, one on Allen Branch and three on Turnip Branch. Mr. Coleman responded that there three at Turnip Branch that are on the list but there are seven homes on the way up to those three homes. Mr. Griffin stated that they did not sign up. Mr. Coleman stated that is correct but typically they pick them up as they go by. Mr. Griffin stated that there is plenty left and it has to be the Board's decision whether to go further or stop. Mr. Coleman stated that they would like to continue the project, and as far as the remaining 55 barrels and equipment that they have on hand....Mr. Griffin stated that we will have some leftover no matter what we do. Mr. Coleman continued that it would leave funds for the pumps and also funds there for the service calls. As far as the service call money goes, he is not sure which way to submit the invoice or to whom, but he doesn't know why they can't get it from this

project and have the manufacturer reimburse the project. He requested direction as to where to send the invoice. Commissioner Casey stated that he believes that the contractor with all the problems with the service calls from a faulty situation that is no fault of the contractor and they have sent men out to try to eliminate the problem and they have to be compensated out of the project funds. Mr. Griffin agreed and stated that the bigger decision that the Board has to make is do we go further and spend money on that stretch of road where there are no customers on the main road. Chairperson James inquired what he is suggesting. Commissioner Casey inquired how the contractor feels about that. Mr. Griffin stated that it is a unit price contract and that really doesn't have any bearing. He stated he hated to see the Board spend that much money for 4 customers. Commissioner Casey stated that at the same time they want everyone in this county to have water. Mr. Stratton clarified that this is a sewer issue. Commissioner Casey stated that they wanted them to have the service. Mr. Griffin stated that he believes that it is important to get the two (2) issues Mr. Potter is talking about on the pump stations and telemetry done. Chairperson James inquired if we complete the work on those two issues, would there be funding left over in the project to complete what he is suggesting. Mr. Griffin responded no and that is what he is saying; we retain 5% of what the contractor is doing, which is presently about \$63,000. He forgot to put that in the numbers when calculating how much we would have to go all the way to the end. If we do that we still don't have enough to go all the way to the end which is where the customers are. Chairperson James stated that then we would not have the funding to do what we need to do and there is not much of a decision here. Mr. Coleman interjected that he and Mr. Griffin agree on almost everything they are talking about here with the exception of the amount of money left in the project. He stated that his information shows that there is about \$250,000 left in the whole project. Mr. Griffin stated that there is about \$230,000 if you take the \$60,000 out of it and your back to what it takes to take the main line to the end. Mr. Coleman stated that with \$230,000, actually he has down \$237,000....roughly payment on their part for installing a new service is \$2,000. If they do 50 more homes, that will be \$100,000. Allowing \$40,000 for the pumps that Mr. Potter wants and the repairs that Mr. Griffin wants to make of \$40,000 and by the end of the project there will be roughly \$75,000 in retainage. In adding the service call issue, that adds about \$20,000 more. So with 50 new installs for \$100,000, \$75,000 for retainage, \$20,000 for service calls, \$40,000 for pumps equals \$235,000 and he is saying that we do have it in the project funding for all of it. Mr. Griffin inquired where he was getting the number of installs. Mr. Coleman stated that they still have 26 currently left on the list....Mr. Griffin interjected that 4 of those don't count if we aren't going to run the line to the end...but there are still some to be hooked up on the way up to the HOPE building. Mr. Coleman stated that there is another 13 beyond the HOPE building. Mr. Griffin stated that they couldn't count that many this morning, but Lois Smith has a small waiting list after we told her not to sign any more up. Chairperson James requested that Mr. Coleman prepare an invoice to the District for the service calls which would give us something to present to E-One. Commissioner Casey made the motion that the contractor be paid out of the project funds for the service calls upon presentation of an invoice. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-006

Chairperson James inquired how long a project would normally go....if this is normal that a project would continue 20 months and we would still have the contractor coming out and doing service calls. Mr. Griffin stated that legally the contractor would not have to do a single service call on Smith Fork. But this

contract is still active because it has been extended into phase II. Mr. Potter stated that normally after one year it falls to the District to take care of, but this is not a normal project because it is an extension. Mr. Stratton stated that the question becomes now, can the District do the service calls cheaper than the contractor. Mr. Potter stated that he would have to do a cost analysis on it to know for sure and we don't know how many service calls one is going to get within a contract period and that is why normally the contractor takes care of them. The District should not have to pay for service calls during the project time frame because the contractor is insuring it, unless there is a defect. Why should the District pay for a service call for improper installation, crimped line, or any other issues that were caused by the contractor's installation. That is why that is there. This issue is due to the manufacturer. Mr. Griffin stated that he will give KIA a letter when this project is complete which spells out the warranty period. Commissioner Casey stated that he was glad that the contractor was present today to share his information and the print out of all of the service calls and the Engineer has recommended that he be compensated and he appreciates the contractor sending workers out to service the people of this county. Mr. Spears stated a change order will have to be prepared to pay for the service calls out of the project funds. Mr. Griffin will prepare it and present it at the next meeting. Chairperson James directed Mr. Griffin, Mr. Potter and Mr. Spears to get some firm information together for the Board on what the left over funding is for this project. Commissioner Casey inquired if the Monroe Justice tap that was approved by the board in April was done in April. Mr. Griffin stated that it was done in July. Commissioner Casey stated that that was done after he deceased. He stated that he thinks we need to do better than that when this Board has directed a service to be done it needs to be done immediately. This was a crucial situation with her father dying and hospice at the house...he received some complaint calls on that and it is unfortunate that when the Board has voted and instructed a job to be done, particularly when it is a situation that touched everyone in here, and he gets the calls in that area because he lives in that area, that it wasn't done until July after Mr. Justice was deceased....he stated that he has a problem with that. That tells him that it is not being done in the field and it makes the whole Board look bad. Mr. Coleman stated that he believes it did show up on their list in April and at that point it was #41 on their list. They were up in Beech Creek at the time and moving their equipment out to another part of town is an extra expense and they had the project moving forward at Beech Creek. Roughly 45 days later they got a new list with additional homes added to it and it had been removed from that list. It stayed off the list for the next 2 lists and then came back on as #71. Again, that is where the delay came from. He stated that he had an extensive conversation with Ms. Justice and apologized as much as he could and got there as quick as he could. They did have to wait about 30 days for one of their crews to bore under the road. Mr. Griffin stated that there were issues with scheduling of a sub to do the work and they finally got it bored under the road. Mr. Coleman stated that it should not have taken as long as it did. Commissioner Casey stated that that presentation that the lady made about her father dying...we should have got on that...and they thought as a Board that they got on it. Then he got these calls that it hadn't been done until after he had deceased and was buried. It makes this whole Board look bad when they think it is going to be done and it is not done. Chairperson James stated that there should be more communication if there is a problem with something that the Board directs to be done. Mr. Coleman stated that it was a breakdown in communication and they would do better in the future.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Friend made the motion. Commissioner Casey seconded the motion.

HURRICANE WATER PROJECT (RIDGELINE ROAD)

Contract 1	AML Funds	\$ 14,667.28
Contract 1	AML Funds	\$ 202,439.44

SMITH FORK OF PHELPS SEWER PROJECT, PHASE II

Contract 2	Coal Severance Funds	\$ 13,966.90
Contract 2	Coal Severance Funds	\$ 1,053.44

LMI PROJECT			
Contract 1	Coal Severance Funds	\$	2,000.00
Contract 1	Coal Severance Funds	\$	53.17

Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-007

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Mr. Potter reviewed the manager's report with the Board as presented, including LMI taps, customer payments and online payments. He stated that there are sewer issues at Harless Creek and he has been working with the health department to come up with a solution. FEMA has come up with a unit that they want to give but it is a temporary unit that will only last about 2 years. We are continuing to look for options on that issue. He stated that he has a meeting with the Judge and the health department later today and he will inform the Chairperson how it goes. He also stated that he sent in an ARC Request for funding for upgrades to the Douglas WWTP and they sent a letter back basically saying that we were denied any funding. He continued the Manager's Report by stating that there is a Department of Highways line relocation at Hwy 319/1056 up in Huddy. The contracts are back and it is ready for construction and Mr. Griffin needs to get up with the Board and legal counsel to get the process finalized. This project is a pass through. The DOT provides all the funding to have the line moved and the Board is not out any funds and gets new facilities out of it. Commissioner Casey commented that he wanted to Mr. Potter to commend all employees on the Board's behalf on what a job they have done in getting service back to the people of Pike County. It was tremendous what they have done. Mr. Potter stated that we have a really good bunch of people here in the field and in the office. He stated that this is not the first flood that we have been through and we have learned how better to handle it each time. When Tim Blanton from KRWA came in he said that he had never seen anyone handle a disaster for a utility as quickly as we did. He did a presentation at their KRWA staff meeting with a slide show talking about how we approach disasters. We look in advance and even though we didn't catch on to this one the way he had hoped, one of the first things he does each day is look at the weather and if there is something going to occur, he has our tanks raised to an extra level at least two days before and we start implementing pre-disaster procedures. Half the time it doesn't turn out to be anything but we get ready ahead of time. He stated he does appreciate the comments and he will pass those along to the employees. Bob Meyer stated that he would like to add one comment to Mr. Potter's report. He has spoken to Dan Stratton a couple of times in the last week or so regarding the purchasing of materials we have discussed in previous meetings. We are now under a temporary extension of the contract between Mountain Water District and UMG until December 31st. He suggested that at some point the Board would appoint an informal committee to look at what happens come January 1st.

NEW BUSINESS

1. LMI Project -

Mr. Potter stated that he reviewed these under the manager's report, but that there were 2 LMI taps completed in July for a total of 136 so far in this phase of funding. This project should be finishing up soon and ready to close out. The Board needs to start considering what we will do with applicants who are on the list who will not get a tap out of this phase of funding since we were not awarded any further funding for this program in the current two year budget.

2. **UMG/MWD Contract Amendment to Address Sales Tax Issue-**

Based upon the discussion with Mr. Meyer regarding forming a committee to start looking into what happens as of January 1st, 2011 regarding the contract with Utility Management Group, Chairperson James directed Dan Stratton and Mike Spears to meet together and start looking at the preliminary issues that have been discussed regarding the sales tax issue and others in preparation for looking at the contract with UMG.

Chairperson James then requested a motion to approve the Manager's Report as submitted. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-08-008

Mr. Stratton stated that he has prepared an amendment to our underlying agreement after reviewing the issue with both Mr. Meyer and Mr. Spears, concerning the sales tax issue. As a brief background, heretofore with the state has allowed contractors for tax exempt entities to purchase things on behalf of the entity and get the sales tax exemption. The City of Pikeville had the same issue. The state is now taking the position that we cannot get the sales tax exemption unless the District purchases items directly. What we are proposing is an amendment to the contract that will pass a reimbursement back between the District and UMG so that the Board will make the direct purchases ourselves for those items and the following month there will be a deduction from MWD's payment to UMG to offset that difference. Chairperson James requested a motion to approve the amendment regarding the handling of purchases as presented by legal counsel. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-08-009

Mr. Spears stated that with this amendment to the contract the District needs to have a credit card through Community Trust Bank or someone for purchases of vendors that will not take a purchase order. Carrie Hatfield stated that yesterday they had an incident where we had to have an item from a vendor that we have not done business before and they would not let us set up an account and we needed a credit card to purchase the item now, and that would have given us time to establish an account with them and go through the review process. Commissioner Casey inquired who would have the card and have access to it. Ms. Hatfield stated that at this time, we are using UMG's credit card, but if UMG is no longer buying the materials, then the District will have to have one. Commissioner Casey reiterated who would be using this credit card? Ms. Olson stated that the UMG card that we are using now is locked in a cabinet in her office and it is not used until Mr. Potter approves it. Mr. Potter stated that we could handle it similarly. Commissioner Casey stated that we need to secure it. Ms. Olson stated that it could also be used for travel expenses for the Board members. Chairperson James confirmed that Mr. Spears would reconcile the credit card statement monthly. Mr. Spears suggested that the copy of the statement be submitted with the check when it is paid. Chairperson James inquired what kind of limit is on the UMG credit card. Mr. Potter stated that \$15,000 is the limit on most cards. Chairperson James inquired if that limit would be sufficient. Mr. Potter stated that it should be fine. Chairperson James requested a motion for Mr. Spears to apply for the credit card from Community Trust Bank with a limit of \$15,000, with signature and use authority only to Mike Spears and Tammy Olson with the stipulation that it be kept secured by Mrs. Olson in her office. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-010

3. Policy Regarding Additional Taps After Project Deadline –

Mr. Potter stated that there really isn't anything the Board can do on additional taps outside the project deadline unless the applicant pays the tap fee. If you are talking about the internal deadline associated with a project, such as 90 days during construction, at some point we try to get all signers who want the service to sign up so the contractor can get them as they go. At some point there is always someone who comes back and says that they didn't sign up during the open sign up period but they want it now. The contractor may come back and request reimbursement for an additional time and effort for having to pull off the project where they are to go to another area and set a tap. He stated that he didn't think the Board can really set a policy since it would be taken out of the project funding, but he wants the Board to be aware that if they direct the contractor to keep backing up and picking up new signers, it may cost more out of the project budget.

4. Johns Creek Daycare/PCFC Sewer Contract –

Mr. Stratton stated that he spoke with Assistant County Attorney, Roland Case on this issue and we have not heard anything back. This issue was tabled until the September meeting.

5. **MWD/City of Elkhorn City Water Contract –**
This issue was also tabled until the September meeting.

6. **Big Creek Freewill Baptist Church Billing Issue -**

Mr. Potter stated that Mrs. Olson has been talking to them quite a bit and we need to get this issue resolved. He spoke to Jamey Keathley, Wastewater Manager, and apparently during the project construction at Big Creek, as we were going down by that location the contractor saw one of the deacons of the church and was asked if they were eligible for one of the septic systems. He was told a meeting would be held with the church board to see if they could get one approved or something. The contractor went back on his own and decided they got one and went ahead and put it in. Mountain Water District has no contract with this church and we didn't know it was there until we sent them a bill and they called and said that all they have hooked up to it is one sink in the youth hall. The contractor did not go and look at the time where their existing septic came out at and it is actually on a grade above their old system. Jackie Cole, Health Department, stated that when he was there someone from the church was there and said that they would run it because they had something on the other end of the building that they were going to pick up. Mr. Potter stated that even if they do that, we do not have a contract with them and cannot legally bill them, and need some direction on where to go with this. Mr. Stratton stated that we have an implied contract since they watched it get installed and it wasn't done in the dark of night and we didn't sneak it in on them. Mr. Stratton inquired if the church is opposed to signing a contract. Ms. Olson stated that the gentleman that she has been talking to acknowledges the fact that one sink is hooked up but says that they told the contractor that there was another system there that served the other end of the building and contractor told him that it was up to them to bust out the joists underneath the church to raise their own plumbing to be able to utilize the new one. It wasn't done properly from the beginning. Chairperson James inquired from Mr. Stratton that since there is no contract, what their options are. Mr. Stratton recommended that we need to cut it off effective a certain date and they need to make arrangements for that one sink. We can't leave it out there as a gift and the case that it is an implied contract because they knew it was going in and nobody said no could be made. Commissioner Casey recommended that Mr. Potter get with Dan Stratton and work this problem out and report back to the Board in September. Mr. Potter inquired if the Board wanted to hold on-the-billing of the sewer at this location until this issue was resolved.

7. **Ridgeline Road Water Line Extension – Upper Pompey/Jonnican**

Mr. Potter stated that last year we got an agreed order from the Environmental Cabinet regarding CAM Mining where they had to give MWD \$100,000 to help fund a water project to those areas. The monies are limited to the installation of public water lines and/or wastewater treatment facilities to serve the residents of Pike County. Then they put a stipulation in that public water and/or wastewater treatment facilities will be installed at no charge to residents. The Board had originally said that they would hold these funds in the hopes that funding we requested would come down and this \$100,000 could be used as tap fees for the residents when the line was done. We did not get the funding we requested to do this project and if we do not have this money utilized or under utilization by January 1st, 2011 the Environmental Cabinet takes it back. His suggestion is that the Board requests for additional funding and asks for a time extension from the Environmental Cabinet or request that the District be allowed to use the money for design of the project so that when the construction monies come down that design will be done and paid for and the project can proceed quicker. After discussion, the Board decided to hold on any action on this issue until the September meeting.

8. Coverage of Main Line on Collins Street Without District's Consent -

Mr. Potter stated that we have some locations in the county where people are doing work on their property where the District's lines are. He needs some way to contact these people and tell them that they are making our line inaccessible and it needs to be relocated to a proper location. The Board directed him to meet with Mr. Stratton to work something out on this issue. Mr. Stratton stated that we do have an easement issue in conjunction with this problem. We have a long history of people giving us property use with no written easement years ago and it is not as smooth of an issue to resolve as it would appear.

9. Gannon Estates – Request for Adoption into the System

Mr. Potter stated that this project is completed in accordance with the District's specifications. Chairperson James inquired where this is located. Mr. Potter stated that this is at Meathouse of Kimper. Shawn Hicks, EDC, stated that the project has been completed and he has the as-built plans to submit to the District along with a letter from Tim Campoy stating that the project was completed in accordance with the District's standards. He also has a copy of Mr. Gannon's letter requesting that Mountain Water District this small water project which is about 1,200' of water line and an upgrade to the existing pump station. Mr. Stratton commented that a few months ago the Board said that if Mr. Gannon complied, they would adopt it into the system. Mr. Potter suggested that the Board allow him to review the plans and construction materials and bring back a recommendation to the Board or the Board could make a resolution adopting it into the system pending the review of the plans by himself and legal counsel. After further discussion, Chairperson James requested a motion to adopt Gannon Estates into the District's water system contingent upon review by Mr. Potter and Mr. Stratton as to the compliance of the information given that it was constructed in accordance with the District specifications, and to give Mr. Stratton authority to notify Mr. Gannon after the review is complete. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-011

**10. Legal Issues
-Executive Session to Discuss Outstanding Litigation and Potential Litigation**

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-012

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-013

Mr. Stratton stated that with regard to the South Side Mall issue, we have been unsuccessful in negotiating an agreement with them and after consulting with Mr. Potter, he has agreed that we can pay for the service of the line repair provided that the mall pays for the pump station replacement. He recommends that the Board approve that as a settlement and authorize him to contact their attorney accordingly finalize this settlement. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-014

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-08-015

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
NOVEMBER 4, 2010
2:00 PM

ATTENDANCE

Russ Cassady, Appalachian News Express
Mike Spears, Spears Management
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Financial/Office Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting was held on Thursday, August 26th, 2010 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Ancie Casey

Commissioner Prentis Adkins was not present for this meeting.

AGENDA ITEM I

1. **Flood Work Bid Negotiations and Award**

Mr. Meyer stated that at the last meeting they had discussed negotiating with the low bidders on the flood work. Contract 1 for flood related work was removing the sludge and debris from the WTP lagoons. Our preliminary cost estimate was just over \$219,000. We received two bids; one from BMM and one from Tom Young. We have been in the process of preliminary negotiations with BMM, Inc. and the issue with this contract is where the sludge will be disposed of and how much the tipping fees will be. He stated that he still cannot give the Board a specific recommendation this afternoon. There is an alternate site where the sludge can be dumped that the City of Pikeville is using right now. It is permitted to receive sludge from WTP operations and that obviously will have an impact on what the total contract price is going to be and we are not at a point in the negotiations to be able to give the Board a specific recommendation at this point. Chairperson James stated that since they are the low bidder and now that the Board understands where the negotiations are at this point, the Board could go ahead and award that bid to BMM, Inc. and give him and Grondall Potter authorization to continue the negotiations. Mr. Meyer stated that he would the contingency also the he would advise the Chairperson before any decision is made in terms of award. He stated that he believes there will be a significant decrease in the contract amount but can't tell them what that is yet. Chairperson James stated that BMM, Inc. is the low bidder and will be doing the contract at the negotiated price. Mr. Meyer stated that they

are trying to navigate this issue of the dumping site and tipping fees and trying to keep the costs as low as possible for the Board's match. Chairperson James requested a motion to award the bid for Contract 1 to the low bidder, BMM, Inc. contingent upon the negotiations and notification of the Chairperson prior to finalizing the contract documents. Once negotiations and notification are complete, the Board also authorizes the issue of the Notice to Proceed to the contractor. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-11-001

Mr. Meyer continued that Contracts 2 & 3 are primarily service line work, covering service line, relaying creek crossings, hydrant replacement and a pump and motor for the sewer plant. Mr. Potter stated that the initial estimate was \$93,000 and the large scope of the project area was not taken into consideration and the mobilization of the crew from site to site. Contract 2 is the larger site and extends from the Feds Creek area to the mouth of Chloe. The contractor contends that he will be moving his crew around so much that he can't get that much production in one area. Commissioner Casey inquired how they are going to handle that one. Mr. Potter stated that Contract 3 is closer to the original estimate because it was a more contained area. The main places were Raccoon Creek and Hurricane of Kimper. Mr. Meyer stated that H2O Construction was the only bidder on Contract 2 and Contract 3 had two bids but Tom Young withdrew his bid, so then H2O also became the only bidder on Contract 3. The total of the two original bids was about \$242,000. We have met with Steve Lockhart with H2O and said that we think that is too high and we don't think the District can afford it, and discuss the issue for about 30 minutes. He agreed to reduce the total contract price for both contracts to \$212,000, which is about a \$31,000 deduction from his original proposal. Based on the mobilization factor, we underestimated the original cost. Chairperson James inquired if now that they have spoken to the contractor, do they feel that he is being reasonable with the District on his price quotes. Mr. Meyer responded the he is recommended that the Board award the two contracts to H2O because they feel more comfortable with the dollars and where he is coming from and we also know the work he has done. Mr. Spears inquired how we were going to finance this construction. Commissioner Casey stated that we only have to pay 13% of it. Mr. Meyer stated that what Mr. Spears is getting at is that the District has not gotten a time frame from FEMA on when we can expect the money to come in. In the interim, Mr. Spears is wondering how we are going to pay these contractors. He stated that he has draft contracts for H2O and they would be submitting draw requests, just like any other contractor, on a monthly basis. They submit the draw request, we review them and submit them to the Board for approval and pays the contractor. We have all the standard stuff in the contracts but the point still remains that there will be a couple of hundred thousand dollars of cash flow that is going to be necessary to make these interim payments. Mr. Potter stated that it may be a while before FEMA turns over the money. Mr. Spears stated that he doesn't want to pull it out of the District's cash flow if it can be helped. He wouldn't mind the \$56,000 but other than that we may need to look at doing a short term line of credit just for this, and when we get the money pay it off. Chairperson James stated that we need to look at that because we do have some cash and we don't want to end up paying interest charges when you've got some cash that we can work with. Mr. Spears stated that we can work with some of it and play it by ear. If we get to a point we need it, or the operating account gets down close to \$200,000, we can look at it at that point. Mr. Potter stated that the county and the District both are looking for money for the 2007 flood. Chairperson James stated that the money from the prior flood came down quicker last year. So the stated gets the money and then disburses it and there is some delay, but last year they paid it quicker. Mr. Meyer stated that the combined total of the contracts is \$212,000. Chairperson James requested a motion to approve the award of Contracts 2 and 3 of the Flood

Related Work to H2o Contracting for the combined amount of \$212,000 and authorize the Notice to Proceed. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-11-002

2. **Mountain Water District/Utility Management Group, LLC Contract**

Mr. Spears stated the Mr. Meyer and he have met twice and are in the process of negotiations and the numbers at this point are not too far off from each other. We have set some time lines going forward and would like to meet, and Bob has agreed, on November 17th with the Chairperson to iron out some of the particulars prior to the November 24th Board meeting so that the agreement can be drafted after that meeting. We need to have it in place by January 1st providing we don't do another extension. Then have both attorneys meet the second week of December after review of the draft contract, so it can be reviewed by the Board at the December meeting. Chairperson James stated that if it appears we need a special meeting, we can call that. Mr. Spears stated that if there were any ideas that the Board members had regarding this process, to please email him. Chairperson James stated that she believes the KACO conference as well as EOC training is being held during that time. She stated that they will check their schedules and get back with Mr. Spears on the date. Mr. Spears stated that he thinks the numbers will work out fine and he looks forward to hearing from them on a scheduled date.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-11-003

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
DECEMBER 29, 2010
10:00 AM

ATTENDANCE

Russ Cassady, Appalachian News Express
Jody Hunt, Summit Engineering, Inc.
Brock Kidd, Summit Engineering, Inc.
Tim Campoy, EDC, Inc.
Doug Griffin, Kenvirons, Inc.
Greg Dotson, Inspector
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Carrie Hatfield, Assistant Financial Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, December 29th, 2010 at 10:00 a.m.

Commissioners were present for the meeting as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Ancie Casey
Commissioner Prentis Adkins

VISITORS **AGENDA ITEM II**

Chairperson James inquired if there were any visitors for today's meeting. There were none.

JULY FLOOD UPDATE

Mr. Potter stated that Contract 1 is pretty much 100% complete. The contractor moved about 3,400 yards of material out of the pond area at the water plant. They have submitted a pay request on it that is ready for the Board's approval. There should not be a wrap up change order on that project. The amount is for \$175,000.50 and backup documentation is included with the quantities. Contract 3 is mostly line repair and the contractor is H2O Construction. It is about 97% completed, with a portion that needs permission to get on railroad right of way being the final issue. There will probably be a wrap up pay request in January to finish it up. The current pay request on that contract is \$48,592.60. Contract 2 is the larger one in the Marrowbone area and is also over 90% complete. It is also being constructed by H2O Construction. There are a few items that need wrapped up on that one and the weather is delaying it. The pay request on that one is for \$146,261.92 with backup documentation as well. The inspector has submitted his reports as well. Chairperson James inquired if Mike Spears wanted to address the issue with the line of credit. Mr. Spears stated that the Board is waiting for FEMA reimbursement and we don't know how long that is going to take and we need a way to pay for these \$400,000 worth of contracts while waiting for FEMA funds. Chairperson James commented that now, she believes, it is to be sent in for processing for

reimbursement because it wasn't completed yet. Mrs. Olson confirmed that as correct. Mr. Spears stated that he recommended that the Board secure a line of credit specifically for this, pay the contractors when the work is completed and use the FEMA funds, when it comes in, to pay the loan back. We will be out a little bit of interest but he doesn't think the District has the means to cash flow that kind of expenditure. Chairperson James responded that they just didn't want to get that tight with their cash flow. Mr. Spears stated that at the end of November the District had about \$388,000 cash in bank and this would take it all. Chairperson James inquired if he had a time frame for getting the loan. Mr. Spears responded that the District would need to apply for the loan with a resolution from the Board to go with the application. Commissioner Casey inquired what the standard time is after applying with FEMA, for reimbursement. Mr. Spears responded that is slow and there is not a standard time. Commissioner Casey responded that they dealt with some of that from the flooding in the schools. Chairperson James stated that the county has dealt with this too. Mr. Spears stated that he has been with this District since 1996 and Southern Water since 1988 and he has seen them go fast and he has seen them take 18-20 months to process payments. Hopefully, this one will go a little faster but his recommendation is that the Board approve the line of credit for this work to pay the contractors. The District could pay a partial out of their cash flow, but he thinks that the line of credit is a better choice and then if you have the cash flow later on and want to pay it down, you can do that. Commissioner Casey made the motion to authorize Mike Spears to secure a line of credit for the Board for the flood repairs to be repaid when the FEMA reimbursement comes in. Commissioner Adkins inquired who they get these loans from. Mr. Spears stated that typically Community Trust is who we use. We have tried to shop some of the loans out in the past. In 2008 we got a better rate from Community Trust when we shopped the loan out and he doesn't mind doing that now, if that is what the Board wants. Community Trust has been a big ally of the District when we needed things in a crunch and he is not promoting them (he stated he doesn't personally use them) but they have been a good partner to the District. Commissioner Adkins inquired what we normally pay them. Mr. Spears responded about 4.5 to 5% and they are good to work with us. Commissioner Casey, with a motion on the floor, reiterated the motion to authorize Mike Spears to secure a line of credit in the amount of \$400,000. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-006

Chairperson James inquired if we need a resolution to pay the flood contractors if the loan is approved before the next board meeting. Mr. Spears stated that we would need a motion that once the loan is approved, Chairperson James and Commissioner Friend are approved to sign checks to the contractors for 50% of the payment to the contractors. Chairperson James requested a motion to approve a 50% payment once the line of credit is approved. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-007

Mr. Potter continued, getting back to the flood update, that we have been correcting some of the issues that were found that didn't get caught before and we have been continuing with making adjustments from the flood per the Board's instructions and he believes they are tapering off.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the regular meeting that was held on November 24th, 2010 and for the special meeting that was held on December 9th as presented. Commissioner Adkins made the motion to approve the minutes as corrected. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-008

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mr. Spears stated that we had the 2008 loan that matured with a balloon payment and the Board authorized him to get it rolled into another 2 years. The balance on the loan was \$326,388.58 plus a half percent renewal, which is more than fair, and is \$1,600.00. The interest rate will be the Wall Street Journal prime plus 1% which calculates to about 4 or 5%. That is set up for another 2 years with another balloon payment at the end. PSC regulations state that the Board can't do a loan that extends past 2 years without their approval. This gives the Board the maturities so it isn't extended out forever. He thinks that at the end of this 2 year period the Board can pay this note off. The renewal is ready for Chairperson James and Commissioner Friend to sign. They also want a copy of the Board minutes from this meeting. Mr. Stratton stated that the record should reflect that Mr. Spears reported that the renewal has been secured and the Board renewed its approval and authorized Chairperson James and Commissioner Friend to sign the renewal of the loan. Mr. Spears inquired if the Board should go ahead make a motion. Mr. Stratton stated that he would recommend that the Board do that. Chairperson James requested a motion renewing the Board's approval to renew the 2 year loan and authorizing Chairperson James and Commissioner Friend to sign it. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-009

Mr. Spears distributed copies of a list of bond payments that are due January 1st, 2011. The Board approved payment of those at the last Board meeting. Once we make the December transfer, the Board will have about \$80,000 left in the account to start out next year. The main reason we still have money in that account is because we had some in there when we started transferring the sinking fund payments. Mr. Spears reviewed that financial report with the Board members. He stated that the cash in bank at the end of November was \$665,091.00. Accounts receivable was \$905,644 and plant and service was \$94,364,261. Accounts payable was \$210,000 and we have equity of \$80,271,000. Revenues for the month were \$740,000 and for the year was \$8,542,180. Operating expenses were \$893,913 of which \$272,000 is depreciation; and for the year is \$9,612,997. Depreciation for the year is \$2,989,573. The loss for the month is \$201,800 and loss for the year is \$1,603,934 which includes the \$2.9M of depreciation. Operating income was negative in the amount \$153,547. Water sales are lower in the winter months than in the summer months. That is part of the reason we don't want to use cash flow because we still have a couple of lower revenue months ahead. Cash flow for the month decreased by \$27,440 and the operating account balance is \$388,616. That number has been between \$350,000 and \$450,000

for the last 6 months. We are still doing transfers to KIA and RD for the reserves and to the sinking fund for the sinking fund. R & M expenditures for November were \$74,027 and of that number \$5,146 was flood related. He called the Board's attention to the flood and R & M expenditures in the financial statements listed by month. Mr. Stratton inquired if that was an exceedance of the R & M budget. Mr. Potter stated that currently it is over and we internally track that as well. About \$15,000 of the overage was flood related in November and \$5,000 in December. Mr. Spears inquired if there were any questions. There were none. Chairperson James requested a motion to approve the financial report as submitted. Mr. Spears interjected as well that we are in the middle of a sales tax audit and they have asked for an extension for the year 2007. He needs the Board to authorize the extension and it will need to be signed before the next meeting. If the Board doesn't sign it a month drops off at a time and it picks up the month on the front end. We have a call in to the auditor and he wants to know what the number is before he recommends the Board to sign it, but he needs authorization from the Board to sign the extension upon his recommendation when he finds out how much it is. Chairperson James requested a motion to approve the financial report as submitted. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-010

Chairperson James requested a motion to authorize the Chairperson to sign the extension upon recommendation of Mr. Spears and review of the numbers involved. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-011

PAYMENT OF BILLS

AGENDA ITEM V

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. After review, Chairperson James requested a motion to approve the payment of bills as presented. Commissioner Collins made the motion to approve the payment of bills as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-12-012

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review and discussion of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of five thousand, forty-seven dollars and thirty-seven cents (\$5,047.37) as presented. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-12-013

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that the contractor has received all residential grinders for this project and he has designated his foreman to begin on that when the weather breaks, hopefully next week.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is complete. We are waiting for the weather to break and the snow to be gone so they can observe for any settling or anything of that nature before the release of this project.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that there is nothing new to report on this project.

4. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Hunt stated the contractor has been slowed by the weather. He has been working on connecting the main line from the tank to the line along the road. He has completed the bore under Ridgeline Road and the skid tank is in place and the contractor needs to complete some

minor work in the pump station. The contractor should begin installing meters on this project very soon. If the weather cooperates, we should be able to close this project out at the January or February meeting. Mr. Potter reminded the Board that this was the project that was held up in the fall due to the Indiana bat. Mr. Hunt stated that the contractor had to wait until October before he could start the tank work and then he can't set meters on a dry line. So he had to wait until all other work was done before he could start putting in the meters.

5. Ridgeline Road Water Supply Project (Jonican & Upper Pompey):

Mr. Hunt stated that design has begun on this project and he has a contract that he has brought to the meeting for approval that reflects the numbers that were discussed in the last special meeting. It is a standard contract; the same as all were done in the past except that it just says design only. He knows the District has a set structure of the price breakdown; 20% when sent to DOW, 20% when approved by DOW, 10% when the contract is awarded and so on. They divided this contract up into 50%-50%; 50% paid when it is sent to DOW and 50% when it is approved by DOW. Chairperson James requested a motion to authorize and approve the Chairperson to sign the engineering contract for the Ridgeline Road Water Supply Project (Jonican & Upper Pompey areas) subject to legal counsel's review and approval under the conditions outlined by Mr. Hunt that deviate from the standard engineering contract. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 10-12-014

6. Sycamore of Lower Johns Creek:

Mr. Hunt stated that this project is completed except for seeding, cleanup and pavement replacement. The contractor was able to extend the project and serve an additional 16 or 17 customers. There are a lot of happy people up there.

7. DOT Project – Pond at Draffin:

Mr. Hunt stated that this project was bid but it has not officially been awarded as of yet. He thinks DOT is waiting on some final approvals from Frankfort before they give the okay and award it. Commissioner Adkins inquired when they plan to start on this project. Mr. Hunt stated that as soon as they are given approval on this project, we will start construction. Mr. Potter stated that he has been told they plan to start it in March or April because we were going to try to have the line relocated prior to them beginning the work. Mr. Hunt stated that we had this project designed for 2 years and didn't hear a word about it, and then a couple of months ago they finally said "hurry, go,go,go".

8. Scott Fork Industrial Park Water Line Extension:

Mr. Hunt stated that we are waiting for the weather to break before this work can begin.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. **WTP Expansion/Upgrades:**

Mr. Potter stated that UMG still needs to work out issues with the parts that got flooded and when it is done, Mr. Campoy can submit the as-built maps and we can close this project out.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. **Smith Fork of Phelps Sewer Project, Phase II:**

Mr. Griffin stated that the weather has not cooperated very much in the last month and the contractor is down to needing 2 grinders and about 300' of line installed to being finished. The contractors have started on gathering materials for replacing the rail system at the Billy Dotson station and getting the fence up.

2. **KY DOT Route 199 Water Line Relocation Project**

Mr. Griffin stated that this project has begun in the last couple of days.

Mr. Griffin also stated that the DOT Airport Line Relocation is also proceeding. They are waiting for the state to approve the waste area that they turned the stability calculations on.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Adkins made the motion. Commissioner Friend seconded the motion.

SMITH FORK OF PHELPS SEWER PROJECT, PHASE II

Contract 2	Coal Severance Funds	\$	5,259.20
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SYCAMORE OF LOWER JOHNS CREEK

Contract 1	Coal Severance Funds	\$	2,807.47
Contract 1	Coal Severance Funds	\$	46,394.20

HURRICANE AML PROJECT (RIDGELINE ROAD)

Contract 1	AML Funds	\$	40,649.93
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Contract 1	AML Funds	\$	2,750.11
PRIDE ON THE RIVER			
Contract 1	Coal Severance Funds	\$	10,893.98
Contract 1	Coal Severance Funds	\$	1,819.19
Contract 1	Coal Severance Funds	\$	201.36
TELEMETRY			
Contract 1	Coal Severance Funds	\$	20,594.00
Contract 1	Coal Severance Funds	\$	23.98
Contract 1	Coal Severance Funds	\$	352.25
Contract 1	Coal Severance Funds	\$	6.39

Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-12-015

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Mr. Potter stated that we had 42 meters changed out due to being stuck, damage or tampering. We are getting a lot of theft of service and illegals. We had 17 reoccurring persons and as they go past 2 or 3 times of being illegal, do we disconnect them from the main? It is getting to be a bigger issue as time goes on. He stated that he needs to talk to Mr. Stratton about theft of meters. According to the District's tariff, when people sign for the water, they are saying that they will make sure that it is accessible. It is on their property and they have to make sure that it is there. Usually we bill them if the meter disappears \$176 for a new meter. The property owners are saying more and more that they didn't steal it and should not be responsible for it. It is becoming an issue and he needs to speak to Mr. Stratton about the handling of those kinds of matters. Commissioner Casey inquired what is being done with the meter. Mr. Potter responded that people steal it and take it to another location where they have been disconnected. It is not the homeowner; it is someone actually stealing the property. We can't track them because they cut the radio read sensors off. Mr. Stratton inquired if that could be covered by homeowner's insurance. Mr. Potter stated that he doesn't know but we have had 2 or 3 of these come up this month and 3 or 4 last month. Chairperson James stated that we need to look at that and see what can be done about that. Mr. Stratton stated that we would almost need to change our tariff to make an exception and then it becomes an issue on a case by case basis where people may start taking their own meters. Mr. Potter stated that we have been billing the customers and the Board may get some reports from customers objecting because they didn't steal it. Mr. Stratton inquired if there is an issue with putting a lock of some kind on the meters. Mr. Potter stated that the meters are locked in but they cut the locks off. They are wired in and seal tamper proof, but they break those. Mr. Potter stated that we also had about a 3% sales decrease in November and a small increase in sewer over the previous month. We are still getting a lot of payments made in the office, through the mail and online. He stated that he looked in to the issue with the sale of the property at the old Marrowbone WTP. Lois Smith looked up and found the deed and seen how it

was transferred and is getting the info to Mr. Stratton. We are looking into the exact way to dispose of surplus property and he will work with Dan on the real property to see how we need to proceed with that. The bids for the utility crane truck were opened at Dan Stratton's office. We had one (1) responsive bidder. That was for the used truck we had looked for with a crane as a replacement boom truck. If the Board wants to award that we will get with Mike Spears and procure purchase of that. New trucks like this one run about \$80,000-\$90,000 and this one was \$32,000. It is in pretty good condition with a new transmission and the boom is excellent and will serve our needs really well. Chairperson James inquired if the District has the funds to purchase it. Mr. Spears inquired if this falls under where UMG pays the payments. Mr. Potter stated that this is the case where the District secures the loan and UMG pays the payments because it is part of the fleet. Commissioner Casey inquired if it has 152,000 miles on it. Mr. Potter stated that it has a new transmission and the engine is strong. He went and looked at it and thoroughly put it through its paces and it ran well. It has lots of power and will do very well for what we use it for. It is something we need here at the District and we have had one for many years. This vehicle is way better than what we have had for this purpose. It is at Craig Myle Trucks in Sparta, Kentucky near the race track. It is a Florida vehicle and has no rust. Commissioner Adkins inquired if it had a 6.0 liter engine. Mr. Potter stated that he wasn't sure but he checked the engine and it hasn't been in to. Commissioner Adkins responded that the 6.0 liter engines are a powerful engine but they aren't worth fifty cents. Mr. Potter stated that we only use this vehicle about once a month or less, but when we need it, we need it. It is for pulling pumps and it he believes this is a pretty good deal. Commissioner Collins inquired what we have been doing when we needed one. Mr. Potter stated that we have been scheduling with the City of Pikeville to borrow theirs when possible. Commissioner Casey stated that we need our own. Chairperson James requested a motion to approve the bid and give Mike Spears the authorization to secure financing. Commissioner Adkins stated that he wouldn't buy it if it was a 6.0 liter engine because he bought a new one and it stayed in the garage. He got rid of it and it may be a power stroke and 2004 and some of them had it and some didn't. Commissioner Friend stated that that was the first year they went from a 7.3 to a 6.0. Mr. Potter stated that he wasn't sure without pulling the full spec sheet but he can go upstairs later and check for the email and see if it states if it is a 6.0. Mr. Potter stated it is up to the Board and he can go back and do more research and check for another one that is not a 6.0. Commissioner Adkins stated that if it is not a 6.0 it is a good deal, but if it is he would say "no" to purchasing the vehicle. Mr. Stratton stated that the Board can approve it subject to verification of it not being a 6.0 liter engine and if it is the Board can reject the bid. Chairperson James suggested that the Board pass on this issue until later in the meeting and take it up again when we know for sure. Mr. Potter stated that no LMIs were done during the month of November because of the weather and we can probably do 6-8 more when the weather breaks. Mr. Potter continued with comments of items under new business. He stated that with regard to Johns Creek Daycare, the county requested that we look into other alternatives for them. He has contacted the Health Department and they are going to look at a different type of unit or see what the Health Department will allow them to do and he will take the consumption analysis to them on how much water is being used there. With regard to the City of Elkhorn contract Mr. Stratton stated that we have been told by their council that we need to wait until the new administration is in place before proceeding with this issue. We will be ready when they are to discuss it. With regard to the Big Creek Freewill Baptist Church issue, Mr. Stratton stated that he has written them a letter and has not received a response. What we are looking at is that they are going to have to make a decision as to whether or not they want to pay for it or be disconnected. Basically what happened was they came to the conclusion that they didn't want to pay for it but they didn't want to be disconnected after they said they could be disconnected. So we have written them a letter saying that they need to make the choice and will try to contact them again in January and see what can be worked out. Chairperson James inquired if we need to give them a time frame. Mr. Stratton stated that what will trigger something is if we have to sue them for a past due bill once they get past that state and treating it like a delinquent account. Mrs. Olson stated that they may already be to that point with the sewer. Once it hits a 2 month bill they go into disconnect mode but we have a hold on it right now because it is in dispute and when the Board tells us to go ahead we can. Mr. Stratton stated to hold on it until he sees what they come back with and then he will come back with a recommendation. Chairperson James inquired from Mr. Potter if that is all he has under his Manager's Report. Mr. Potter responded that his report was concluded. Chairperson James then asked for a motion to approve the Manager's Report as presented.

Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-12-016

NEW BUSINESS

- 1. LMI Project -**
This item was discussed under the Manager's report.

- 2. Johns Creek Daycare/PCFC Sewer Contract –**
This item was discussed under the Manager's Report.

- 3. MWD/City of Elkhorn City Water Contract –**
This item was discussed under the Manager's Report.

- 4. Big Creek Freewill Baptist Church Billing Issue –**
This item was discussed under the Manager's Report.

- 5. Legal Issues**
-Executive Session to Discuss Outstanding Litigation and Potential Litigation

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-12-017

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 10-12-018

Chairperson James stated that the first item to address is the truck bid. Mr. Potter stated that he confirmed that it is a 6.0 liter so whatever the Board wants to do on that is fine. Chairperson James requested comments from the Board on this issue. Commissioner Adkins stated his opinion is not to purchase it but that it just his opinion. Chairperson James stated that in that what Mr. Potter was saying is that it is not something they use on a daily basis. Mr. Potter stated that when we need to pull pumps and don't have one, he has to try to schedule to borrow UMG Pikeville's and we have been without one for about a year and have been looking for one ever since. He continued that the last one that the City bought was about \$90,000 and he agrees with Commissioner Adkins; we have had some issues with 6.0 liters that were here before. That is why he and Randy Conley really looked at the motor when they inspected the vehicle. It may have an issue later on but what he was looking at is that it has a 6,000 pound wench on it that they tested out and it will move anything the District has. The old one wouldn't even service on our larger stations. We have to rent a crane when we have to pull a large one and that costs about \$400/hour. He has put it out there looking around and only got the one responsive bid, but we can put it out there and look again. There is a 30 day warranty on the vehicle. Commissioner Adkins stated that a friend of his told him the best thing he could do when he bought that 6.0 liter truck is to get rid of it. It had 30,000+ miles on the transmission when it went out in it. It stayed in the garage more than it was on the road. He votes no on the truck. Chairperson James inquired what the other Commissioners thought about the purchase of the vehicle. Mr. Stratton suggested making a motion to see if the Board wants to do that and put it on the floor officially. Commissioner Adkins made a motion to reject the bid for the utility crane truck. Commissioner Friend seconded the motion. Mr. Stratton stated that now would be the time for discussion of the motion. Commissioner Friend stated that he felt the same as Commissioner Adkins; he has gone through 2 of them. Commissioner Casey inquired what the District will do in the mean time if we have to have it. Commissioner Adkins stated that if that truck goes down it will be a lot of money to fix it and his suggestion is to look for another truck. Mr. Potter stated that he didn't care one way or another how the Board decides to proceed, but we have been looking for a long time and they are expensive, even for the used ones. This was the cheapest used one he could find with the least miles on it. Some are 200,000 miles or more, Chevys and all, and he can't find more than 4 or 5 of them and usually they come out of the South and usually get snapped up pretty quick. The only reason we didn't spec out a brand new one is that he didn't really think the Board would want to invest that much for one of this nature that we only use occasionally. It may be used 3 times in one week or once or twice a month. It is at the Board's discretion. Commissioner Casey inquired if this was the first time he had put this out for bid. Mr. Potter responded this is the second time, actually. Commissioner Casey inquired if this was the only response we have had. Mr. Potter responded in the affirmative. Commissioner Adkins inquired if when we find one, do we ask them if they want to bid on it. Mr. Potter stated that we put the ad in the paper and then notify them that it is out for bid and let them know the specifications. Commissioner Casey inquired how long we would need the truck that we have to rent for \$400/hour. Mr. Potter stated that it

usually takes at least 2 hours. This will serve all our needs for the smaller and larger stations. Commissioner Adkins inquired what the rating is on the wench. Mr. Potter responded that it is 6,000 lbs and is a hydraulic crane that has a good extension on it. Mrs. Olson stated that it might be notable to mention that we do have an on staff mechanic who is familiar with those types of engines. Mr. Potter stated that we have had issues with our other diesels. Commissioner Adkins stated that we don't want to keep throwing money into a vehicle that has inherent problems. Chairperson James stated that the thing that concerns her is that the District is without. Commissioner Casey stated that he doesn't like our people in this District to be without anything that they have to utilize to do a job. Chairperson James responded that we have looked for so long for something like this. Commissioner Collins inquired if UMG was charging for the use of their truck. Mr. Potter stated that since it is UMG's they do not charge us to use it, but scheduling it is an issue. They tend to work with us well when it comes to emergencies but it is still a scheduling issue. Mrs. Olson inquired if Craig Myle would hold that price for about 30 days to give the Board or Mr. Potter a chance to look for another one. Mr. Potter responded that he didn't know. Commissioner Friend inquired if one of them could look for one and report back to Mr. Potter. Commissioner Casey stated that it still needs to be bid out properly. Commissioner Adkins stated that he knows we need one but to him there is no use in buying something that we know probably will cause us a problem when we could look for something different and not spend that money. It is the people's money we are spending and from the experiences we have had with them and what he has seen, the truck is fine but the engine is not. He would rather pay more for something and get something that will do the job. Mr. Potter stated that he will continue to arrange the use of Pikeville's truck and for the next month he will do another search and the Board is welcome to do the same. Chairperson James stated that we have a motion and a second to reject the bid for the purchase of the used utility crane truck. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-12-019

Commissioner Casey directed Mr. Potter to let the City of Pikeville know that we appreciate their kindness.

Chairperson James yielded the floor to Mr. Dan Stratton. Mr. Stratton stated that as the Board knows, we have been working through a new agreement with UMG and we are 98% there. In the interim we have received what is being called a "Draft Audit" from the State Auditor's Office. The Draft Audit is a confidential document and has been handed to the Board for the purpose of determining whether or not there are any factual errors or any mistakes in the report that the Board would want to comment on before it came a final report. Having received the report as a draft, we have approached UMG and requested a 30 day extension of the initial contract that was sent to end on December 31st so that the Board could have sufficient time to consider the recommendations made the State Auditor's Office as they would possibly impact our contract with UMG. To that end he has prepared for their consideration a contract extension draft which has been reviewed by UMG and they have consented to in form subject to the Board's approval. Chairperson James stated that she has given her responses but none of the other Board members have been able to comment or respond as of yet. She inquired if UMG had been contacted to see if they were agreeable. Mr. Stratton stated that according to Mr. Meyers, they are. Chairperson James stated that one suggestion she may have is that the Board may not necessarily need the 30 days and she was wondering if the Board, Mr. Stratton and Mike Spears would be agreeable to hold a special meeting to discuss the details of the contract once we get this 2% worked out and go ahead and have a special called meeting prior to that 30 days so that we can hash everything out. Mr. Stratton stated that he thought that would be very appropriate because at a special meeting, the Board could then take the time necessary to review each section of the contract and if there are any issues or concerns, they can be discussed at the time. Several Commissioners expressed their need for additional time to review all of the information that has been distributed to them over the holiday. Mr. Stratton stated

that a motion was needed to approve the contract extension for the UMG contract for an additional 30 days which would extend it from December 31, 2010 to January 31, 2011. Chairperson James inquired if we were to come to an agreement before that date, could we call a special meeting and approve the contract. Mr. Stratton stated that on page 2 paragraph 3 it states "all of the provisions of the contract as amended shall remain the same until January 31, 2011 unless a new agreement is entered into prior thereto." He stated that for the record, the audit has been given to the Board and their attorney as a draft; it is confidential and is not a public document for release at this time and that will occur sometime later after we give them our questions or comments. Chairperson James requested a motion to approve the contract extension amendment with UMG up to 30 days. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-12-020

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 10-12-021

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
January 20, 2011
2:00 PM

ATTENDANCE

Russ Cassady, Appalachian News Express
Dan Stratton, Stratton, Hogg & Maddox
Michael Spears, Spears Management, CPA
Bob Meyer, Comptroller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Finance/Office Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Special Meeting was held on Thursday, January 20th, 2011 at 2:00 pm.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend, Jr.
Commissioner Ancie Casey
Commissioner Prentis Adkins

AGENDA ITEM I

1. UMG Contract –

Chairperson James opened the meeting by stating that this is a special meeting and there is only one item on the agenda which is the UMG contract. She then turned the floor over the Dan Stratton, the Board's legal counsel. Mr. Stratton stated that after consulting with the Chairperson he has a few opening statements to put this in context and review the history of how we got here. We will then review two (2) different agreements in detail and if any Board members have any questions, concerns or clarifications we will discuss it. He stated that Mountain Water District (MWD) signed the original contract with Utility Management Group, LLC (UMG) effective July 3, 2005 and it was a five (5) year contract. That original contract has since been amended three (3) times. In October or November of 2009 the State Auditor's office came in and wanted to do an audit and it was anticipated that it would be completed before the expiration of the contract on June 30, 2010. The audit was not finished, so by agreement of both parties, the Board agreed to extend the original contract from June 30th, 2010 to December 31st, 2010. We received a draft audit from the auditor's office just before we were trying to complete this contract and we agreed, so that the Board would have sufficient time to review and contemplate the draft audit from the State Auditor's office and how it would impact the UMG contract, to extend the contract an additional thirty (30) days. So currently MWD's contract with UMG extends to January 31, 2011. We are pleased to report, after review of the state audit that most of the issues that they raised had already been addressed in MWD's negotiations with UMG. And there were a few additional

comments that they made that were added to the contract accordingly. A committee of the Board composed of Chairperson James, Mike Spears and himself, has met with UMG on three (3) or four (4) occasions in person and multiple phone calls and have negotiated what they believe and are recommending to the Board the new contract with UMG. The Board members have been given copies of all draft documents up to this final stage. The first document is a Close-Out Settlement Agreement. There were a few outstanding issues that we wanted to get clarity on with UMG so there would be no outstanding issues going from the old contract into the new contract. He called the Board's attention to that particular agreement and stated that the purpose of this agreement is to resolve any outstanding issues that were with UMG and the MWD, not that there any big issues, but we just wanted to have clarity on how we were going to go forward. What this further says is that there are no other issues other than these so that we have complete closure as to the first contract. The first paragraph says that UMG had made a claim under the scope of changes provision of the original contract for additional utility expenses which occurred as a result of the rate increase by Kentucky Power in July, 2010. We had some questions about that and we have resolved that in this agreement. There is an additional claim for thirty-nine hundred and fifty dollars (\$3,950) relating to reimbursement of flood expenses for 2007 flooding that UMG advanced on MWD's behalf and there is no question about that and MWD acknowledges that that amount is owed. To settle these two claims, the committee is proposing that the Board agree to pay UMG fifty-seven thousand, sixty-two dollars and sixty-five cents (\$57,062.65) in four monthly installments of fourteen thousand, two hundred sixty-five dollars and sixty-six cents (\$14,265.66) each beginning February 15th, 2011 until paid. This is without interest and is a net number netting out some differences that were due on the R & M fund balances and some other miscellaneous issues. We have tried to conglomerate everything and net everything out and this is what we believe that MWD owes in a settlement amount. He inquired if the Board had any questions about that. There were no questions or comments from the Board members at that time. Mr. Stratton continued by calling the Board's attention to the next paragraph which states that UMG advanced to MWD the sum of one hundred and fifty-three thousand, forty-seven dollars and forty-seven cents (\$153,047.47) to repair and replace water and sewer lines damaged during the July, 2010 flooding. MWD has applied for FEMA reimbursement but it has not been paid yet. This is basically an advance of money by UMG on behalf of the District and we have agreed that it is not paid by May 30th, 2011 that on June 15th, 2011 MWD will begin paying that back to UMG in the amount of twelve thousand, seven hundred fifty-three dollars and ninety-five cents (\$12,753.95) per month for twelve (12) months. If we get the FEMA funding in the interim, it will pay that off. Commissioner Collins clarified that the FEMA funds will pay it. Mr. Stratton responded that MWD has preliminary approval on the first round of FEMA but do not have the final... Chairperson James interjected that everything has been submitted, the field rep came in here and was in agreement with everything and we submitted everything timely in the way that they instructed us to do, but what she is being told from contacting them in Frankfort is that there are two (2) disasters back to back and ours was the second one in line and so FEMA is held up on that. Commissioner Collins inquired if this is normal for them. Chairperson James responded that unfortunately "yes" but we have no indication that they won't pay us. We have asked that question of Lori Harley in Frankfort, "do they see any problems with anything that has been submitted" and they say "no". Mr. Stratton continued with calling the Board's attention to paragraph six (6) and the two (2) exhibits that are attached. They outline what capital assets have been purchased in the name of MWD and also UMG. In the course of our five (5) years there has been a little overlap in things that should have been titled in UMG or MWD. What Mr. Meyer and Mr. Spears have done is gone through and prepared exhibits that clarify what should be where. Exhibit 1 is a list of items that have been purchased by UMG as capital items and what was purchased by MWD. There is also a list of items that has been purchased through the Repair and Maintenance budget. Exhibit 2 is the correction and shows as of 12-31-10 these assets will be in these names. The two (2) exceptions that are going to stay, and we agreed to this because of the nature of the deal, the two (2) trucks that Mr. Potter and Mr. Taylor drive are going to stay with UMG. UMG paid for those and MWD didn't have vehicles for the Superintendent and Operations Manager prior to that time, so it is not a replacement of a MWD asset. Those items that are on the list as rolling stock, gets replaced or will be placed in MWD's name. If the contract ever terminates in the future, if they have not been replaced, these items will be put in MWD's name. So what we have is, we've got most of it addressed now, but as these other things roll out, as they are replaced they will be put in MWD's name and if something ever happened negative, it

would be put in MWD's name. He inquired if there were any questions about that issue. Chairperson James commented that this is the way it has been in the past. Mr. Potter commented that this is so that if something ever comes of the contract and it is not renewed on either party's behalf, UMG will not leave MWD without the proper equipment to perform the job. Mr. Stratton continued by stating that the last paragraph basically provides that this is all the claims we have against each other and this is the full and complete resolution of everything. What the committee would recommend that, if the Board was so inclined, that they entertain a motion on this document first. Chairperson James inquired if the Board had any comments or discussion on this agreement. Commissioner Casey stated this would be a motion on just these changes here. Chairperson James responded in the affirmative. This closes out the entire current contract with UMG. Commissioner Collins made the motion to approve the Close Out Agreement between MWD and UMG as presented. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-01-001

Mr. Stratton continued by calling the Board's attention to the two (2) additional documents that they have in front of them. One is a lined document that shows the strike-throughs and the underlined sections that have been added, deleted or changed. The other document is a "clean" document that has all the changes. He asked the Board to look at the one with the strike-throughs and underlines that shows the changes. He stated that he is going to walk through it with the Board section by section. Chairperson James clarified that they took the prior contract and worked with it to make this current contract as presented. Mr. Stratton confirmed that her statement was correct. Mr. Stratton stated that this is the original document that MWD entered into with UMG in 2005 with the strike-throughs that are language that is being removed and the underlined is language that is being added. The effective date is going to be January 1st, 2011. Chairperson James stated that this will help us in budgeting because it puts us on a calendar year whereas the other contract was on a fiscal year type of schedule because it started in July. This contract will help up in budgeting because it matches up with the calendar year (fiscal year) that we use at the District. Mr. Stratton continued by stated that the first change was in the seconded "whereas" where we struck through the work "Management" as being redundant. The general provisions are the general working definitions of the contract.

He continued by explaining the revisions to sections 1.2 and 1.4. All the physical assets remain the property of the District and that UMG cannot sublet any work under this contract without MWD's written consent. 1.5 is a notice provision. 1.6 says that this agreement and its appendices are the complete the agreement between the parties. 1.7 is that if any part of the agreement is held to be invalid the remaining contract will remain valid. 1.8 is that this is an independent contract relationship, which means that UMG works on MWD's behalf subject to the terms and conditions of the contract. They have no authority to act beyond the authority that this Board gives them. 1.9 says that if there is litigation between the parties, the successful party can recover costs and attorney's fees, but if both parties are found to be at fault we each pay our own costs and attorney's fees. 1.10 states that this contract does not create any powers, licenses or privileges for UMG. 1.11 was struck and it dealt with prior to commitment to the work, we would designate someone to do all the work that came with setting up this arrangement. We are already set up so that part of the contract went away.

Section 2 is UMG's general obligations. 2.1 has been struck because we have no employees to assign to UMG now. That was a provision in the original agreement. The 180 days has been

struck because we are already here and it says that UMG will staff the project with employees who have met appropriate licensing certification requirements and they have done that. 2.2 states that UMG will provide on-going training. 2.3 states that UMG will develop computerized software programs and maintain them on behalf of the District. All the software programming and development belongs to the District. 2.4 states that within 45 days after the commencement date, UMG is to give MWD a physical inventory of all vehicles and equipment as well as chemicals and consumables on hand. It is to be presented to the Board and something that the Board will inspect and acknowledge that it has been completed. Commissioner Adkins inquired if this was in the other contract. Mr. Stratton stated that it was, but frankly, the Board did not follow up on it before and did not get it in the first contract. But this time it will be done. UMG will be responsible for maintaining all manufacturing warranties. 2.9 states that Board members can visit the project. Chairperson James stated that UMG has always encouraged the Board to visit the facilities and that Mr. Potter has said many times that anyone who wants to go to the waterplant or anywhere in the system to let him know. Mr. Stratton continued that 2.10 is that UMG will operate 24 hours a day, 7 days a week. 2.11 states that UMG will implement a safety program for employees. 2.12 is changed to say that UMG may modify the process or facilities to achieve the objectives of this agreement provided that no modification shall be made without the District's prior written approval. Under the prior agreement, any modification had to exceed \$20,000 in cost before it had to have the Board's approval. That number was derived from that which would be required for bidding if we bought a capital asset. What we have changed here is that we thought \$20,000 was too high, so we've said and they have agreed, that any change in the District's process they will notify us and get prior written approval. That way, the Board will be fully informed and will have a documented record of whatever changes are made to the processes. Commissioner Adkins commented, going back to the visiting, what does UMG require to visit the plants and facilities. Mr. Meyer stated that basically if you would coordinate that through this office, so that we can notify the plant operator. Mr. Potter stated that whatever safety equipment would be needed UMG would provide; hard hats, glasses, etc. Lois Smith has the safety equipment and if Commissioner Adkins and Commissioner Collins would like to come and look at the Douglas Sewer Plant, for example, or any other Commissioner would like to go, and you need eye protection and a hard hat, he will bring them with him and might warn them to wear hard-toe shoes. 2.13 provides that in the event of an emergency or a safety issue, they can change the processes without the Board's consent and then come back and tell them about it. But if there is an emergency and they need to do something in an emergency, they can. Mr. Potter commented that for example when he rented the big generators during the ice storm and was coordinating with the State and then he notified the Board at the next meeting. There are certain times in emergency situations that he will do what needs to be done to keep the District operational and within parameters and still make the Board aware of what's going on. Commissioner Casey commented that that is good. Mr. Stratton continued that 2.14 states that UMG will keep MWD apprised of issues in a timely basis with regard to reports and that they are submitted to the State. 2.15 states that UMG is to provide samples as required by law. 2.16 is a clarification and involves the sludge and waste that we have to dispose of. It was originally designed to show that it was UMG's product and not their property. We have clarified it to say that it is the District's property and not UMG's property and that's for environmental liability. They are processing our waste but it is still MWD's waste. 2.17 is clarified to say that UMG shall provide all administrative and financial functions necessary to effectively operate the business affairs of the District. Before we just had stuff...everything that was done beforehand. Now we have added "except as designated by the Board" and the Board may or may not want to look at that process as we go forward; and then the critical addition is this "UMG shall submit a monthly report to the District that illustrates in summary how much of the current monthly and year to date invoices submitted by UMG to the District are related to water services and how much are related to wastewater services." The Board will be able to get a breakdown of the cost relating to water and wastewater. Commissioner Casey commented that that was one of the requests from the auditor's report that he read. He stated that it is a good addition to the contract. Chairperson James stated that she thinks this is something that the Board needs in their reporting as well. Mr. Stratton continued that 2.18 is that UMG will consult with the District's Commissioners prior to the replacement of the Project Manager. The Operations Manager and Comptroller were in the original agreement and we are not sure who they were at that time, but we have struck those out of the agreement. Basically, if UMG wants to replace Mr. Potter, they must consult with the Board. Commissioner

Casey commented "absolutely". Mr. Stratton continued that "consult" does not mean "approval" but they would have to let the Board know and it is a relationship issue. 2.19 states that UMG will comply with all the District's policies and procedures in operating the District and UMG's Project Manager will certify monthly to the Board that all operations and activities under their control have been in compliance with the Board's policies and procedures. This has never been an issue in the past but was raised in the audit as an issue of why we didn't have something in the contract like this. Chairperson James commented not that UMG didn't comply with the District's policies because they do, but that it wasn't a written requirement. Mr. Stratton continued that we have put in a written requirement and will need to develop a little form or something for Mr. Potter to sign each month that he certifies his operating report to the Board that everything has been done in compliance. This is to make sure that the Board is fulfilling their oversight responsibilities. 2.20 clarifies the process of how the money flows. UMG will provide for monthly meter reading and billing and all amounts billed and received on behalf of the District are deposited in the bank account designated by the District. So UMG is responsible for the money that they received and not necessarily the money that they billed and did not collect. 2.21 states that UMG will provide its best efforts in controlling unaccounted for water loss and report the same to the District. 2.22 was deleted and the new 2.22 states that UMG will comply with all applicable federal, state and local laws. They did this anyway but it wasn't something that was in the contract so we put it in to address that issue. 2.23 was deleted where it said that UMG would provide additional funding to the District. They can still do that if they want, but are not required to do so and it was language that didn't really need to be there. 2.24 is change to protect the District and allow for continuity of services, UMG will post a 1,000,000 surety bond or other surety to ensure the faithful performance of its contract obligations. Such surety will be released upon termination of the contract and compliance with its terms. The reason it is in here is twofold. One is that under the original contract, UMG petitioned the District early on and said that this was going to be a major expense and agreed to refund the cost of this \$2,000,000 bond (in the original contract) to the District, which they did, and we dropped it. We agreed to a \$1,000,000 surety bond which is about a month and half of our operations. They will produce a bond that if something happens to UMG, the bonding company will step in and solve that problem up to \$1,000,000. 2.25 is new language regarding who has responsibility for capital expenditures. UMG agrees to replace the District's capital assets that are not an integral part of the District's water, sewer, production, treatment, distribution or collection systems. This means the District's water plant, sewer lines, water lines, booster pump stations and water tanks are all the things that are an integral part of the distribution or production system are on the District. Those are the District's capital requirements and we have that duty. Anything else other than the distribution systems that we have; trucks, cars, equipment, etc. that's for them to replace. That is their capital asset obligation because they have to maintain our stuff. The District remains titled to all of our stuff but UMG is maintaining it. If UMG determines that replacement of a capital asset is not essential for their continuing performance under this agreement, they shall notify the District that they do not wish to replace an asset along with an explanation as to why. If the District agrees, the asset will be removed from the District's asset list. Mr. Potter stated that for example, at one time all MWD had was backhoes for their operations. Over the course of time, and before the management contract, we began using some mini-excavators with a trailer. They are more efficient to get to leaks, and you don't have to haul them with a dump truck. We have three (3) now and still have a couple of backhoes out there, but he is looking at, when the next backhoe comes up for replacement, he may come to the Board and ask not to have to replace the backhoe with another backhoe, but with a mini-excavator and truck because they are more efficient and it is better for operations. He will give the Board an explanation as to why he would want to go a different route and it is up to the Board to decide if that is the route you want us to take. Mr. Stratton continued by saying that UMG will submit to the District at the November Board meeting a capital budget request for the next calendar year for approval by the District. The goal is to set up a capital budget every year so we will know in advance what UMG is asking MWD to do so we can budget accordingly. For those capital assets that cost less than \$1,500, UMG may purchase and pay for them, but those that cost more than that, they may purchase and pay for them or have the option to finance it in the District's name subject to prior approval by the District. All loan payments will be paid by UMG as long as the contract remains in effect. At the end of the end of the contract or upon early termination, any outstanding loans would become the District's obligation. Mr. Spears stated that one thing to remember when UMG asks the Board to sign for such items, the Board is just signing

off that they are putting the loan in their name and they are making the payments. Mr. Stratton stated that if something were to happen with the contract, it would be the District's debt, so the Board is approving their debt, but UMG is processing it all. All assets under this provision will be titled in the District's name. Any capital assets that UMG acquires at its discretion and are not replacements of the District's assets or which are not solely dedicated to the use at the District's project, shall be titled in the name UMG and paid for by UMG. If they want to buy a piece of equipment and share it between Pikeville and MWD then that is their equipment and they can so share it. Mr. Potter stated that there may be items that he wants to purchase to make things more efficient for UMG and would be bought by UMG but it will be primarily based at MWD. Mr. Stratton stated that the last paragraph is that routine repair and maintenance of any real property utilized by UMG in the performance of its duties would be done and paid for by UMG. If the improvements require financing it will be done pursuant to the same procedures as set out above and this excludes any major renovations or expansion directed by the District which would be paid for by the District. So, if MWD determines it needs to add a wing onto the office building, that is the District's obligation. This has never really been a big issue between us but is something that was not addressed and there was some ambiguity in the prior contract so we have tried to clean this up. Mr. Spears stated that none of this has drastically changed what has been done in the past, if anything, it has put it in writing.

Mr. Stratton stated that under UMG: Scope of Services-Wastewater, this is pretty much the same. 3.3 provides that UMG would perform the maintenance and repairs to the project and submit a monthly accounting to the District detailing the expenditures that occurred along with a brief explanation of the work done and why it was necessary. Mr. Spears stated that Board is already receiving a monthly report of expenditures and if any Board member has a question on it, they can ask him. Mr. Potter also stated that he would check with Carrie and see if she can add another column that can a brief explanation in it. We will be trying to expand that one column and when it says a vendor and out from it, it might say something like "Replacement BPS Lift Station at Kimper". There will be something describing it and if any Board member sees something they have a question on, he can give them a history of it all. Mr. Stratton continued that 3.4 states that any cost incurred that is abnormal, UMG can submit an invoice to the District for approval. They are required to tell the Board why it was determined to be abnormal and support their position.

The water section is exactly the same and they have made the same changes in 4.6 to make it match up with section 3.

Section 5 is Wastewater Collection System and there were no changes to that and it addresses the technical side and the exhibits.

Section 6.1 gets into MWD's responsibilities and we have added a part here that says the District shall fund all necessary capital expenditures except as otherwise provided in the contract. MWD has a responsibility to fulfill their capital obligations. 6.2 states that MWD will keep all the warranties and guarantees and easements in place. 6.3 is that MWD is responsible for all taxes and in the 2nd paragraph it gets into the complicated issue of the tax exemption of sales tax. It says that in the event that UMG is required to pay any sales tax or use tax on the value of services provided by UMG, such payment shall be reimbursed by the District unless the District furnishes a valid and properly executed exemption certificate relieving the District and UMG of the obligation. The new part is that any item purchased by the District to save sale tax for a purchase that UMG is required to make shall be reimbursed by UMG within 15 days from the day of the invoice. If they come to the District and say that they have something that is their obligation to buy, but they incur sales tax. If they buy it in MWD's name, we don't have to pay the sales tax. So MWD buys it and then in 15 days they reimburse us back after MWD submits a bill to them. The reason we use 15 days is that we are on a 15 day cycle of payment and MWD pays them twice a month and that would tie that in to that payment cycle. Commissioner Casey stated that it is a good idea. Mr. Stratton stated that it creates a time table for it and creates a process for handling this procedure. 6.8 is deleted because it provided for the interim period between the time the contract was signed and they started the work. That is no longer applicable. 6.8 is an issue that we have all agreed with for some time and haven't gotten to. The District may hire an Administrator to assist the District in the oversight of its operations and he believes it is the plan

of the Board to look at that at the next meeting in terms of getting that ball rolling. UMG has agreed to provide administrative assistance to the Administrator which will not exceed up to 15 hours a week. That would prevent the District from having to hire a secretary to help with those administrative duties. 6.10 is that the District will be responsible for purchasing all capital assets, additions and replacements that are an integral part of the District's water, sewer, production, treatment system. That corresponds with the other provision referenced before. He inquired if there any questions so far. There were none.

Mr. Stratton continued by saying that the biggest change to this contract is Section 7. This is the heart of the changes that have been made. We have deleted, in its entirety all the prior language. MWD is agreeing to pay UMG an annual fee for 2011, \$7,632,000 or \$636,000 per month. Under the prior agreement, UMG got increases in fees based on increases in their costs and new customers added. We changed that 3 years into the contract and streamlined that. We are taking a completely approach this time. We are taking what he calls a "shared revenue approach". The annual fee shall be adjusted annually to provide UMG will be paid 70% of the increase in total operating revenues based on the District's two (2) most recent prior year's audits. If the annual revenue decreases, there will likewise be a downward adjustment in the fee based on the same ratio. The annual fee increase or decrease for UMG in the second year of the renewal term, which will be 2012, will be based on the increase or decrease in the District's total operating revenue based on the 2010 audit as compared to the 2009 audit. Included in the annual fee is the allowance of the maintenance and repair budget initially set at \$564,000 or \$47,000 monthly. It shall be adjusted annually in direct proportion to any adjustments in the annual fee. This means that we are all in the same boat. If MWD's tide rises, UMG's tide rises. If MWD's tide goes out, UMG's tide goes out. What we have done, based on Mr. Spears' calculations and our study, we have drawn a number...their number is determined based on what we think we need in our number. He asked Mr. Spears to explain that. Mr. Spears stated that a provision in the previous contract wasn't approached in this manner. Basically, he stated that he pulled out of MWD's revenues about \$1.8 million which covers sinking fund transfers, reserve payments, the Administrator position and benefits, miscellaneous legal, miscellaneous legal law suites, Commissioner salaries, accounting monthly, accounting audit and miscellaneous. He felt that this was a good approach. The District is contractually obligated outside of that Administrator of what he put in that number. In the reserve payments, that number is what we guaranteed RD and KIA that we will put in to refund our reserves. The sinking fund is based up paying our debt service that we are already obligated for. The other numbers were pulled off of previous year's audits. This first year will be tight. If revenues continue to grow at a rate similar to what they have been, he believes this contract will work out good for everybody. He stated with this approach, he and Mr. Stratton wanted to protect the District as best they could in order for the District to meet their obligations and he feels like they have done that within this contract. Mr. Stratton stated that there are 2 or 3 exceptions to when UMG's fees can change other than through increasing revenues. One is if they experience an abnormal event or unforeseen circumstance, such as an emergency in which UMG would expend a lot of overtime hours and they justify that. Another example would be a flooding event like we have experienced recently where UMG has to go out and expend \$200,000 in repairing water and sewer lines. If MWD has an emergency, the District will be under some stress because we have not been able to build a contingency for that. But the District will be under stress anyway in any kind of serious emergency. Those are the basic exceptions of when UMG can come and ask for more money. We felt those were fair because those are not contemplated in the normal operations for which they are providing under the contract. It is important that if that arises that we consider those carefully and judiciously. He inquired if there were any questions on that section. There were none. He continued that 7.3 contains some issues that were raised during the review process. It states that in the event that the District makes an application to the PSC for a rate increase in any of its services, UMG agrees to provide the District a copy of any and all necessary information required by the PSC for the application. If the District elects to verify any of the information or to conduct a rate study, UMG agrees to allow the District's authorized agents access to its records to verify the information provided by UMG. One of the issues we have talked about is whether or not the District would require an audit of UMG. They would prefer not to do an audit because of the expense and what we have said that the only time it would become an issue is when we have to go to the PSC and we don't want to go the PSC without having looked at the numbers first. So whatever the PSC requires or a rate

study requires, they have agreed to provide those numbers and allow us to verify those numbers, and then the Board would make a decision as to whether or not to move forward. Mr. Spears stated that the other side of that is that we felt like it didn't not offer us any financial help at all and that's where we went back to the surety bond of \$1,000,000; that is financial help that would help in the transition or an audit which would be received six (6) or eight (8) months after the fact and still have no financial help. So we felt like the surety was better suited for our needs rather than requiring them (UMG) to have an audit. Several Commissioners voiced that that was "good". Commissioner Adkins inquired that if UMG needs a rate increase....Chairperson James interjected that a rate increase would be up to the Board and would not be decided by UMG. Commissioner Casey stated that we would be the only agency here that would request that with the PSC. Commissioner Adkins inquired if UMG would be requesting that the District ask for a rate increase. Mr. Stratton responded that they could. UMG could come to the District and say that they think it is appropriate that we get a rate increase and the Board would say at that time "okay, let us see your numbers". Mr. Spears stated that it would not necessarily be both water and sewer, but like sewer...we are running a deficit on. So if they felt like MWD needed a rate increase to maintain the sewer system, they could advise the Board that a rate increase would be needed to make the cost of the system work. We would get their numbers of how they arrived at that opinion before we would approach the PSC for an increase. Mr. Stratton stated that for example, if we reviewed their numbers and we disagreed; what would probably happen is that we would go to an attorney in Frankfort that we have used for rate increases before and show him the information we had and the rate study and get his opinion of whether he thinks it will fly. If he says it is good, the Board would go forward. If he says "no, you have a problem here, here and here" then we would push it back and address those issues first. We don't want to go to the PSC for a rate application increase unless we are pretty comfortable that we have a winning hand. The second way that we can raise our rates is through a loan and in the next paragraph it says that in the event that the District obtains a rate increase which is secured in part or in whole to pay a new or additional debt, the portion of that additional revenue to be allocated for the division of the 70/30 formula will be increased after payment of the new additional debt and reserve requirements. So if we borrow money and get a rate increase, the revenue generated, before we split 70/30 will have the reserve requirements and the debt payment taken out first. What is left over is split 70/30. Mr. Spears stated that he wanted to clarify what it means to borrow money for a rate increase. Belfry Sewer, for example, if we had an RD loan there, they will do a rate study and determine if we need a rate increase for that loan. RD would then attach that as a prerequisite to them loaning us money. It would be a condition of them loaning us money and PSC usually goes with the RD recommendation. It is not a rate increase like we would normally do an application for, they don't look forward; they just look to debt service that project. Mr. Stratton continued that 7.4 is that the annual fee shall be calculated within 30 days of approval of the District's annual audit but in no event later than 30 days prior to the next anniversary date at which time the new fee would be effective. The nice thing about this arrangement is this; we know our rough numbers for January, 2010 and the audit is not completed until July to September of the following year. So basically UMG is going to have 6 or 7 months notice to prepare and adjust based on what the preliminary numbers are. But we wanted to take it off the audited numbers so it's our official number. UMG will have a half a year and if they see something that is going to be an issue, then they have time to adjust their expenses accordingly based on those numbers. And that is likewise for the District. He stated that the maintenance section will stay the same. UMG will notify the District when they have reached 80% of the repair and maintenance budget. 7.6 is that additional expenses reasonably incurred by UMG, including overtime as a result of severe weather, natural disasters or other unplanned events outside the normal course of operations, will be invoiced by UMG and subject to reimbursement. Those are the exceptions where UMG can apply for additional money outside the normal scope of things. We have added language to say "any additional expense reasonably incurred by UMG as set forth in the above paragraph once the District is eligible for reimbursement by a third party (i.e. FEMA), UMG agrees to defer payment from the District for such expenses until the District receives approval for reimbursement from the third party". What this means is that they are filling out our paperwork. We want to make sure they have completed the paperwork before we agree to pay them and get that ball rolling. That gives them an incentive to get the paperwork done. The District is agreeing to pay UMG interest on any expenses paid by UMG as described above at the then prime rate of interest charged by Community Trust Bank of Pikeville, Kentucky. Interest would start to accrue 6 months

after the third party has approved the District's application for reimbursement and will run on the outstanding balance until fully paid. Approval shall be defined as that date when the third party accepts the District's application for reimbursement. If the District's application does not receive final approval or final approval is delayed due to UMG's failure to properly process the application or information therein correctly, then the timetable for starting the accrual of interest will not start until the necessary corrections are approved. That gives UMG the incentive to do it right, but at the same time, it is technically not fair if they advance the District, as they have \$157,000 for flood repairs in 2010, and not get to charge interest. It is just dead money to them. Commissioner Adkins stated that when we are talking about an emergency like that, if it just occurred, would this be coming back to the amount that they have setting there anyway to draw from or does that overcome that first. Mr. Stratton stated that in terms of money that the District has already paid them, no. This would be money that goes over and above that which they would normally be obligated for. For example, we have to replace \$200,000 worth of water lines. UMG advanced that money and FEMA was supposed to pay us for that and we are still waiting for that money. So we have built in a delay for the interest to let FEMA act, but if FEMA doesn't act, the District would start paying UMG interest on the loan that they have made on our behalf. Commissioner Adkins stated that it is very important that the District try to get some money held back for reasons like that. Mr. Stratton commented that he is right and that is why we need a sinking fund for emergencies. Mr. Spears stated that that was part of their thought in the 70/30 split that once we get able to, we can set up a sinking fund and contribute 20% of those increases toward an emergency fund. Commissioner Adkins stated that the District didn't need to depend on someone else to bail them out every time something goes down and we need to get the money in there to do it with. Mr. Stratton inquired if there were any questions on that section. There were none.

Mr. Stratton continued that Section 8 is payment of compensation. It has been amended to pay UMG on the 1st and the 15th instead of the 15th and the 30th which basically makes it in advance instead of in arrears. All other compensation is due within 15? days except as provided in 7.6. Any request for additional compensation will be supported by a detailed cost analysis. All the way through this contract we have asked UMG to justify and support any additional payment. Mr. Meyer commented that his copy shows both 15 and 30 days. Mr. Stratton stated that he sees that error and the 15 days needs to be stricken. Commissioner Collins clarified that the invoices are to be paid within 30 days. Mr. Stratton confirmed that as correct. He says they made that change but it didn't get picked up in the strike-throughs and he thanked Mr. Meyer for bringing that to his attention. He stated that he, Mr. Meyer and Chairperson James have read this contract so much that it all starts blurring together. He apologized for missing the error. He continued by stating that on Section 8.3 we have taken out any interest penalty on any late payments.

In the Scope of Change in Section 9, Mr. Stratton stated that it basically says that a scope of change occurs when and if UMG's cost of operating services significantly change as a result of one of the following: a change in law (if the law changed and it was then mandated that UMG have 10 people overnight at every pump station, then we would have to make an adjustment for that), if the District requests additional services beyond the scope of what is currently being provided, that would be a basis for change. Those are fair accommodations. In Section 9.2, the changes described above, the annual fee would be increased by an amount equal to UMG's additional cost associated with the change in scope. What we have deleted there is the 10% override for additional profit, so any change in scope now is just purely at cost. He inquired if there were any questions. There were none.

He continued that Article 10 is indemnity and insurance and that has stayed the same. We agreed to indemnify them and they agreed to indemnify us.

Termination or default in Section 11, we set this up similarly to what it was before. This is going to be a 5 year contract and we've added in 11.1 that either party may have the right without cause to terminate this agreement at the end of the third year. So in effect this is in effect a three (3) year agreement option out for either party at that time. Notice of termination no less than 120 days. 11.3 states that in the event this agreement is terminated by the District prior to the District's payoff of UMG's loan to the District dated April 1, 2009 which is being forgiven over time, the District agrees to pay UMG the unamortized balance of the note on the date that the termination

as set out in Appendix E. He called the Board's attention to Appendix E and stated that on January 11th there is a balance on the loan of ~\$339,000. If you look three (3) years from now when this contract could end, the balance would be \$37,000. If the contract continued for the full five (5) years, the loan would be gone. He inquired if there were any questions on that section. Commissioner Adkins inquired if we were paying 5% on that loan. Mr. Spears responded that it was designed at 5% but the District is not actually paying that because it is a forgivable loan, but it was set up to amortize out at 5% interest.

Mr. Stratton continued that Section 12 remains the same. He inquired if there were any questions on the contract before he reviewed the Appendices with the Board. There were none.

Mr. Stratton continued that under Appendix A, Definitions, we have changed the definition of capital expenditure from \$2,000 to \$1,500. The commencement date is January, 2011. At MWD's request, UMG through Mr. Potter updated all of the various systems that we have and instead of retyping them in this agreement we have prepared new Exhibits which are attached at B1, B2, B3 & B4. What we have done is struck through was listed in the Appendices and substituted the exhibit numbers. The provision for arbitration in Appendix D has been deleted in its entirety and that was because it was related to the provision that we would negotiate at the end of each year whether or not there would be an increase in the base rate. We never used it and it was not an issue but because we are no longer negotiating an adjustment in the fee, we took out the arbitration provision. Insurance remains the same.

Mr. Stratton stated that he wants to commend Mr. Meyer, Mr. Spears and Chairperson James. They did a good job in working through this and he couldn't have done it without them. He hopes that they have addressed the issues that they had a concern with and needed to be addressed. Chairperson James stated that she would like to thank Dan Stratton as well. He has spent a lot of time on this, going through it and he did a really good job to make sure that the District's interests are provided for and they appreciate it. Commissioner Collins reiterated that Mr. Stratton had done a good job with the contract. Chairperson James inquired if anyone had any questions or comments. Mr. Potter commented that whether anyone believes it or not, a lot of this was just what Mr. Spears said, things that we normally do anyway put into words. The interest of what was the District's, what was purchased to keep the District's system viable and where it needs to be and what UMG purchased on their behalf to operate it efficiently. This is just putting in words what has been done throughout the contract. Operationally, other than giving the Board some assurances which Mr. Stratton and the audit had thought the Board should have. Commissioner Collins agreed and stated that most of the findings in the audit we were already doing, we just couldn't show it. Mr. Stratton agreed that we didn't have it documented. Commissioner Collins agreed and stated that it has led us throughout this and he would say to "write it down". Mr. Stratton stated that in their negotiations they had addressed most of the issues that were raised in the audit and then there were some issues that were raised that we did come back and address with UMG and worked it out. Mr. Meyer stated that he wanted to say that UMG is pleased to get through this contract and feel like from the get go we have had a positive relationship with the District. We have been through some turbulent times and there has been some issues that were raised primarily externally, but we feel like the contract is fair to the District and fair to UMG and that was the whole intent of this process and we hope that we will have simpler contract renewal process four and a half (4 ½) years from now. Chairperson James stated that she believes that anytime you do something it is kind of a work in progress thing and the first contract was probably that situation and you have to work through some issues and she thinks that experience has taught everyone a lot here and things that we needed to address to be fair to both parties and she stated that she believes it has worked out well. She also stated that she would suspect that it will go smoother and easier next time...not that it was difficult this time, it was just time consuming to make sure that everything was covered and there would be issues that would come during the review that we would say "wait a minute, that really isn't clarified in there" even though UMG was already doing it, and the language needed to be in there...and was that kind of a process. She also stated that the Board appreciates the cooperation with the audit process as well. Commissioner Casey stated that he wanted to thank the negotiations committee on both the MWD side and UMG's side. It seems that all during the negotiations they were...a lot of it was technical and they had to write the appropriate language, and it looks like the highlights

that were recommended by the state auditor's office, which he didn't think was a very damaging audit to MWD, (the recommendations) were taken care of in this comprehensive agreement and he wants to thank the two parties for doing that. He also wanted to thank the team for being very thorough in the process. Every Commissioner was briefed and no one was blind-sided today by this contract. We didn't have meetings but independently met with the negotiating team and they kept them posted and up to date. Chairperson James inquired if there were any further comments or questions from the Board and if anyone had any problems with what they have done here. Commissioner Adkins stated that he does have a problem with it. He stated that he believes MWD is paying them too much to ever get anywhere and that is just his thoughts about it. Money is always too tight and we are always....that is just his opinion. Chairperson James inquired if Commissioner Adkins had any suggestions or something that the Board needs to do to look at it further. Commissioner Adkins responded "not unless they want to drop their costs down". Mr. Stratton inquired if Commissioner Adkins wanted to review it again how Mr. Spears did the calculations. He stated that he had looked over it and just don't see where.....Mr. Spears stated that basically he wanted to make sure that at a minimum the District had enough to operate and meet their financial obligations and that was just a starting point. Commissioner Collins stated that the District is not supposed to make money as a non-profit agency. Mr. Spears continued that part of their attempt in this revenue sharing was that as revenue increased, hopefully at the rate it has historically, about \$300,000 per year when you throw out the LMI taps, that the Board will continue to have access to part of that revenue as well in the amount of about \$90,000. There is no question it is going to be tight. Commissioner Adkins continued by saying he doesn't know if this is old business or new business but we have come up on too many problems where we need a little money just to help some people in the county out with sewer and stuff like that, and we have come up on projects that we have to stop because we lack \$15,000-\$20,000 and these people setting there with sewer in their yards or whatever. He just thinks we need to.....Mr. Stratton finished his thought by saying "reduce their fee". Commissioner Adkins affirmed "yes". Mr. Meyer stated that he can respond to that as succinctly as possible. In the process of negotiating the contract and specifically the context of him and Mr. Spears working with the numbers, UMG has made some significant concessions and can pretty much tell him, point blank, there is not any flexibility on UMG's part as far as the fee. For instance, one of the things that came up subsequent to the draft of the state audit being released, was the addition of a surety bond which he is still working on getting that in place, and in a couple of the last meetings that we had, we have determined that it will cost UMG between \$15,000-\$20,000 per year and was not accommodated in his projections for UMG. There have been several situations like that and it is extremely unlikely that there would be any flexibility on UMG's part in terms of negotiating the fee any more. Commissioner Adkins responded that he is just here on the Board and wants to do what is right. He continued that he believes that UMG does a fine job, a great job and he has no complaints, a wonderful job and he is not saying anything about that but he doesn't think he would have felt right himself if he hadn't spoken up about his feelings on the subject. Chairperson James inquired if anyone else had other comments or questions. There were none.

Chairperson James stated that Mr. Stratton has presented a contract as to what both parties with the Committee and UMG has agreed to and requested a motion to enter into the contract as presented. Mr. Stratton clarified subject to the one minor change in Section 8 to strike the "15 days" from the contract language. Commissioner Casey stated that after hearing it discussed thoroughly by our negotiators, our attorney, our CPA and our Chairperson and having been fully and thoroughly briefed on all aspects of the presented contract, he made the motion to enter into the presented agreement with UMG subject to the change mentioned in Section 8. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Nay

Upon Commissioner voting, the motion was carried and passed by a majority vote.
Resolution No. 11-01-002

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-003

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
JANUARY 26, 2011
10:00 AM

ATTENDANCE

Jack Hamilton, JJ Hamilton Trust, 4047 E. Shelbiana Rd, Pikeville, Ky.
Russ Cassady, Appalachian News Express
Bruce Coleman, BMM, Inc.
Jody Hunt, Summit Engineering, Inc.
Greg Dotson, Inspector
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Finance Manager, UMG
Carrie Hatfield, Assistant Financial Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, January 26th, 2011 at 10:00 a.m.

Commissioners were present for the meeting as follows:

- Chairperson Rhonda James
- Commissioner Lester "John" Collins
- Commissioner Kelsey Friend
- Commissioner Ancie Casey
- Commissioner Prentis Adkins

Chairperson James was absent for the beginning of the meeting and Ancie Casey made the motion to appoint Kelsey Friend as Acting Secretary for this meeting because John Collins, as Vice Chairperson, is to chair the meeting. Commissioner Adkins seconded the motion. Commissioner voting as follows:

- | | |
|----------------------|--------|
| Chairperson James | Absent |
| Commissioner Collins | Aye |
| Commissioner Friend | Aye |
| Commissioner Casey | Aye |
| Commissioner Adkins | Aye |

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-01-004

VISITORS **AGENDA ITEM II**

Vice Chairperson Collins inquired if there were any visitors for today's meeting. There were none at this time.

JULY FLOOD UPDATE

Mr. Potter stated that we are still waiting on the FEMA funding. There is no word yet and Chairperson James has contacted them as well and she has not heard back yet. The contracts that were let for flood repairs are waiting to wrap up on a few items when the weather improves on contracts 2 & 3. One pay request has already been paid. One of the contract areas is still dealing with the railroad on coordination to get on their right of way to do the work needed and the weather has not cooperated either. The requests for adjustments have dropped off from the flooding. Vice Chairperson Collins commented that this was the reason why the District got the line of credit. Mr. Potter responded that it was to pay for the contracts that have been let while we are waiting on the FEMA funding.

APPROVAL OF MINUTES

AGENDA ITEM III

Vice Chairperson Collins requested a motion to approve the minutes of the regular meeting that was held on December 29th, 2010 as presented. Commissioner Friend made the motion to approve the minutes as presented. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Absent
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-01-005

At this time in the meeting, both a visitor and Chairperson James arrived at the meeting. Vice Chairperson Collins turned the meeting over to the Chairperson. Vice Chairperson Collins asked the visitor to state his name. He stated that his name is Jim Hamilton and he has a business at the old Shelby bridge where the old Happy Mart is. There is a pizza store there now and he has had trouble with the water. Mountain Enterprises gets water from the hydrant and every time they do that his usage goes up anywhere from 8,000 to 10,000 gallons. Twice it has been corrected but this time they won't correct it. They got more water this time and he has noticed three (3) truckloads and his usage went up 10,000 gallons. If you goes back on his bill you can see how it has fluctuated. He stated that he doesn't know if they are hooked into his meter or what. There is no meter to that hydrant and he doesn't know what is going on. Commissioner Collins stated that it has to go through a meter somewhere before it could register. Mr. Potter stated that he can look into it but Mountain Enterprises is not reporting getting any water to us either. Chairperson James stated that Mr. Hamilton came to see her yesterday and that concerns her because he is saying they are getting close to 10,000 gallons when they take water. Mr. Hamilton stated that this last time they took three (3) truckloads and each one looked like about 3,000 gallons each. Commissioner Adkins inquired as to when that was. Mr. Hamilton responded that that was in November and he has been arguing and making trips and phone calls here about this. He was told they were checking the meter and he has never seen anybody there checking the meter and he has checked it himself and it seems to be accurate. Commissioner Collins inquired if he knew who these people were. Mr. Hamilton responded that it is Mountain Enterprises and someone here told him that it was on a "trust" basis and when they call and tell how many gallons they are going to get, then they (the District) bill them for it. Mr. Potter stated that we will have to check into it. Some contractors we have that they know that they have a 2,000 gallon tank such as the county, fire departments, etc. and some, if they don't know how much they will be getting, we put a hydrant meter on the hydrant and meter it to the truck. He stated that as far as he is aware we are not billing Mountain Enterprises for any water. Kevin Lowe, Finance and Office Manager, confirmed that we are not billing them for any water. Commissioner Adkins inquired how they can do that. Mr. Hamilton stated that they were doing it early in the morning because they weren't open until about 11:00 and he rented it out to someone else and they started opening early and that is how they found out that they were coming out early and getting three (3) truckloads. Now every time they come, his water bill goes up. Mr. Potter stated that he cannot understand that. Water goes through a meter and is recorded, and if they are pulling off the hydrant, he doesn't know how that could affect his usage, but he will look into it and see. Mr. Hamilton stated that maybe it is a coincidence but every time they get on that hydrant his bill goes up. Commissioner Casey stated that the meter needs to be

changed. Maybe it is malfunctioning. Chairperson James clarified that they came out and checked his meter. Mr. Hamilton responded that he was told that and he was also told it was accurate and he checked it himself and it seems to be accurate. Commissioner Collins stated that this should not affect his meter at all and it needs to be checked. Mr. Potter stated that it is either a coincidence or something else is going on because he is not tapped off the line where the hydrant is. The line comes up and goes up by the building and the meter is tapped off where you go up by the hollow of Haley Drones up toward the tank. Mr. Hamilton stated that during that time they were not using any more water than they normally use unless someone was coming behind the building and stealing it out of the spigot. Commissioner Adkins inquired how many times it has been high like that. Mr. Hamilton responded that it has been three (3) times and has been going on for twenty (20) months. Chairperson James recommended that the Board give Mr. Potter time to look into the situation. Mr. Potter stated that he doesn't see how that is affecting his using. He has a hydrant here on the lot and the building's meter is separate and using the hydrant doesn't affect the meter usage. Mr. Hamilton is tapped off the same main but he knows where the hydrant is and where the meter and he can't figure that there is a correlation between them. Mr. Hamilton stated that it never did that until they started getting water from the hydrant and he doesn't know what is going on. If they are coming and getting water and not turning it in then they owe the District a water bill, but he stated he is paying their water bill seems like. Mr. Potter stated that he would look into and that is not the only place we get theft of service throughout the system; we have about 1,500 hydrants. Chairperson James stated that we do appreciate people coming in and letting us know about that though. Mr. Hamilton stated that he knows when they have been there because a lot of times they won't put the plug back in. He stated that his usage is twice what they are actually using because they have been watching and counting it. The little restaurant only has one bathroom and one sink and he knows it is not using 17,000 gallons a month. Mr. Lowe inquired what name is on the account. Mr. Hamilton responded that he believes it is in the name JJ Hamilton Living Trust. Mr. Potter asked Mr. Lowe to pull a history on that and he would go out and investigate it. He also stated that we would make contact with Mountain Enterprises as see what can be done as well. Mr. Lowe inquired what his phone number was and he responded with his information.

Mr. Hamilton continued by saying that he also has the health department telling him that there is a state law that a meter can't be but so many feet of a sewer tank or septic system. Mountain Water has a meter about five (5) feet from his sewer system. Mr. Potter stated that we don't necessarily investigate that. It goes by property owner and we don't look subsurface. If someone comes out and says "set my meter there"; and he knows that was done years ago with Happy Mart; if it's there and he is talking about that location and has to be relocated it would be at your (Mr. Hamilton's) expense. Mr. Hamilton stated that it isn't him but someone put a meter on his property because that meter goes to someone else's house. It is located 1 mile above Chloe Creek on the left. The people that lives there has cut the sewer line in two and are draining the sewer line right down on your meter and it is going into the meter box. Mr. Potter inquired if he had the address. He stated that his address across the street is 3977 E. Shelbiana Road. He didn't know about this ordinance until the health department informed them Monday that the meter has to be relocation or the sewer system one. He stated that he would just as soon take the sewer out because he doesn't have any use for it. Mr. Potter stated that he would check into that also. He stated that the sewer system goes to a rental house that he doesn't own but it is his sewer system. He stated that you can't disconnect anybody until they cut it in two and drained the sewer out and then the health department made them put it back together. Now he checked yesterday and they have cut it in two again and sewer is running into the water meter. He stated that he has a car lot right above that and if someone comes up there he can take them right to where it is. He stated that he doesn't know how to get the meter moved off his property if he wanted to use that property. They didn't get permission to put it on there. Mr. Hamilton stated that the meter has been there awhile. Mr. Potter stated that Mr. Hamilton needs to let them look into it. Mr. Stratton, MWD Legal Counsel, inquired from Mr. Hamilton if he can establish a property line with a survey. Mr. Hamilton stated that he finished it yesterday and he wanted to do that before he came to the Board. Mr. Stratton stated that when they come to look at this, he needs to show them that. Mr. Potter stated that it is not usually in a deed. If you bought a property, someone at one time may have given the easement for someone to set a meter there. He will look into it and see what occurred. Mr. Hamilton thanked them and left the meeting.

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM IV

Mr. Spears reviewed the financial statements with the Board. He reminded the Board to keep in mind that the financials won't have the audited adjustments in it yet. There are still some adjustments to be made

but it is impossible at this time to have financials out with those because we wait until the February billing to get everything adjusted. He reviewed all the numbers with the Board from the previous month's financial statements. He stated that we continue to transfer funds to the RD and KIA reserves and those are good. Sinking fund transfers are continuing as well, which is what secures our bond payments. R & M expenditures for the month of December was \$74,274.68 and there is a report in their packet that matches that amount. Of that number \$15,093 was flood related. As far as the line of credit, we drew down half of the payments we owed the flood work contractors this past month. They are not yet complete, but inquired if the Board wanted to pay them another 25% payment which will get them up to 75% paid. They are beyond that percentage complete. Chairperson James clarified that the funding is in place. Mr. Spears confirmed that. He recommended that the Board pay that to the contractors. Mr. Potter stated that H2O is 90%+ completed with his contracts and the dipping of the ponds at the water plant is 100% complete. Chairperson James inquired if it has been inspected and if we are satisfied that everything was done correctly. Mr. Potter responded in the affirmative. They have turned it in as 100% complete, we reviewed it and it looks good. Mr. Spears inquired if the Board wanted to pay 100% on the pond and an additional 25% on contracts 2 & 3. Chairperson James requested a motion to pay the flood contractors 100% on the pond and 25% on each of the other two (2) flood contracts. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-01-006

Mr. Spears stated that in addition, the Board had agreed last August to pay half of what we owed on the Big Shelby Branch project. We had twenty some thousand that we owed to US Rentals and eight hundred dollars for engineering and inspection. That was the money that went back to the county and we were trying to figure out how to get it back. He stated that he went ahead and asked them to pay those bills and he asking the Board to approve those bills because we need to go ahead and get them off our books. We owe the money and if we get the money in from the county, we get it, and if we don't we still owe it so why continue to carry this on our books. There were two (2) bills from EDC that we owe that is about seven thousand dollars total. We need to pay those as well and that will get all of our little things out of the way and off the books. Mr. Potter stated that some of these are two (2) or three (3) years old and need to be cleared. Mr. Spears stated that the total of all of them is twenty to twenty-one thousand dollars and that will change the Board's status any. Chairperson James inquired if those were included in the payment of the bills. Mr. Spears stated that they are included in the list of bills. Chairperson James requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-01-007

PAYMENT OF BILLS

AGENDA ITEM V

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. Mr. Potter stated that he was going to work with Carrie Hatfield on including a brief summary on each item.

We will try to fit in another column to give the Board an idea of what each expenditure is specifically for. Chairperson James stated that there are some things listed as "hand tools" on the AP list under R & M. She inquired if those are things that Commissioner Casey had questioned if those qualify as R & M. Bob Meyer responded that it is excluded, depending on dollar amount, it is going to be an R & M expense. If it is a large dollar amount then it would be fixed asset. Mr. Potter stated that anything over fifteen hundred dollars (\$1500) is a fixed asset, but the tools that you have here on the list is replacement of the ratchets the we got that we have to have. Mr. Meyer stated that the differentiation to him is that we have always had hand tools as part of repair and maintenance expense and it is a question of what is actually an expense in the context of buying a certain tool or whether it is a fixed asset. It actually gets recorded on... Mr. Stratton interjected that the difference is this; if MWD is replacing a MWD asset that is under UMG's obligations under maintenance and comes straight out of your pocket. When you throw it under R & M, MWD is reimbursing UMG for that expense and therefore is out of our pocket. So, R & M as he understands it under the contract would provide that UMG is replacing parts out of the system...the desk...whatever. These tools are capital. Mr. Meyer responded that in terms of consumables, it has always been handled that way, that it is considered a consumable and not a fixed asset. Mr. Potter stated that the fact is that if the contracted ended tomorrow and he left and took the tools he bought through UMG, the District would not have anything to work with. The way it has always been is that consumable tools have always been R & M. Mr. Stratton stated that UMG has an obligation to replace the tools that were preexisting here under the asset list. Mr. Meyer stated that we have an obligation to maintain trucks and everything else too, but that is also part of R & M. Mr. Stratton stated that this was one of the issues that arose, an understanding of what really fell under R & M...which ratchet, etc. He suggested that they sit down and meet and look at that with Mr. Spears and Chairperson James and see how to work this out. Mr. Meyer stated that maybe he and Mr. Spears should get together and work out some kind of cut off number in terms of what is expendable and what is considered a fixed asset. Mr. Stratton responded that a fixed asset is defined as anything over fifteen hundred dollars (\$1500)...that is a capital asset under the contract. So fifteen hundred dollars (\$1500) is the line of demarcation of what is a capital asset. This is a gray area that needs to be clarified. Mr. Meyer stated that the only point he is trying to make is that for 5 ½ years of the contract, small and expendable tools have been considered consumables that have been handled through the repair and maintenance budget and it was not his understanding that there was an intent to change that. It was agreed that Mike Spears and Bob Meyer would meet and discuss and clarify this issue. After review, Chairperson James requested a motion to approve the payment of bills as they were presented for today. Commissioner Friend made the motion to approve the payment of bills as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-01-008

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review and discussion of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of three thousand, four hundred, sixty-nine dollars and sixty-four cents (\$3,469.64) as presented. Commissioner Collins inquired about the two big adjustments on the list. Mr. Lowe responded that the two large ones both have sewer which cause the adjustment to be a larger amount than with water only. Commissioner Casey made the motion to approve the adjustments as presented. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-009

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that the contractor has installed the residential grinders and is making the final house connections on those with 4" PVC. He spoke to him yesterday and he anticipates it finishing up within the next 2 to 3 weeks. We have a pay request this time and should have one more next time and everything should be finalized on that, but you never know. This is a stimulus project and it is probably a little different than the other ones. He thinks DOW has to come down and do a bunch of visits and walkthroughs and things. Mr. Spears stated that he spoke to Kasey this morning on this project and she said that what is happening right now is that they are coming in at the end and doing what should have been done at the beginning. She said they issued the money without any guidelines and they changed it three (3) months in and so they didn't know. Mr. Potter stated that now that the project is done you have to adhere to guidelines they didn't have when they started.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is complete. We are waiting for the weather to break and every day we get a little bit of sunshine, the snow starts to melt, then we get another snow storm. We really need the ground to be a little bit dry so we can go and see if there is any settlement out there before we can do our final walkthrough.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that there is nothing new to report on this project.

4. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Hunt stated the contractor has got all the main line in and has roughly 40% to 50% of the pump station completed. He has 98% of the tank completed. Basically all the contractor is waiting on to finalize his work on the pump station and tank is power. The power company is supposed to be there February 2nd. Once he gets power on the station and gets the pumps up and running, he

can do the pressure testing, which has to be done before he can begin setting meters and tapping the line. Mr. Potter stated that has always been one of the policies of the District that contractors are not allowed to do dry taps on the line. The line must be pressurized because there is a greater chance of having a split or crack when you dry tap the line. So until he can get the line pumped up and tested he can't start setting bases. He has made a couple of subtle pushes with AEP to try to get the power hooked up sooner.

5. Ridgeline Road Water Supply Project (Jonican & Upper Pompey):

Mr. Hunt stated that design has begun on this project and the contract has been executed. The design is about 50% in and have a preliminary KY pipe model done and working. We found a good tank site on the project which is actually near a gas road and gas well, so tank access is already taken care of.

6. Sycamore of Lower Johns Creek:

Mr. Hunt stated that this project is complete. We still need to do a walkout on it. There is a minute amount of money left over on this project, about two to three thousand dollars (\$2,000 - \$3,000). Typically you have that, but instead of putting line in the ground that doesn't serve anybody we usually utilize that money to purchase additional valves or additional pipe for the District to serve that line. Commissioner Casey inquired how long it was going to be before the bases are put in. Mr. Hunt stated that the meter sets are in now and it should be turned over to the District in a couple of weeks. Mr. Potter stated that as soon as it is turned over, we will go out and install the meters. Commissioner Casey inquired who will turn it over to the District. Mr. Hunt stated that that will be him after the walkout it done. It has already been pressure tested and the bacteriological sampling has already been done but we have to go out and make sure the contractor doesn't have any sunken areas, has fixed driveways back the way they are supposed to be fixed, the valves are upright and they have good concrete around them, and just the minor things that needs to be done before the project can be released. Mr. Potter stated that as soon as the weather breaks we are going to arrange to look at it when it has dried up some. Commissioner Casey stated that those people are really appreciative of this project. Mr. Hunt stated that we basically doubled the size of that project. Commissioner Casey responded that he knows they did and it has been a big help to them.

7. DOT Project – Pond at Draffin:

Mr. Hunt stated that they have received the approval from the highway department and the contractor is securing his bonds and insurance for this project. We are probably going to have a preconstruction meeting within the next week or so, issue the contract to the contractor and issue the notice to proceed. All the easements are in place and now and it ready to go to construction.

8. Scott Fork Industrial Park Water Line Extension:

Mr. Hunt stated that we are waiting for the weather to break before this contract can be awarded and work can begin.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. **WTP Expansion/Upgrades:**

Mr. Potter stated that UMG's electricians have been at the plant and we have met with AEP about getting the power drop for the new electrical set up for the pump. Randy Conley met with them and we are going to build an outbuilding to house the unit that was on the lot during the flooding. We have about got that straightened up to where it is ready to be operable enough to start pulling wires and trying to wrap that part up and utilize what money was left over for the District from that project.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. **Smith Fork of Phelps Sewer Project, Phase II:**

Mr. Potter stated that Mr. Griffin is not in attendance today but the inspector, Greg Dotson, is here. He stated that basically the weather has been bad the last month and the contractor has accomplished an item or two over there but Mr. Griffin wants to meet next week about an issue with an air release and the contractor, him, Mr. Griffin and everybody over there to look at those areas that we want to identify. Mr. Bruce Coleman, foreman for BMM, Inc., stated that the fence has been ordered for Billy Dotson Branch and the rails have been ordered. Mr. Potter stated that they went ahead and ordered some of the parts for the upgrade to the stations, but as far as work on the checks, the weather hasn't been conducive to look at what they need to.

Mr. Potter continued that getting back to Jody Hunt's update and the Ridgeline Road project, We have a map here so you can look at what we are trying to do so that if anybody ever asks any of you (Commissioners) you will have an idea of what is going to be accomplished.

2. **KY DOT Route 199 Water Line Relocation Project**

Mr. Potter stated that this is a small relocation project over at Stone. The highway department is having some property owner issues now, who is claiming part of the road. It is sort of in a holding pattern. The contractor has done some of the work, but we may have to meet over there to see what they finally worked out with them to see where we need to relocate the line differently. They will pay for it but they have run into a snag over there.

3. **KY DOT Airport Water Line Relocation Project**

Mr. Potter stated that this project has been let. This is where they are doing the continued cut-through out to the gap at the airport. They have laid about 30%-35% of the line but the weather has held up the contractors...the road contractor and the line contractor. This project is also being paid for by the highway department also.

Mr. Potter continued that he just got an email this morning that there is another highway relocation project getting ready to start where US 23 ties in at Sookey's Creek. There is a preconstruction meeting on it and he will have to go over and represent the Board to see what they are proposing there. He will let the Board know where it goes from there.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Collins made the motion. Commissioner Casey seconded the motion.

SHELBY VALLEY SEWER PROJECT, PHASE III, SECTION 2

Contract 1	Stimulus Funds	\$ 216,054.00
Contract 1	Stimulus Funds	\$ 18,104.54

SYCAMORE OF LOWER JOHNS CREEK

Contract 1	Coal Severance Funds	\$ 701.86
Contract 1	Coal Severance Funds	\$ 17,632.16

HURRICANE AML PROJECT (RIDGELINE ROAD)

Contract 1	AML Funds	\$ 48,962.95
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Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-010

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Mr. Potter stated that we had nine (9) paid taps in December and did not do any LMI taps due to the weather and some other issues. We can probably do about four (4) more out the remaining funding and he has picked those from the list that are the oldest and has sent them out to the field to complete. Chairperson James stated that the Board needs to start considering, since we are down to the last four (4), that since we don't have any more funding available out there for LMI taps, but we still have a list of people who have signed up; we need to consider if we are going to notify these people that there is no more funding left and if more funding becomes available we will advertise it and start signing up again, because we know for sure that there is no more

funding for this program through June of 2012. Mr. Potter stated that we put in a request for funding for this program but it was not approved during the last budget cycle. Chairperson James stated that these people have been signed up for a while and their situation may have even changed. Mr. Potter stated that the Board does need to consider either clearing the list and refunding any deposits....Chairperson James interjected that they don't have to do that this time, but if Mr. Potter would get them the information they can look at it the next meeting.

Mr. Potter continued that total water revenue for December was \$649,565.00 and for sewer was \$76,289.51. There was another number out there and it may be something the Board wants to see, but what you are carrying in arrears that is owed to you that people have not paid is roughly \$150,000 for sewer. If the Board wants to know that information each month, and later on Mr. Stratton is going to discuss information provided to the board, but that is some of the numbers you have asked about. The Bac-T samples, in accordance with compliance, have been taken and everything was good. We had 31 illegals that were identified as theft of service in the month of December and that numbers usually is in the 50 to 70 range per month. Commissioner Casey inquired how we handle that. Mr. Potter stated that if someone is found to be illegally hooked up to the system, we take the device out and disconnect them, and the tariff allows the District to charge them an average water usage plus the cost of the damage to the service before they are reconnected. Commissioner Collins inquired if anyone actually tries to tap on to the main line. Mr. Potter stated that they have had that happen. He had someone up Elkhorn who used a 1/4" line like what is in the icemaker in your refrigerator and adapted one to a 6" PVC line and screwed it in there...his neighbor turned him in or we would have never known it. That goes back to what Mr. Hamilton said. The system is so big and there are so many hydrants that when we get a report of theft, by the time we drive up there to try to catch somebody, they are gone. Mr. Stratton stated that on the issue of stolen meter bases or meters, we would have to change our tariff to address that issue because it is outlined in the tariff. The downside of it is that if we make an accommodation then we have kind of opened up pandora's box. If there is one stolen people come in and say "it wasn't me". So as difficult as it is he thinks we probably need to keep the way it is just to avoid making it a bigger problem. Mr. Potter stated that we have had a couple of people call in this month saying theirs was stolen and they didn't do it, and he refers as nice as he can back to the agreement they signed that says they are responsible for Mountain's stuff and when it disappears, the only recourse he has on MWD's behalf is to bill them for it. Chairperson James inquired if, when we have the theft of service discovered and we do the average bill and the cost for damages, etc....what then. Mr. Potter responded that if they pay, we hook them back up. The Public Service Commission says we have to. And if they don't pay it sets there until the next person comes in to put it in their name. Mrs. Olson stated that we do audits and go back and check them every few weeks or a month and make sure they are still off and have not hooked back on again. Mr. Lowe stated that we have had one in the past that we pressed charges against and he went over with our employee who actually found the illegal hook up, and the man plead guilty to a misdemeanor and they gave him sixty (60) days to pay us what he owed. That was a few years ago and he has never paid a penny of it. He went back over to the County Attorney's office and they issued a bench warrant and if they ever caught him for something else then they would enforce it. But nothing has every been done. Mr. Potter stated that internal policy has been that if we catch you three (3) times stealing in the base, the crew will come out and disconnect you from the main line, and remove the tap, the base and all. Mrs. Olson stated that that is quite expensive to remedy before you get reconnect and turned back on. Mr. Potter stated that it is a whole new tap to put it back in. Chairperson James stated that that is not fair to those who are legally on the system, because we are paying for people to steal that money and that is not fair to our customers. She inquired of Mr. Stratton if there is any other recourse we have. Mr. Stratton responded that prosecution of those issues is difficult and is low on the totem poll, and the Board may want to consider changing our internal policy to disconnect from the main after the second time. If someone has stolen off you twice, why wait for the third time before you do anything. Mr. Potter stated that the reason why it was set at three (3) is that at times, that is all we would be doing if it was after two (2) and we wouldn't have enough employees to take care of the regular maintenance. Really, it has gotten that bad. Mrs. Olson stated that to disconnect someone from the main required scheduling and equipment and sometimes, working with the sheriff's department to go with the crew. Mr. Potter stated that we had someone shot at a couple of months ago and we had to contact the sheriff's office. We can do it, but it is an involved

process. Mr. Stratton stated that to tighten it up a little bit is the only recommendation he would have. If people think they can steal three (3) times....Mr. Potter stated that there are some who know it, too, but we go back and do audits and check them. Commissioner Adkins stated that if we had some laws and regulations to change this collection deal instead of putting the burden on the companies. It is not easy, just because the court says they have to pay, it doesn't always work like that. Sometimes it gets more costly to try to collect that money. If we had more laws that would make enforcement a reality it would help, even if they had the authority to tie up the income of the offender. There needs to be something done about that. It would save a lot of companies a lot of money. Mr. Stratton stated that the only other thing we could do would be to sue them civilly and if they don't pay we can attach a lien on their property. Mrs. Olson stated that she believes that when someone tampers with a water meter or utility property, they can be charged with terrorism. Mr. Potter stated that they can now, and it makes it a felony. Chairperson James stated that attaching a lien might be a good option too. Commissioner Adkins stated that where they are getting rid of this stuff is a big issue, too. You pull in someplace with a bunch of water meters and cable and people just buy it. Commissioner Casey interjected "baseball bleachers"....somebody stole everyone of mine at Shelby Valley a couple of years ago. Mr. Potter continued by saying the he did want to let the Board know that they had two (2) more pump stations broken into last month and a motor and some copper was taken. Commissioner Casey inquired if these were in the same area as the last ones. Mr. Potter responded that these were at Upper Beefhide and Pond Creek. It is just hit and miss. We are retro fitting some of the pump stations. We've got fences, locks, locked doors and what he is going to now is a little more costly. He is having to now drill through the lock, all thread rod, put a bar across it and we are fashioning the locks like keeper locks like you see at the mine sites. That won't stop them when they bust the block out of the back of the building, but maybe it will slow them down. Commissioner Adkins stated that with the battery operated saws and equipment they have now, they just go up underneath a car and cut them. Mr. Potter stated that that happened to a couple of the District's trucks up at Shelby Valley. They stole the catalytic converters off of them last year. Commissioner Adkins inquired if we had some kind of surveillance up there. Mr. Potter stated that he watched them on video but you couldn't identify them. They had a hood on and you couldn't see a vehicle because they parked out of range of the camera and he was there less than 45 seconds. He had a yellow Dewalt saws all, crawled out of the truck, came out dragging a muffler and went back over the fence. Mr. Potter stated that he just wanted the Board to know that theft, either of service or of physical property is getting to be an issue and you may have some people call or send a letter to the Board...one woman may be sending a letter to the Board and her meter was stolen and we tried to explain to her the current policy; and she just said that she is an old lady and she didn't steal it. He had no recourse other than the way we do it and told her he would mention and he has. Chairperson James stated that all they can do is to instruct him to see if he can come up with some options.

Mr. Potter continued that he has looked around and found another site or two (2) where he has found three (3) or four (4) utility crane trucks that range between forty and sixty thousand dollars (\$40,000-\$60,000). They are a little newer than the previous one the Board looked at. He is not going to give any further information right now on this because they are out of Ohio, which is the closest one and he will have to call them. He is still looking at them. They are either Dodge or Ford...he couldn't find any Chevies, but these are 6.4's or 6.7's and he is trying to find something applicable and maybe next month he will have something. Commissioner Adkins inquired what size he is looking for. Mr. Potter responded 450 or 550 range and 4 wheel drive with a crane with at least 6,000 lb lifting capacity. He would like to have a service bed to hold their tools. It doesn't have to be an extended cab or anything like that. We need at least three (3) ton lifting capability and it should have at least the drop down pin jacks. Hydraulic is nice, but cost more. It has to be 4 wheel drive because a lot of our stations are off the beaten path a bit and he is looking at some and welcomed the Board to look at them after the meeting.

Mr. Potter continued that the Public Service Commission has put out their Consumer Activity Report and we got a letter saying it is out there if anyone wants to look at it. Basically, they go all across the state of Kentucky and say "Of water districts comparable to your size, this is what was seen...how many theft of services, how many customer complaints" and so forth.

The Board also has at least five (5) wastewater treatment plants that are coming up for renewal of their KPDES and NPDES permits. In the past EDC has done some of them and in the next year you are going to have about twelve (12) more coming up for renewal. You have to start the renewal process 180 days prior to permit expiration. He had asked EDC for a quote and Vaughn and Melton for a quote and he can ask more or inquired if the Board wanted to advertise it in the paper. He stated that it looks like it is ranging from \$300 to \$500 per renewal. What he asked these engineers what they would do each one for. Mr. Stratton stated that since professional services do not have to be bid, we can solicit privately. Commissioner Casey suggested they let Mr. Potter take care of it then because we have to have our permitting in place. Mr. Potter stated that he would ask Summit for a quote as well and bring them to the Board. We have time to get it started after the February meeting, but there will be a bunch coming up next year and he just wanted to know if they had someone they wanted to use or if they wanted UMG to select someone for them. The Board agreed to allow Mr. Potter to handle that issue. Mr. Stratton clarified that the hiring of the selected firm would have to be approved by the Board. Chairperson James stated that was fine and Mr. Potter will bring the quotes to the Board at the February meeting. Mr. Potter stated that the capital items with the new contract will be presented in November for the year. We have a preliminary one now that the Board can look at after the meeting. Some of the capital items list, he has looked at the field and the office that MWD would put on their capital books. We are looking at two (2) more utility truck replacements. We have a 2002 Dodge and a 2003 Dodge that are field service vehicles that have high mileage and are starting to get to the point where they are nit-picking us to death and it is time to replace those; the boom truck, two (2) more supervisory trucks like Rangers or smaller pick-ups – we have a 2003 Dodge pick-up and another Ford pick-up that is older; high mileage – 192,000 on one and 180,000 on the other and it is time for replacement; at least one (1) boring tool, one (1) flow meter and a smoke testing apparatus for the wastewater department. In the office some of the items are at least three (3) office computers are out dated and slow and need replaced, and new chairs for the conference room. Some items UMG is looking at purchasing that will go on UMG's books that will be primarily stationed at the MWD facility are another boring tool, another flow meter for leak detection, two (2) metal detectors, a wastewater jetter (which MWD has never had) but is going to be needed and will cost at least \$20,000, and a core driller for intercepting and drilling into manholes (MWD has never had anything of that nature either). UMG is considering purchasing those items to be utilized here and be on UMG's capital items list. Mr. Stratton stated that as to the asset list under the new agreement, UMG is to provide the Board a complete list of capital assets and chemical supplies. We need an agreed upon time line to give UMG time to complete that. The forty-five (45) days started in January and he was going to push that back a little if UMG needed it. Mr. Potter stated that he had it done as of December 31st. Mr. Meyer stated that the two (2) inventories that we have are the inventory of parts and tools and the second one is chemicals, office equipment, all the parts and materials in the trucks and the last one will be all vehicles with the notation as to their condition which is being finished up. Commissioner Casey stated that he didn't think we needed to be putting off the purchase of some of this stuff that is highly needed like these computers for these ladies that works here, we need to be up to snuff on. We keep putting this off to the next meeting and if our people need something to do sufficient work with out in the field or at the office, they need it and we don't need to linger with it. Mr. Potter stated that he agrees and he will give the complete listing of that. Also, in accordance with the new contract he presented the Board with a certification stating that the information that has been given to the Board for December has been true and accurate to the best of his knowledge and belief and a copy of that will be presented in the Commissioner's packets each month prior to each meeting. Mr. Potter stated that the only other thing he had left to discuss is the surplus property issue with the Marrowbone Water Treatment Plant. Mr. Stratton stated that he did some research and there was not particular statute for the District selling excess property but there is a statute for the county selling excess property. So what he recommends is that the District follow the procedures outlined for the county to sell excess property and it requires that we advertise it and that we can either do it by sealed bid or auction. Under normal circumstances an auction would cost more and the property would bring a higher price. Sealed bids are obviously less expensive but this property is so unique and the condition of it is probably questionable according to Mr. Potter and he doesn't know if it would behoove the Board to look at an auction expense or not. What we need to do is to get a survey of it to know exactly what we are selling, and the question was do we need to get it appraised to set a reserve or require a minimum bid; we could

do that if the Board wants to. It is not addressed in the statutes. Mr. Potter stated that the property we are talking about is right across the Marrowbone bridge on the right, the old water plant property. It was started around 1971 to 1973 and it was outdated and is one of the reasons why the Board built the new plant which has been on line about 5 or 6 years. We used to use it as a satellite storage spot but we had the three-phase power disconnect from it because it was an expense not needed. Since that time it has been vandalized several times and we have had to keep the fence up and it is getting to be a liability issue. It is one of those issues where the Board tried to hire someone to demolish it the Board would be out quite a bit of money and he thought it would be best to sell it "as is" as surplus property because there is no reason the Board needs it. Chairperson James inquired how they would go about getting the value on that. Mr. Potter stated that he didn't know. Mr. Stratton stated that the value would be the value of the surface. The building may or may not have value as a shell but you are talking the value of the surface minus the cost of demolition of the building. Mr. Potter stated that there is nothing in there worth getting for the District or he would have gotten it out long ago. Chairperson James stated that she is thinking it would be best to do a sealed bid and maybe put a minimum on it if they wanted to. Mr. Potter stated that the Board can always reject bids if they come in below what they want. Chairperson James commented that then they would not limit themselves. Mr. Potter stated that if the Board wishes to declare that as surplus and wants UMG to proceed with advertising it for bid, he can do that. Chairperson James requested a motion to that effect. Commissioner Casey made a motion to declare the property as surplus and give Mr. Stratton time to research it and get with Mr. Potter to advertise the property for bid to dispose of it. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-011

Chairperson James requested a motion to approve the Monthly Operating Report as presented by Mr. Potter. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-012

NEW BUSINESS

1. **LMI Project -**
 This item was discussed under the Manager's report.

2. **Johns Creek Daycare/PCFC Sewer Contract –**

Mr. Potter stated that he is supposed to meet next week at the health department with Zora May who is of the belief that there is enough room for the county to put in a conventional septic system in there and if that occurs MWD can do a maintenance contract to pump it when it needs to be or whatever. It is looking like the main thing is that we may be able to get rid of that plant. He needs to confirm it. He also has a meeting with the Judge on Friday and they will discuss it then as well. There is a possibility, after discussing this with the health department, that the county may be able to do this at some of their other facilities that they are having issues with.

3. **MWD/City of Elkhorn City Water Contract –**

Mr. Potter stated that they currently do not have any legal counsel at the City of Elkhorn City yet. Commissioner Casey inquired who the Mayor is. Mr. Potter stated that currently Mike Taylor is. Mr. Stratton stated that once that gets resolved, we can move forward with this issue.

4. **Big Creek Freewill Baptist Church Billing Issue –**

Mr. Stratton stated that he sent them another letter. Mrs. Olson distributed a copy of the letter to the Board. Mr. Stratton continued that he spoke to the minister who told him he would take it to the Board of the church as to whether or not they wanted to be cut off or whether they will pay the bill. He told him about this meeting and that he need to know by today and he called the church both Monday and Tuesday with no answer. So he doesn't have a reply back and will call him back and see if he can get a response. They kind of wanted to have their cake and eat it too and sort of ignore this issue and he told him that we are not going to ignore it, that we can't. He will continue to try to reach him.

5. **Outsourced Billing –**

Mr. Potter stated that over the last few years we have had indications from the post office that they are no longer going to accept the mailing cards that we use. He knows that some people in attendance get bills from the cable company and others that is a full sheet. That is what the post office is wanting everyone to go to. We have looked at outsourcing the billing to a company that can provide those kind of services and would enable us to take care of some issues like when we have to send out the annual Consumer Confidence Report, which right now is another contract that we have to engage somebody with. If we develop them, it will be part of the outsourced billing package. Mr. Lowe has been looking into this mainly for him and UMG would really like to go this route. It is going to fit better with where we think operations need to go at the office in making some changes. Mr. Lowe stated that essentially it would be an 8 ½ X 11 sheet of paper bill and we would be able to put any kind of information or notices that we would need to give the customers. It would be in an envelope and would have a return envelope included which research shows increases the turn around of revenue. It would also allow us to put our CCR's in with the bills so all the postage currently spent on mailing them would be saved. Any kind of notice we needed to put in there we can do. The effect here at the office would be that we would still do everything up to the point of printing the bills, then we would email the file and the company would print all the bills, stuff them and mail them for us. Payments still come back here for processing. Mr. Potter stated that there is an issue we currently have that the printers that are compatible with our billing software are hard to find to replace and are breaking down on a regular basis and it is difficult to get them fixed. It is getting to be issue. Mr. Lowe stated that we have had those printers about seven (7) or eight (8) years and they have been discontinued so we contacted the billing software people and asked them what we can replace them with. They made a recommendation and we bought one and it didn't work. It won't print on those cards. We have had to buy a refurbished one at this point and are having trouble out of it. Mr. Potter stated

that he is asking for the Board's approval to make this change in the operations of how we perform the billing services here. UMG would like to go with outsourced billing and are looking at quotes and UMG would incur the cost of taking care of that. But because it is a change in operations, the Board would need to approve it. Mr. Meyer stated that we have looked at the cost associated with this and it is more expensive than just sending out the cards in house, but when you look at the increased cost to pay a contractor to print and mail the bills, what makes it work is the cost of an employee position. If we were not going to be doing that work in house, essentially we could essentially save a clerical position and we have already done that. There was a clerical position that is no longer employed with UMG and we don't plan to fill that position, so from our perspective, it is a wash. It is a better system and gives folks here the ability to get more information out to customers, you can integrate your monthly billing with historical data and do a bar graph on the bill that shows the customer their usage over the last 12 months and various other items that can be done like that. It also provides more privacy to the customers. Mr. Lowe also stated that the customer can currently go to MWD's website and pull up their bill on there, it shows a bar chart with their last 12 month's usage and that is what we want to show on the bill. Mr. Potter stated that the post office has indicated that they won't be doing the cards any more in the near future and have sort of encouraged us to look into this option but they keep putting off when they are going to implement the change. He stated that another advantage to this is that in the spring or the winter we can put information on how to look for a leak at your house or other helpful information for the customer. Mr. Spears inquired about customer service. Mr. Lowe responded that the number on the bill would still be ours and they would still call this office for questions or concerns with their service. Commissioner Casey inquired if it will save the District money. Mr. Lowe stated that it will not save the District money because UMG will be absorbing the cost of the change. Mr. Potter stated that we have looked at other Districts in the last few years and how they perform their services like teller lines, drive through windows and this goes along with something that we want to implement for better customer service; to make every representative available downstairs to do everything from payments to complaints to new services and this will provide us with some leeway to be able to get our employees trained and do this and get a new system set up. It will work really well. Any representative could help any customer with whatever they needed without going to a different department. If we outsource the billing, everyone will be cross-trained to be able to do all service for the customers. Mr. Spears inquired if there would be any delay in billing by switching this to outsourced billing. Mr. Potter stated that there would be no delay and cash flow will not be affected. A test run will be done to make sure that the numbers match and everything is correct. Mr. Spears clarified that it will not take any jobs here currently. Mr. Potter responded that it will not. Mr. Meyer stated that Southern Water has made this conversion and the City of Prestonsburg uses the same type of system as well. Mr. Spears stated that he just wanted to make sure that we didn't get caught in a three (3) week cash flow lag. He was assured that there would not be a lag in cash flow and no jobs here would be lost due to this change. Chairperson James inquired if UMG needed anything from the Board at this point. Mr. Meyer stated that what would be appropriate from a policy perspective because it is changing the way the public perceives getting bills from the District, he would suggest that the Board approve the change from that perspective. It would fall under the change of process under the new contract. Chairperson James requested a motion to approve UMG to outsource the billing for Mountain Water District which would be at UMG's cost. Commissioner Adkins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-013

6. Conflict of interest Statements - 2011

Mr. Stratton stated that under our code of ethics that Board and their contractors are required to submit a conflict of interest statement. A copy of all vendors used by the District was distributed to the Board. Mr. Stratton stated that each Board member and contractor needs to review this list to see if you have any relatives or ownership involved in any of these entities with which we do business. The key is, it is okay to have a conflict but you have to disclose it, so you don't vote on it if an issue comes up with that entity. The forms will need to be turned in at the next meeting.

7. Administrator Position –

Mr. Stratton stated that Chairperson James has been able to obtain information for a job description for a District Administrator and Roger Rectinwald developed one and sent it to her as well. He has reduced it down to two (2) pages and read to the Board a general description of duties for this position which included: coordination of Board communication, serve as an agent of the Board, general monitoring and reporting on performance of District's contractors. What we need to do is advertise this per the statute after the Board has reviewed the list of skills and qualifications and made any changes. The decision was made to form a committee comprised of Mike Spears, Dan Stratton, and Commissioner Adkins to interview all candidates and narrow the list down to at least the top three (3) candidates. Commissioner Collins inquired what kind of salary we were looking at for this position. Mr. Stratton stated that we have identified a budget and a salary range but it will be commensurate with education and experience and depend on the allowance for benefits. Mr. Potter noted that MWD is a member of KRWA and they have a free member job posting page on their website. Both Chairperson James and Commissioner Casey stated that that would be a good idea to put it on there as well. Mr. Lowe stated that if someone will get it to him, he will also post it on Mountain Water's web site. Mr. Spears inquired if the Board wanted him to put a base package together. The Board agreed for him to go ahead and put that together prior to the interview process. Chairperson James requested a motion to authorize to advertise the Administrator position for the Mountain Water District and to authorize Mr. Spears to come up with a base package for salary and benefits for this position. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-01-014

8. Creation of Finance & Operations Committees -

Mr. Stratton stated that one of the things that came out of the audit process was how the Board could get a more detailed review of things and what he proposes to address that issue is the formation of two (2) committees which would have two (2) members of the Board and whoever else the Board wanted on there. There will be a Finance Committee that would basically do a detailed look through of the billing, the bills and finances that might meet a half hour before the Board meeting to do that. The other committee would be an operations committee that would be in charge of overseeing and understanding the operations, new construction, where MWD needs to go next and that sort of thing. The idea would be that between those two committees there would be at least two (2) Board member that would be more deeply involved in understanding the details of the system. We can't have more than two (2) Board members on a committee because

that constitutes a quorum and the idea was that Chairperson James could visit back and forth between the committees but she carries other duties that are substantial as Chairperson, so the idea would be to choose from the four (4) other Board members for one committee or the other and appoint whomever else the Board wants on those committees. Chairperson James stated that for the Finance Committee, she inquired if there were any volunteers for that committee. Mr. Stratton stated that with Commissioner Friend as Treasurer of the Board, he needs to be on this committee. Commissioner Casey was also chosen for the Finance Committee. Also on this committee will be Mike Spears and whoever the Board chooses to fill the Administrator position. For the Operations Committee, it will be composed of Commissioner Adkins, Commissioner Collins, Mike Spears and the District Administrator.

Mr. Potter stated that while we are still under New Business he had a couple of items that he wanted to mention. We had applied with FEMA for mitigation funding for items that had been flooded repeatedly over the last few years. We identified two (2) or three (3) pump stations that qualified and Summit helped prepare the request for the money. Mr. Hunt has indicated that we have reached the second round of that application. It was an 80/20 match for funding. We have reached the second and he will work with Mr. Hunt to get the information together that FEMA is requesting to get that funding. The pump stations identified were at Johns Creek Railroad, one at Phelps and one at Kimper. Mr. Hunt stated that you have to do a benefit cost analysis to move forward in the process. Mr. Potter stated that he would work with Mr. Hunt on completing that if the Board wanted to move forward with that. The Board directed him to proceed with completing the information that FEMA was requesting.

Mr. Potter continued that Douglas Wastewater Treatment Plant is at capacity, pretty much, and before we can do anything more in the Shelby Valley area the plant is going to need an upgrade and made larger. It needs some additional retention basins to bring it up to speed with new regulations. On the Long Fork Sewer Project, the District has about \$490,000 remaining in that project. A possibility could be an ARC grant which is a 50/50 match, using the left over funds on Long Fork as the match for that grant. He has asked for \$2.5 M from Coal Severance and through Big Sandy ADD to look at finding money for that. He has also requested an estimated \$15 M to relocate the plant. He inquired if the Board wanted to allow Summit to do the grant writing to look at doing an ARC grant and using the remainder of funding from the Long Fork project, since it is still in the Douglas area, to be the matching funds. Mr. Hunt stated that Summit did an application last year and probably will just need to revise it a bit and resubmit it. Mr. Spears stated that we will need approval from the funding agency to use that money for that purpose. Mr. Hunt stated that we will need to do that, but since it is in the same area they usually will allow it. Commissioner Casey stated that he believes we need to approach every avenue we can to relocate that plant. Chairperson James requested a motion to authorize to proceed with that avenue to get the funds approved to use for the match and to proceed with the ARC grant application upon approval of the funding agency. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-015

Mr. Potter stated that the only other thing he has it, talking about the new contract and things that that Board wants and maybe doesn't need to see from UMG, we have been providing a lot of information and some things are internal and he thinks we need to have a special work session so we can sit down and determine what the Board needs to see from him as the operations

contractor and then Mr. Stratton can tell them what items we need to revamp as far as policies and procedures. We look over operations and procedures. If the Board wants to schedule a work session, let Mrs. Olson know prior to so we can get it scheduled and advertised. Mr. Stratton suggested that we wait and do that after we get the Administrator on board and let them be a part of that process. That will delay it a few months, but it will be important to have that person involved.

9. Legal Issues
Executive Session to Discuss Outstanding Litigation and Potential Litigation -

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-016

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-017

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. Mr. Potter stated that he is distributing a KRWA training schedule for the Board to look over and if any Board member wants to go to any of them, let Mrs. Olson know. Commissioner Casey inquired if this was the updated schedule for Board members to use to get their hours. Mr. Potter stated that hours are available for all Commissioners on this training listed from KRWA for 2011.

Commissioner Adkins stated that he went up to the Buckfield area at Collins the other day and we said we didn't have the funding to serve these people and they have sewer coming up in their yards and some

of them are fairly new houses and it isn't their fault. The line has been run across the river up to the railroad trestle bridge and then right under that bridge there are several houses there that we could pick up there that would be real easy to get. But they said for the cost of engineering and working with the railroad and everything we didn't have the money to do this. So he called the railroad and they were supposed to be getting some stuff on it and he asked them that he didn't understand that there is a river does and the damage that it does coming through there, what damage could we do running the water lines up there when we can help some people that has problems that they can't control. He hasn't gotten the paperwork back from the railroad yet. He and Mr. Potter were in Louisville a while back and they talked to someone who said they didn't have to pay that stuff. He is just trying to hook these people up and it is not going to be that expensive if we don't have to go through all that with the railroad. It's at Buckfield and we are right at and it would be senseless not to get it. Mr. Stratton inquired if it was a railroad trestle or a bridge. Mr. Hunt stated that it was a bridge. They would allow it to be open cut but we have done one in the past at Johns Creek and they still made us encase it and get a permit and even though they allowed us to open cut it, we had to have valves on either side, too. Chairperson James inquired if there were any funds left over in the Shelby Valley Sewer Project. Mr. Hunt stated that there are no funds left on this project. This is a stimulus project that is going on now and is about to finish up and they are tight on funding. We might have a little bit of funding left over, but that is not currently in the design. Those were the side hollows and we were doing the main stretch first in the phasing of it and after the main stretch is done, then you go back and get the side hollows off the main line. The line is designed big enough to pick up those but we just need additional funding. This stimulus money is so restrictive that they won't let you go outside of what the original project boundaries are. The Coal Severance funding we're using, if we have money left over we can extend the line and keep on going. But with the funding on this one, they will not let you extend the project but require that the money goes back. There is a 201 plan that is in place and those areas are outside of that because we knew we needed a Douglas Plant upgrade to handle additional customers beyond what we have now. Commissioner Adkins clarified that it did get it across that river and inquired if that was considered on the main. Mr. Hunt stated that it is considered the main. We meandered across the river to pick up those customers on the way and because the water line in the ditch there, you have to stay 10 feet away from it, and we crossed over to pick up as many customers as we could on the way down. Commissioner Adkins inquired how many houses were picked up when they went under the railroad going toward Shelby. Mr. Hunt stated that he couldn't remember right off the top of his head. Commissioner Adkins stated that it was very few compared to what houses there compared to the ones he is talking about. He inquired how far is that going down toward Shelbiana. Mr. Potter responded that it is right past Riddles Crossing. Commissioner Casey stated that we need to really look and see if we can't service them people because that will bring revenue in also. Mr. Potter stated that there is no money left in that one, but from the original project that was one of the first ones going back a year and a half to two years that the board said they would not borrow any money that would not debt serve, and that is the project we had to send the debt service calculations in on based upon the borrowed money. With the original design, that was the section that debt served and the reason we didn't get it under the tracks was that to ask for more money to eventually go toward Branham Heights was what DOW and some of the others wanted us to go to which would eliminate package plants. Commissioner Adkins responded that on the debt service he doesn't understand that if there were that many people there that close to get it. Mr. Potter stated that it was the original project area that was picked and that is all he can tell them at this time. Chairperson James inquired if the area Commissioner Adkins is talking about already designed. Mr. Hunt responded that it is not designed. The design for this project has been setting on the books since 2007, so we did Phase I with funds we had but we had to stop construction on it and couldn't build it all. Then this stimulus money came in and we asked for a lot more money, but we didn't get it, so we could only go as far as we could with design. Chairperson James clarified that what we would have to do to add any additional customers like what Commissioner Adkins is talking about, we would have to pay for engineering and design and get it approved by DOW and go through the environmental process again. Mr. Hunt indicated that that is correct. Chairperson James stated that what we need to do at this point is to make sure that this project is one of the ones that we get on our priority list. Mr. Potter stated that that is coming up again soon and he put into it sewer line extensions for the Shelby Valley area. But DOW is going to come back and refuse it because they know we are about to capacity and will require the wastewater plant upgraded first. We have been looking for the last year for funding to expand the plant for that reason. Commissioner Adkins clarified that we can't hook any more people up to the plant. Mr. Potter responded that line extension-wise that has to be approved by DOW they probably won't, individually here and there they probably won't come back at us, but if we propose another project then they look at how many people is in the project

area and back it into the calculations and they will probably say no until we upgrade the plant. Chairperson James stated that we are well on our way to getting that process started so we can pick up some of these homes. Commissioner Adkins stated that you are talking about it being a long time out there. Mr. Potter stated that it could potentially be. Commissioner Adkins clarified that there is no way possible that we could get these people. Mr. Potter stated that if he would give him the addresses and show him on the map where they are, he would look at it.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-01-018

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
February 23, 2011
10:00 AM

ATTENDANCE

Paula & Barry Coleman, 890 Beech Creek, Phelps, Ky.
Tommy England, Blessed Hope FWB Church
Russ Cassady, Appalachian News Express
Jody Hunt, Summit Engineering, Inc.
Doug Griffin, Kenvirons, Inc.
Greg Dotson, Inspector
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Finance Manager, UMG
Carrie Hatfield, Assistant Financial Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, February 23rd, 2011 at 10:00 a.m.

Commissioners were present for the meeting as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Ancie Casey
Commissioner Prentis Adkins

VISITORS **AGENDA ITEM II**

Chairperson James inquired if there were any visitors for today's meeting. Chairperson James recognized Barry Coleman who stated that on August 15th, 2010 he signed up for a free hookup on the sewer system and as time went on they brought the tank and things and put in the yard. A month later they hooked someone up who put in a new trailer and then bad weather hit and he thought it would be a while before they hooked anybody else up. About a week ago his wife called and asked about being hooked up and was told that Lois wasn't in but a few hours later they came to take the tank and box away. Bruce with BMM, Inc. told them to come to the meeting and talk to the Board because he was told not to hook anybody else up. Commissioner Casey inquired where they were located. Mr. Coleman stated that they live on Beech Creek at Phelps. Chairperson James inquired from Doug Griffin, Kenvirons, what the situation was with this. Mr. Griffin stated that he doesn't know exactly; that Greg Dotson has a list dated March 31st and they are not on it. Mrs. Olson gave him a list from Lois Smith and it is not on it. Commissioner Casey stated that they had the stuff at their home. Mr. Griffin stated that he knows that but they are not on the lists from the inspection or Mrs. Smith. Chairperson Casey inquired from Greg Dotson if he knew what had happened here. Mr. Dotson stated that BMM, Inc. was installing the main line last year and got to their residence, and Mr. Coleman has a brother and father that lives near him as well, and when the contractor was directional boring, they have about 30 yards that needed to be bored underground and you have the county road and the water line in which the sewer has to be away from that. Mr. Coleman's brother came out and said "What are you doing on my land?" He thought he had all the easements they needed but Mr. Coleman's brother made the contractor leave the property and

wouldn't let them go through there. The contractor had to go back out on the county road and go under the road all the way around the three of them and came back to the designed side on the other side of them. The plans had the line running in front of their homes but since the contractor wasn't allowed to go through there, the plans had to be changed. Mr. Coleman's brother and father didn't want the service but he guesses he did, but they were trying to figure out if they had signed up or not when they were told to stay off the property. Commissioner Casey stated that the paper he had in his hands shows him signing up on August 16, 2010. Mr. Coleman stated that his brother, who didn't want hooked up, has a small yard and has a cement septic tank and infiltrator system and they had to step over 20 or 30 feet. He doesn't blame him for not wanting the line drilled through his septic tank or infiltrator system. Mr. Dotson stated that they are not on their original list. Commissioner Casey inquired why he would have the materials at his home put there by the contractor if he wasn't on the original list. Mr. Dotson stated that as they received updates from Lois Smith, their names may have showed up on a new list so the contractor may have went back and set the materials there for when they had time to go back and hook them up. He also stated that now they have a new county road they just asphalted and the contractor would have to cut it or punch it and they are trying to figure out how and when they can hook them up. Commissioner Casey stated that it needs to be figured out. These people have been waiting since August and they need to get their service hooked up. He understands the delay because of the denial of access to the property and the construction of the new road but he stated that the contractor needs to get this situation resolved as soon as possible. Mr. Coleman also stated that his neighbor, Mary Ann Lester, signed up a week before they did and she still needs hers hooked up also. Mr. Griffin took the information to check into it and stated that they can get it; they still have funds to do it with. Commissioner Collins inquired if there is a straight shot to it now the line has been moved around it. Mr. Griffin stated that it is on the other side of the road and will have to be bored. Mr. Dotson stated that Bruce with BMM, Inc. asked him to see if they needed to go ahead and set these, if they were going to get paid for them or what because they were told to stop production. So it really isn't their fault either because they didn't know whether to go on or not since they were told to stop. Mr. Griffin stated that if anybody else is where we have laid line, we have plenty of pumps; they need to be put in. Commissioner Casey agreed. Mr. Griffin stated that he would talk to the contractor and get it straightened out. Mr. Coleman thanked the Board and he and his wife left the meeting.

Chairperson James inquired if there were any further visitors. She recognized Tommy England representing Blessed Hope Freewill Baptist Church. He stated that back in December they had a water leak at the church outside when no one was there and he asked for an adjustment. The District made the adjustment to the bill and he is there to ask for more of an adjustment on their bill. The water bill was \$1400 and the adjustment was \$593 and the church was asked to pay \$826.74 which they paid, but he wanted to know if the Board could help them a little more with the bill amount. Chairperson James inquired from Kevin Lowe if that was the correct adjustment. Mr. Lowe stated that the church was given the standard adjustment which the customer's average for the 3 months prior to the leak and anything above that average is adjusted to a rate of \$3.60 per 1,000 gallons from the normal rate of \$7.01 per 1,000 gallons. Mr. England stated that Silena McKinney had explained all that to him but what he is saying is that if it was at his house, and he knew that leak was there, and he didn't do anything about it, then he could understand it. He stated that he didn't really know how long the leak was but they finally found the puddle of water and changed the plumbing and corrected the leak and got the bill for this amount. Chairperson James stated that the District's actions are based on the Public Service Commission, and in our tariff, that is the approved way of making an adjustment to help customers out in situations like this. We would be deviating from what the PSC is allowing us to do which is not something that the District can do. Mr. Stratton stated that there is no procedure the Board can legally take outside of what we have already taken and not be in violation of our tariff; and the reason there is a tariff is so that we don't have situations where we make special considerations for one person and not for another. By having a standard level across the board everybody gets treated the same and that way it is fair to all based on a common standard. Mr. England inquired if all business, churches and residences all under the same criteria. The Board responded in the affirmative. Commissioner Collins commented to Mr. England that there is another church listed on the adjustment report as well. Mr. England responded the he believes that the Board needs to look into that and maybe get an allowance for adjustments for something like this. Chairperson James responded that that is something that the Board will take under advisement to see if they can. They would have to contact the PSC and go through the proper procedures and see if they will allow the Board to do that. Mr. England thanked the Board and left the meeting.

JULY FLOOD UPDATE

Mrs. Olson stated that Mr. Potter is not in attendance at the meeting today due to a conference he is attending in Bowling Green, Kentucky so she will be giving the update today. The contractors hope to have all of the flood contracts completed by the next meeting. H2O Construction is still in the 90+ percentile completion rate, mainly due to the weather and right of way issues with the railroad. We did receive an email due to the letter Chairperson James sent to Hal Roger's office regarding the FEMA funds that said that the first part of the FEMA funding should be to the state by the end of this week. Mr. Lowe stated that they also stated that they didn't know from that point how long it would be before the state disburses the funds. Chairperson James responded that at least we are one step closer. Mrs. Olson stated that the Board had approved the 100% payment to BMM, Inc. for the flood work at the lagoons at the Water Treatment Plant, which is completed; H2O is not 100% completed but there are only a couple in each contract that need to be completed. Mr. Spears stated that we have paid H2O 75%. Mrs. Olson inquired if that was 75% of the first pay request or of the total amount. Mr. Spears responded it was of the total. They were paid half in December and 25% at the last Board meeting. Chairperson James stated that the Board would just wait and inquired what Mr. Spears thought about waiting and letting them submit for the remaining money. Mr. Spears stated that we don't have a definite number of percent complete and they have been paid 75% already. Mrs. Olson stated that Mr. Potter did say that they were hoping to have everything done by next month and the one contract largely depends on the railroad and how much they can get done with them. No further action was taken on this matter. Chairperson James commented that she wanted to say that the Board is so appreciative of Hal Rogers and his staff for moving the FEMA issue along for the District. Mr. Stratton inquired if it would be appropriate to send them a note of appreciation for their efforts. Chairperson James and Commissioner Casey responded in the affirmative, that it would be a good idea. Chairperson James inquired if Mrs. Olson would draft a letter for her approval to Hal Roger's office expressing the Board's appreciation for their efforts in expediting the process. She agreed.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the special meeting held on January 20th, 2011 as presented. Commissioner Collins made the motion to approve the minutes as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-02-001

Chairperson James requested a motion to approve the minutes of the regular meeting held on January 26th, 2011 as presented. Commissioner Casey made the motion to approve the minutes as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-02-002

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM IV

Mr. Spears reviewed the financial statements with the Board. Mr. Spears stated that we received the request from KIA for the Designation of Project Administrator for the Majestic Alternative Sewer Project. He has been doing all the Coal Severance Project administration and if the Board would like for him to be the administrator on this project he would need approval and execution of the document. Chairperson James made a motion to approve Mike Spears as the administrator for the Majestic Alternative Sewer Project and authorize the execution of any necessary documents. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-02-003

Mr. Spears stated that during the transition period after the contract renewal we knew we would have to draw some cash flow down to settle up some old debts with UMG and we are starting to pick up the R & M and the utilities and there is a timing difference of when the cash goes out and comes back in. The cash in bank this month is \$455,000 and is down about \$170,000. He continued to review the numbers for the financial report. The financials are pretty standard for what we have run in the past for this time of year with lower revenue in the winter months. The cash decreased this month by \$158,000 which is a drastic number and our current operating balance is \$175,000 and had been running about \$325,000. In the month of January we paid the R & M bills to save sales tax in the amount of \$59,939. We have already received that money back from UMG currently. He sends out a bill every 15 days around the 20th month for the previous 15 days. The contract was retroactive and we had a payment in the first half of January which was paid. FEMA receivables, we paid \$14,562 for the fence that should be coming back from FEMA. With all that in mind, our normal outflows were increased by \$117,000 and will roll in the future and should not hit us again all at one time. During the summer months when revenue is higher, the impact won't be so great. He completed his review of the financial report with the Board. After review, Chairperson James requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows: --

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-02-004

Mr. Spears continued that the Board received a letter from the PSC indicating that they are going to perform a review of the state audit report. We will be compiling the information they have requested and the Board needs to authorize him and Mr. Stratton to gather what they can and to work with UMG to get their information. Chairperson James inquired if the deadline date of March 15th was going to be an issue. Mr. Spears stated that he would like to ask for an extension on that. Mr. Stratton stated that he had talked to them about that and the PSC said that we could get an extension and his thought would be to put together what we can, send them that and stated that we can provide the rest by the date that we can determine that we can get it together. Chairperson James inquired if Mr. Spears would let the PSC know that that is the Board's intention. Chairperson James requested a motion to authorize Mr. Spears and Mr. Stratton to work with UMG on gathering the requested information and to submit it to the Public Service Commission. Commissioner Adkins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-02-005

PAYMENT OF BILLS AGENDA ITEM V

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. Chairperson James stated that Mr. Spears had brought a couple of things to her attention. She stated that on page 4 to Appalachian Tire Projects for \$18.57 and also on page 11 there is a payment to RA Ross and Associates for \$1,825.68; and that these two items appear to be for repairs to a pumper truck that is not a District owned vehicle. The recommendation would be to pay the bills as presented excluding those two until we get further clarification. Mrs. Olson stated that the pumper was purchased with project funds for Mountain Water District and is a District asset. We will check it before the end of the meeting and let the Board know. Chairperson James stated that if that is the case we will approve it subject to that clarification. Carrie Hatfield stated that she can go bring the file down for clarification of this issue. Mrs. Olson asked Mrs. Hatfield to please do so. Chairperson James suggested moving on to Customer Adjustments while she did that. After review of the documents that Mrs. Hatfield brought down for Mike Spears, he confirmed that the pumper truck is in the District's name. Chairperson James then requested a motion to approve the payment of all bills as presented. Commissioner Friend made the motion to approve the payment of bills as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-009

Commissioner Adkins inquired as to when the pumper truck was bought. Mr. Spears responded that it was purchased in August or September of 2010.

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review and discussion of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of three thousand, two hundred, and fifty-nine dollars and forty-two cents (\$3,259.42) as presented. Commissioner Collins made the motion to approve the adjustments as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

CONSTRUCTION REPORT

AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that all of the residential grinders are installed on this project. There is very little work left to be done and a walk out is scheduled for tomorrow with Division of Water and at that time we will identify the punch list items that we will need the contractor to come back and correct. This project will be complete once we provide the close out information and all the paperwork that goes with closing it out.

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is complete. A walk through has been completed and they have identified the punch list items for the contractor to complete. There is a wrap up change at the end of the project. Some items that need to get completed and there are actually three inlets into the wet well, the pump that pumps the sewer over the hill at Virgie that we relocated from the Virgie school, the contractor fixed those lines in a way that he could turn off and on and isolate those valves in case there ever a problem with the creek crossing there, and it created two different inlets in the sewer. In the design there is an inlet that goes down and outlets the sewer at the bottom of the wet well. For that change, the contractor is asking for an additional \$5,000 and he would recommend that because it is a fair price for the amount of work that he did for that. We do have the funds in the project for that. This will be part of that wrap up change order for the project. He stated that he needs approval for that change order and once it is approved, the contractor has already signed the release of liens on the project. A close out letter has already been completed which gives background information on the project and the warranty period. Commissioner Casey made the motion to approve the wrap up change order for the Long Fork of Virgie Sewer Project contingent upon the funds being available. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-02-007

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that there is nothing new to report on this project.

4. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Hunt stated they are still waiting on AEP to connect the power at the tank site. The contractor is working on testing the lines and once that is complete he will begin the wet taps. Mr. Stratton inquired if Mr. Hunt will let him know when the power hook up is completed which involves the Coleman law suit. Mr. Hunt agreed.

5. Ridgeline Road Water Supply Project (Jonican & Upper Pompey):

Mr. Hunt stated that the survey is complete on this project. They have done surveys for the proposed tank site, pump station site and a hydraulic analysis and model of the system. Now that the survey is back they have to put actual elevations into the models to check and make sure everything is working. He is anticipating bringing in a set of plans to show the Board the proposed plans for this project. Once they are approved by UMG and the District, they will be sent on to the Division of Water for their approval and it is a simple extension project and should get a response on that pretty soon after submittal.

6. Sycamore of Lower Johns Creek:

Mr. Hunt stated that this project is complete. We were able to serve approximately 17 additional customers with the monies left over on that project. He has received the release of liens on this project also. He has brought a final pay request for approval which includes a wrap up change order that reconciles quantities. We had approximately \$4,000-\$5,000 left over on that project and wanted to utilize all the funds so we got with the contractor and material supplier and purchased parts and equipment that would help the District. They ordered 4 valves and some radio read meters so in the future when something breaks, you have that. He requested approval for the change order for this project. Chairperson James inquired what exactly the change order includes. Mr. Hunt stated that it includes the purchase of those additional parts in the amount of about \$5,000. Commissioner Casey confirmed that there are monies in this project to pay for it. Mr. Hunt confirmed that for the Commissioner. Mrs. Olson stated that Mr. Potter has said that the meters have been delivered for the new customers and when the project has been released we can begin to set the meters. Chairperson James requested the motion to approve the change order for the Sycamore of Lower Johns Creek Project as presented. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-02-008

7. DOT Project – Pond at Draffin:

Mr. Hunt stated that the preconstruction meeting was held for this project with the Highway Department and are shooting for a target start date of mid-March. This is the project where we are relocating the line twice; first across the river to get out of their construction limits so they can construct a bridge and once the bridge is complete it will be in the Highway Department plans to construct the line in the ditch line because the District does not want the liability of having two river crossings at Draffin because the water plant is below there and there are a lot of customers depending on that line. He has contracts ready for the Board to sign on this project and is being paid for through the Highway Department. Chairperson James inquired if the Board has already approved everything needed to move forward on this project. Mr. Hunt responded in the affirmative and stated that the documents need signed and the notice to Proceed issued.

8. Scott Fork Industrial Park Water Line Extension:

Mr. Hunt stated that the District will take over this water line once it is installed by the Pike County Fiscal Court. The contractor has begun work on this line and it will take about 60 to 90 days to complete.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Expansion/Upgrades:

Mrs. Olson stated that Randy Conley is in the process of doing the electrical work at the plant. He has been working with AEP to get the power drop there and Elvis Keene has completed the building that they will use to house the electronics. It is ongoing but progressing. As soon as the power is available, they will be able to tie everything in and complete the work.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project, Phase II:

Mr. Griffin stated that they will get the mix-up straightened out but he would not be surprised if there were a few more people who want to sign up. We have plenty of pumps left and have done one day of testing that the Board approved before trying to find out what is wrong going down pump stations. So far everything is looking real good. They have started relocating about 800' of line that needed relocated to make it work better. The trench is dug and pipe has been delivered but it hasn't been installed yet because the contractor has some equipment problems right now. The pump station at Billy Dotson Branch, he has contracted to have the fence put up and ordered the stainless steel rail replacements for the pumps and they sent the wrong ones. They will proceed down toward the plant to see what is wrong down there. We know we are not getting flow through the line like we should there. He stated that he was told to get an inventory of what materials were going back to the District and left over, and he knows what is left over as of today, but there are at least two more, after today, that will come off the inventory. There are 38 residential grinder barrels left. There are 10 grinder pumps left due to them being delivered to the Douglas Plant when E-One came in and changed the pressure switches on each one. The delivery driver dropped them at Shelby Valley and they never made it back to Phelps. Mr. Griffin stated that he checked on it and the grinder pumps are at Shelby Valley and Mr. Potter is aware of it. Mr. Stratton stated that Shelby Valley has paid for something twice then...Mr. Griffin stated that there is no payment involved in any of it. Mr. Dotson stated that there are just 28 less pumps now that should have been delivered to the Phelps area. Chairperson James stated that we need to get that matched up. Mrs. Olson inquired if they were delivered to the Douglas WWTP. Mr.

Griffin stated that they were delivered to the District at Shelby Valley at Douglas and not to Phelps. Mrs. Olson stated that she would check on the 28 pumps that went to Douglas instead of the Phelps project.

2. KY DOT Route 199 Water Line Relocation Project

Mr. Griffin stated that there is still a little more to do with plumbing the pump station. The drawings were showing about 5 customers and there was a mix up with the size of the line and where it is laid and the Highway Department inspector said "Wait a minute, we'll be tearing out all of this and we need to fix it now". So he has about 800' of 2" line to lay to hook those customers back up to get it out of the way plus a little bit of plumbing on the pump station and pressure testing the line. They are supposed to start back on this job Monday.

3. KY DOT Airport Water Line Relocation Project

Mr. Griffin stated that this project is complete. He stated that they are working on the as-built drawings now and will be getting those shortly. Mrs. Olson stated that Mr. Potter wanted her to ask Mr. Griffin when we may be able to get the final release letter and that we need the inspector to turn in the contractor's water amount used for flushing, filling the lines and disinfection as soon as possible. Mr. Griffin stated that he would take care of that information.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Collins made the motion. Commissioner Adkins seconded the motion.

SHELBY VALLEY SEWER PROJECT, PHASE III, SECTION 2

Contract 1	Stimulus Funds	\$ 118,403.30
Contract 1	Stimulus Funds	\$ 12,842.14

SYCAMORE OF LOWER JOHNS CREEK

Contract 1	Coal Severance Funds	\$ 9,126.12
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HURRICANE AML PROJECT (RIDGELINE ROAD)

Contract 1	AML Funds	\$ 44,460.00
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LONG FORK SEWER PROJECT

Contract 1	Coal Severance Funds	\$ 5,000.00
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SMITH FORK SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 950.00
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KYDOT DRAFFIN LINE RELOCATION

Contract 1	KY DOT	\$ 2,383.89
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Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-010

MANAGER'S REPORT

AGENDA ITEM VIII

1. **Monthly Operating Report:**

In the absence of Mr. Potter, Tammy Olson presented the Manager's Report to the Board. She stated that Mr. Potter is still reviewing options for the utility crane truck. When the weather breaks and he can get away for a day or two, he will go and test drive some, because most of what he is finding is in other states.

In the last Board meeting we discussed that we had received reminders for four (4) of our wastewater treatment plants that their permits were up for renewal in June and they have to be in 180 days ahead of time. Mr. Potter requested quotes for professional services to prepare and submit those from EDC, Inc., Vaughn and Melton and Summit Engineering. Since that time, the DOW has sent us four (4) more for a total of eight (8). The next four are due in December. EDC, Inc. quoted \$500 each plus \$250 each for additional work if the DOW came back and needed some additional information that was out of the norm, or \$3,000 for all four (4). Vaughn and Melton quoted \$200 each plus a negotiated amount if any turn out to be more complicated than normal. Summit Engineering quoted a price of \$350 each with a negotiated additive if there are any that are complicated. We are getting down to the point where, in order to meet the 180 day window, we need to get this process started. It is up to Board whether you want to act on this now or wait until next month when Mr. Potter can be in attendance. Mr. Stratton inquired if Mrs. Olson has anything in writing to show the Board regarding the quotes. She presented him with the actual quotes that were submitted by email to Mr. Potter. Mr. Stratton stated that he didn't really understand the contingency pricing when each one says that they will charge more for a complicated one over a simple one. He stated that it is either a set procedure or it's not. He inquired what determines if it is more complicated. Mr. Hunt stated that if the Division of Water comes back and says this is not acceptable or they need a change or more information. He stated that Summit proposes to do it at their standard rated if it is outside of the standard wastewater permit. Mrs. Olson stated that these are done every time they are up for renewal and doesn't really see there being any problems with that unless the plant has had a major upgrade since the last permit or something has happened that is out of the scope of normal operations. Mr. Spears inquired if those are standard hourly rates and if there would be travel time expenses or things of that nature because one of the companies quoting is out of Tennessee. Commissioner Casey agreed that needed to be clarified. Mr. Spears inquired if there are 20% of the permits that will get changed or if that is a low number. Mr. Hunt stated that it just depends on the reviewer you get with Division of Water. Mr. Stratton inquired why the price can't be a fixed price, taking into account that there may be additional work on some and compensating for that. Mr. Hunt responded that you don't know up front exactly what they are going to ask and they could throw you a curve ball that would take a lot of time and research. Mr. Stratton stated that he knows that but what they are saying is that we put out a request for quotes for a price and what we are getting back a price of "X" plus "if we have a problem it will be added on to". What he is suggesting in theory why can't the Board say it's a fixed price and if there is a problem, the

preparer has to eat that. Mr. Spears stated that as far as dealing with Division of Water, they are hard to satisfy with paperwork. Mr. Hunt stated that he doesn't anticipate it being a problem and normally it isn't a problem, but to protect themselves from the possibility of spending \$5,000 worth of labor on research and answering questions, that is why they put that in there. After further review of all quotes and discussion, Chairperson James requested a motion to authorize Summit Engineering to prepare and submit the eight (8) permit renewals at a rate of \$350 each and a not to exceed price of \$500 per permit. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-02-11

Mr. Stratton stated that regarding the surplus property at Marrowbone, he has given Mr. Potter the statute and recommended that we get a survey of the property so that we know exactly what we are selling. Mrs. Olson stated the Mr. Potter has indicated to her that Summit Engineering is in the process of surveying that property and that he will get Mr. Stratton as soon as that is complete. He inquired if a decision had been made on whether it would be a public auction or be bid out. Mrs. Olson stated that at the previous meeting it was decided to do sealed bids, because you are still leaving yourself open to be able to reject any and all bids if you don't get what you want out of it and then can do an auction later. Commissioner Adkins inquired how much it will cost the engineer to do the survey. Mr. Hunt stated that it is just a basic survey and he would have to talk to his surveyor to see exactly how much it is. He stated he is hesitant to give an exact cost but is thinking it is about \$2,000. Mrs. Olson inquired if Mr. Hunt anticipated that being done before the next meeting. Mr. Hunt responded in the affirmative along with a plat map. Mr. Stratton stated that when the survey is done along with the plat map, there is no debate on what we are selling. Mr. Hunt stated that if the Board would like, he could send the cost estimate to Mrs. Olson which will include the cost of deed research. Commissioner Adkins stated that he would like to see the cost estimate on this. Mrs. Olson stated that she believes Lois Smith has pulled the deed for that and she may have a copy in the file and she will scan it in and email it to him today.

The Henry Clay Sewer Project was not listed on the agenda but EDC was working on the design for the project and has been in process for several years. We have been waiting for future funding to actually do construction but this was design only through the army corps of engineers. It was finally submitted last fall and we received comments on the first review of the submittal. It went to Tim Campoy and EDC and he is working on those now to resubmit to the Corps to get to the next phase of the review process. If there was anything they found in the plans or the design that they didn't agree with they made a note in the review for changes.

With regard to the capital items list, Mr. Potter has distributed the list in the last few meetings of items that are needed that will be Mountain Water District capital assets but UMG will make the purchases. The list includes two additional utility trucks to replace two that we have now that are old and have high miles, a boom truck, two extended cab mid-size trucks which are supervisors trucks with over 200,000 miles and are breaking down. Commissioner Casey inquired if once we get the new materials in place, are the old ones declared surplus. Mrs. Olson confirmed that and stated that they are sold as surplus once the Board approves them as such. She reviewed the other items on the list with the Board. Chairperson James inquired if the Board had any questions or comments regarding the capital items list. Commissioner Adkins inquired if this is to approve to go ahead and buy these items. Chairperson James responded in the affirmative. Mrs. Olson stated that we usually spread the purchases out over the year. Commissioner Adkins inquired if this is the same boom truck that was brought up at a meeting before. Mrs. Olson confirmed that it is. Commissioner Adkins inquired if the Board was going to get to approve any of these that are bought if they approve them now. Chairperson James responded stated that she doesn't think

they come back before the Board on these if they are approved. Mrs. Olson stated that those items that fall outside the range of the cost estimates, Mr. Potter may bring back to the Board and any items that require procurement and cost over \$20,000 will be brought to the Board for approval of the bids. Mr. Stratton stated that this is basically a capital budget approval and if the Board wants specific approval on any specific purchase, the Board can request it. Commissioner Adkins stated that he thinks they need to do that and the Board needs to know what is being purchased before they turn somebody loose with the money and have them go buy this. Mrs. Olson stated that for the purchase of the vehicles, we still have to go through the procurement process because they will be in Mountain Water District's name so the District would have to approve advertising them for bid and the bid award. Chairperson James clarified that the only thing we wouldn't be involved in would be the tools and office computers. Mrs. Olson confirmed that. Commissioner Adkins inquired how we know we need them. Chairperson James responded that we rely on our people that manage the District and keep up with the vehicles and let us know when it is needed. Mrs. Olson stated that Mr. Potter has reviewed all of the fleet and equipment and everything that is necessary and has worked with the mechanic to identify at least two (2) of our smaller utility trucks that have such advanced miles on them that they need replaced. Commissioner Adkins stated that they had been criticized before for all the buying and spending without bringing it in front of the Board and without them knowing what was going on. Chairperson James stated that these will come before the Board, but the way she looks at it is UMG is paying for it so she doesn't think that they are going to go buy something that is not necessary if it is their bill. Mrs. Olson reiterated that these vehicles are not new inventory but replacements for items that the District already has. Chairperson James clarified that these will be Mountain Water's vehicles but UMG will be paying for them. Mr. Stratton stated that under the contract UMG has a duty to maintain the District's equipment and at the end of the natural life a truck, for example, they have a duty to replace that truck and because it is over the bidding amount that will come back to the Board for approval. These smaller items are replacement items and they will be put in the District's name. Chairperson James stated that the Board wants them to replace the fleet and if they don't, that would be poor management because they are allowing our equipment to continue to age and if something were to happen they would hand us back equipment that was not in good shape. Commissioner Adkins stated that his concern is looking out for Mountain Water District and expenses. Mr. Stratton stated that his point is well taken and we can approve the budget with the understanding that those items that are required to be bid come back to the Board for approval. Chairperson James requested a motion to approve the capital items budget as presented. With no one making the motion, Commissioner Adkins stated that he thinks they should pass on it until they can get someone in place here that can go over this stuff and come back and report to the Board. Chairperson James inquired if he would feel better if he made an appointment with Mr. Potter to come out here and personally look at the fleet or if all of the Board wants to do that. The Board can see the chairs and their damage and since the first three (3) items seem to be an issue, she inquired if that would be something the Board members would want to do. Commissioner Adkins stated that if they were going to hire someone to do this, they should wait until they are hired and let them report back to the Board. Chairperson James clarified that he is speaking the Administrator position. Commissioner Adkins stated that he didn't care to come over and look at them, it didn't matter to him, but it should be something that the Administrator could handle. Commissioner Casey stated that our workers, particularly those in the office and the conditions that we are looking at here, they've got to have materials to work with and they do a tremendous job. The boom truck seems to be in question, and he inquired from Mrs. Olson if he understood her correctly in saying that Mr. Potter was still reviewing options on that. Mrs. Olson stated that he is correct and anything like that would be brought back to the Board for approval and Mr. Potter is still looking at other options. One was in Ohio and he is trying to make time to get up there and actually test drive it, get hands on and look at it and see before he brings it as an option to the Board. Commissioner Casey made a motion that the Board approve the list other than those top three items because we have to have things to work with. After further discussion, Commissioner Collins made the motion to approve the capital items list as presented with the understanding the any items that fall under the procurement code be brought back before the Board for approval as required. Commissioner Casey withdrew his previous motion and seconded Commissioner Collins' motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-012

Mrs. Olson reported that she completed one open records request since the last Board meeting from the Appalachian News Express regarding the correspondence between the Board and the PSC regarding the audit. The letter that she distributed to the Board members was the only correspondence that the Board had. Mr. Stratton added that we received an email from the PSC indicating that the Courier Journal made an open records request to them for that information also.

Mrs. Olson reviewed the remaining Manager's Report with regard to new taps, meter change outs, gallons of water and sewer sold and the revenue amount from that. She then turned the floor over to Mr. Lowe to talk about the on-line payments. Mr. Lowe stated that in January we had 902 on-line payments, which is a new record for one month. Through yesterday we had a record for this month so it is continuing to increase. Last month, including phone payments, we had just short of 2,200 people pay with either a debit or credit card. It is continuing to increase each month.

Mr. Lowe also stated that we had discussed last month about theft of service and how we were going to handle that. He distributed a copy of an article from the previous weekend's News Express. He stated that the article is about theft of water in Elkhorn City. He stated that he wanted the Board to look at this and see if this is the route that the Board would want to go. It seems that this person, who used to be a customer of ours and has been caught for theft of service by us in the past, was stealing water from the Elkhorn City system and they called the police who arrested the man. He was curious if the Board wanted to try this approach in that if we find a theft occurring, to call the police and have them come and investigate it. Mrs. Olson stated that this definitely sends a message to the public. Mr. Stratton stated that this case is over \$300. Mrs. Olson stated that we have talked previously about the policy at MWD of "three strikes and you're out" here. If we find theft of service at the same place a third time, we disconnect it from the main, which is quite expensive on our part and we do try to pass that on to the offender but a lot of times they don't come back on there because they can't afford to reconnect. Maybe we should try this before we disconnect from the main and save the District some time and money. Commissioner Casey stated that he liked this article and the idea. Mr. Spears stated that we are sending these guys out there and they are in some hostile situations when they pull those straight pipes and if we are going to go out there two or three times, we probably need to look at doing something. Commissioner Collins inquired how much money this was costing. Mr. Lowe responded that we catch approximately ten (10) a week. Commissioner Casey inquired if they tamper with the meters also. Mr. Lowe stated that if we turn them off for nonpayment, we put a lock on the meter, and they will cut the lock off and turn the meter back on. The second time we take the meter out, and that's when they put a straight pipe in. Mrs. Olson stated that the billing department does a report every month and the Board had never asked to see it, but it is done each month and lists the illegal hookups for the month. We usually run about 40 to 70 per month. Commissioner Casey stated that the report is something they would like to see. Chairperson James inquired why we would not report it. If someone is hooked up illegally that is theft. Mrs. Olson stated that she believes the reason that has not been done in the past is because of the cost to the District of the legal fees and pursuing it versus the District trying to collect it in-house. Chairperson James stated that it needs to be reported to the authorities. Mr. Stratton stated that we can report them all but the ones that are over \$300 and would be a felony, we can prosecute. Chairperson James stated that the Board can go ahead and instruct UMG employees that if they find anything like that, that they can go ahead and report it to the authorities and have them go out there. Mrs. Olson inquired if that was a policy change that would need to be approved by the

PSC. Mr. Lowe stated that another thing....say it is \$500 and we pull them today, by the end of the day they have come in and paid it and the PSC says we have to hook them back up the same day. Mr. Stratton stated that he would review this with Kevin and check the PSC tariff and make a recommendation at the next Board meeting. Mrs. Olson stated that this completes the MOR.

Chairperson James requested a motion to approve the Monthly Operating Report as presented by Mrs. Olson and Mr. Lowe. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-02-013

NEW BUSINESS

1. LMI Project -

Mrs. Olson stated that Mr. Potter had mentioned to the Board in January about winding down this project and there were four (4) that could be done and went ahead and put those work orders out in the field. She distributed a list of the remaining applicants that we are holding deposits and applications for that will not get a tap with this phase of funding. It is up to the Board on how to handle these remaining residents. Chairperson James inquired if we were holding money deposited on account. Mrs. Olson confirmed that we are holding deposits, additional footage or other fees on these customers. The deposit paid at this time was \$50.00 for each residential applicant. It is now \$75.00 for any new customers since the tariff update. Chairperson James stated that the issue here is that is not any funding left for these applications. Mr. Stratton stated that we have at least a moral duty to advise them that there is no LMI money now available and that they can elect to have their money refunded or we will hold the money and keep them on the list, which makes it their decision. Chairperson James stated that we don't know if we are ever going to get any more for this program. Mr. Spears stated that we would probably have an obligation to pay them interest on these held funds as well, annually. Mr. Stratton stated that the question is if we keep the list and 5 years down the road we come back and have to recreate a list that has been stuck away for that long, it can cause a future problem. Mrs. Olson stated that if we refund everything and cancel all on the list, what are they really losing? They still have their permit in hand so that if they ever want to pay for their water tap, they can still get the water and have their permit. Mr. Lowe stated that all of these paid a \$50 deposit. If we refund their money now, and then we get funding to do LMI taps again, the deposit is now \$75 and they will have to pay more to apply. Chairperson James agreed that we needed to go ahead and do a letter that spells out the information and their option to get the money refunded. If the next budget year comes up and we still don't get funding for this program, then we can refund everyone at that time. Mrs. Olson stated that she just didn't want to get into a point where our billing department has the sole responsibility of tracking these applicants for five years, ten years or until more LMI funds are awarded. Chairperson James requested Mr. Stratton draft a letter to the LMI applicants as discussed.

2. Johns Creek Daycare/PCFC Sewer Contract –

Mr. Olson stated that Mr. Potter met with Zora May last week and she is arranging with Damus Ramey at the county to dig test holes at this facility to test and see if it is a suitable location for a septic system. If all goes well the health department should be able to approve a conventional septic system for Johns Creek Daycare for this location so the permit could be deactivated and MWD would not have to maintain that one. Mr. Stratton stated that he and Roland Case have met and discussed a preliminary agreement, subject to everyone's approval, which would provide a three year contract for a fixed price of \$3,970.83 and if a system came off the plan, there would be a 20% reduction in the fee based on the fact that there are five plants on the system. There would also be a cancellation provision, if they elected to get out of this agreement in time, they can cancel the agreement with 30 days notice. We included a provision that any repairs that would go over \$1500 would be the fiscal court's responsibility to reimburse the District. After discussion, it was decided that Mr. Stratton would amend the \$1500 amount to \$500 because there is not really any profit built into the contract. Mr. Stratton stated that he would get back in touch with Roland Case and get the details worked out and will then bring it back to the Board for approval.

3. MWD/City of Elkhorn City Water Contract –

Mr. Stratton stated that there is no new movement on this issue because Elkhorn City government is still in limbo and he and Mr. Potter agreed that it would not be best to approach them until it was resolved.

4. Big Creek Freewill Baptist Church Billing Issue –

Mr. Stratton stated that this issue has been resolved. The church has agreed to the settlement agreement and says they have disconnected from the service and we just need to send someone out there and confirm it. He has it for the Board to sign. Mr. Lowe inquired if we were going to adjust all the sewer we have billed them off. Mr. Stratton confirmed that to be the case. Mrs. Olson inquired if they have backfilled everything. Mr. Stratton stated we are leaving the system in place and they are saying we can come by and confirm that they have disconnected their side. Mrs. Olson stated that we will have to dig it out at least to where the connection is to verify that they have disconnected from the system.

5. Outsourced Billing –

Mr. Lowe stated that he has spoken to Mr. Stratton about this issue. He distributed a layout of the design of the new bills, the regular bill and delinquent notice. He stated that the shaded blue box will have the customer's 12 month history in bar chart form and the larger box is for us to put in variable information and messages for the public. Mr. Stratton stated that the issue that arose with this was that UMG proposed that the vendor services agreement be in the name of Mountain Water District and that creates a number of issues we have been trying to work through. Primarily, we would have to do a request for proposals in Mountain's name on this, and secondly if Champion ever defaulted then Mountain Water would have to be the party of interest that would seek to enforce the contract. Third, the Board gave permission to UMG to contract this out on their behalf. After a long discussion we believe it should be in UMG's name. It is their responsibility under the contract to do this, they sought our permission to contract it out and we gave it, but it is not something that should be in Mountain's name. Mr. Lowe stated that Mr. Meyer has been consulted about this issue and is fine with it going into UMG's name. Mr. Spears stated that Mountain Water needs to be protected in the case of default. Mr. Stratton stated that what he discussed with Mr. Lowe is that there needs to be a provision that says that if UMG ceases to be the contractor for MWD, this contract is assignable to them. Mr. Lowe stated that it wouldn't be a problem to have that inserted into the contract. Mr. Stratton suggested that the Board requested an assignment in the contract. Mr. Lowe inquired if this can be done by email today. Our goal was

to have the first bill go out by the middle of March when the new cycle starts. We want to get this moving today if possible. Mr. Olson stated that since it will be in UMG's name, we wouldn't need MWD to sign anything and we should be able to handle this today. Chairperson James stated that the bill layout good and asked if anyone had any comments. There were none.

6. Conflict of interest Statements - 2011

Chairperson James stated that those forms need to be turned in today. Mrs. Olson stated that she brought some blank copies if anyone needs one. She also stated that she has already received one from Attorney Dan Stratton and one from UMG.

7. Administrator Position –

Mr. Stratton stated that we received 18 applications for this job and he has forwarded them on to Mike Spears and Commissioner Adkins. They are going to meet after this meeting to set a confirmed time when they can review the applications and set up a time for interviews. The Board may want to look at having a work session to interview the three finalists in executive session. Chairperson James stated that it would be under executive session under the statute. Mr. Stratton stated that they would let the Board know when they were ready to interview the final three applicants.

8. Majestic Alternative Sewer Project -

Mrs. Olson stated that this was covered under the financial report during the meeting.

9. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation -

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda. Commissioner Friend made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-014

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-015

Chairperson James requested that Mr. Stratton make a statement at this time. Mr. Stratton requested that the Board authorize their attorney to negotiate a settlement in the Fern Burnette easement issue. Chairperson James made the motion to that effect. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-016

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. Commissioner Adkins inquired if the Board received the inventory report from UMG. Mr. Stratton stated that he did receive it and would get him a copy.

Commissioner Adkins inquired when Daniels Creek got flooded, what was decided to do if those people decided to move somewhere else. Did we decide to hook their water up? He corrected himself to say Harless' Creek. Mrs. Olson stated that she remembers that it was decided that if they came back on service at the same location we would waive the tap fee and set a new tap for them. Commissioner Adkins inquired if the Board ever said that they would hook them back up for free at a different location. Mrs. Olson responded that she didn't think so, but she would check the minutes and see. He requested that she check that for him and she agreed to do so.

Commissioner Adkins inquired if anybody checked on the sewer situation at Buckfield. Mrs. Olson responded that in the minutes of the last meeting Mr. Potter had asked him for the address. She inquired if they ever got together about the location. She thought he was going to go up and look and the area. Commissioner Adkins responded that they did not get together after the last meeting. Mrs. Olson stated that she would ask Mr. Potter about checking the area also.

Commissioner Adkins inquired what was decided about UMG buying tools. Mr. Stratton inquired if Mr. Spears had come to an agreement on the tool issue. Mr. Spears stated that they have come to a complete agreement on that yet. What he proposed to them is that anything over \$500 would go on our repair and maintenance. That's any particular item not invoice. Anything below the \$500 threshold UMG would pay for it out of their pocket. We have no way of monitoring if a guy loses his tools. We can't oversee that. He inquired if that number was satisfactory. Mr. Stratton stated that we can look at doing an addendum to the contract at the next meeting. Mr. Spears stated Mr. Meyers understood the Board's position on this issue.

Commissioner Adkins inquired what was done on the water situation from the man that came to the last Board meeting saying Mountain Enterprises being on a hydrant near his business was causing his bill to go up. Mrs. Olson stated that Grondall did not meet with Mr. Hamilton but did go by both locations that he had an issue with and said that there is no correlation between his bill and anybody being on a hydrant. His meter is too far from the hydrant for one to affect the other, it is not possible. The sewer in the base at the other address is a non issue. Mr. Potter went out and looked at it; the sewer is not running in the meter base. If the line has been cut it doesn't even belong to Mr. Hamilton and is not his issue. Commissioner Adkins inquired about them filling their water trucks up there. Mrs. Olson stated that we can try to monitor and catch as much as we can, but they are not turning in that water to us. Commissioner Adkins responded that that is what he means; he thought someone was going to check on it. Mr. Stratton stated that we need to ask the company if they have been filling up any water trucks. Mrs. Olson stated that she doesn't know if Mr. Potter or anyone else has made that call yet, and we have a crew in every area and if their observe someone taking from a hydrant, they confront them and no one has reported them from the field crew. Mrs. Olson stated that we can call and ask them. They won't admit to it, but we can ask them.

Mr. Spears stated that the auditors have sent questionnaires for each of the Board members and if each one would fill that out it will only take about 5 minutes today. He stated that if he can get those done today he can get them back in the mail to the auditors.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-02-017

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

March 30, 2011

10:00 AM

ATTENDANCE

Nancy Carolyn Taylor, Private Citizen
Russ Cassady, Appalachian News Express
Jody Hunt, Summit Engineering, Inc.
Doug Griffin, Kenvirons, Inc.
Greg Dotson, Inspector
Mike Spears, Spears Management
Dan Stratton, Stratton, Hogg & Maddox
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Finance Manager, UMG
Carrie Hatfield, Assistant Financial Manager, UMG

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, March 30th, 2011 at 10:00 a.m.

Commissioners were present for the meeting as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Kelsey Friend
Commissioner Ancie Casey
Commissioner Prentis Adkins

VISITORS

AGENDA ITEM II

Chairperson James inquired if there were any visitors for today's meeting. Chairperson James recognized Nancy Taylor who inquired what the source of the water in this area is. Mr. Potter responded that both Water Treatment Plants at Pikeville and Marrowbone pull from the Big Sandy River; one on the Russell Fork sector and then after Fishtrap comes in at that area it becomes the Big Sandy. It is virtually the same water source. Mr. Potter inquired where she is from. She responded that she lives in the Johns Creek/Meta area. Mr. Potter stated that that water is actually purchased water from the City of Pikeville. Ms. Taylor inquired if it has been that way for several years and Mr. Potter responded in the affirmative. He also stated that in emergency situations he can bring the Williamson water back to a point, but 99% of the time it is from the City of Pikeville. Chairperson James thanked Ms. Taylor and inquired if there were any more visitors. There were none.

JULY FLOOD UPDATE

Mr. Potter stated that Contract 1 is complete; that is the removal at the pond locations. Contracts 2 & 3 were the contracts being done by H2O Construction and they are basically complete on those and he just received the pay requests. He wants to do a final walk out with the inspector and those should be wrapped up. He requested approval for the Board to sign the pay requests after the final inspection is complete and then he will pass them along. Chairperson James inquired if that was to pay H2O

completely. Mr. Spears confirmed that it was and that he transferred the funds the previous evening to pay it. Mr. Potter stated that the Board can pay the remainder on the first pay requests, but he would recommend letting him complete the final walk through before paying the contractor in full. Chairperson James inquired if the Board has paid the contractor for Contract 1 completely. Mr. Spears confirmed they did that at the previous meeting. Chairperson James requested a motion to approve the final draws on Contracts 2 & 3 of the flood work upon the completion of Mr. Potter's final walk through with the inspector. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-001

Chairperson James inquired if we had heard any additional information from FEMA as far as payment. Mr. Potter stated that we have sent an additional letter requesting status and have not heard anything back yet. Mr. Stratton stated that we needed to do a follow up letter. Chairperson James responded that we did that and haven't heard back yet.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the regular meeting held on February 23rd, 2011 as presented. Commissioner Adkins made the motion to approve the minutes as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-002

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mr. Spears reviewed the financial statements with the Board. Mr. Spears called the Board's attention to the second page of the report and the repair and maintenance section. This section shows whether we are over or under and these numbers are coming directly from our expenditures and we bill that back to UMG. He stated that this number is being broken down between water and sewer and will help us have a historical record each year of the expenditures and it is critical that the Board keeps an eye on the sewer expenditures. He stated that we have continued to transfer funds into the RD and KIA reserves. There is a balance of \$237,000 in the depreciation reserve account and \$178,000 in the R & M reserve account. We were in a million dollar deficit at one point and now have over \$400,000 in those accounts and have made significant strides there. We are still transferring \$100,000 per month into the sinking funds for the bond payments and we received a packet from Rural Development (RD) requesting that we do preauthorized debits from the account. He stated that he knew this was coming, but not this soon. He doesn't see a problem with it and requested that the Board authorize him to fill these forms out and send them back in. We have the funds in there and since we are continuing to transfer funds into the sinking fund, we will have the money to pay the bond payments each time. Mr. Stratton inquired if they are sent a check now or if they are automatically debited. Mr. Spears stated that all new loans are an authorized debit and the older ones are checks. Chairperson James requested a motion to authorize Mr. Spears to

execute the documents to authorize the automatic debit of the RD bond payments from the sinking fund. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-003

Mr. Spears completed his review of the financial report with the Board. After review, Chairperson James requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-004

PAYMENT OF BILLS

AGENDA ITEM V

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. Mr. Potter stated that the power bill for last month was approximately \$98,000. Commissioner Casey inquired if it used to be in the mid \$80,000's. Mr. Potter stated that before the rate increase, it averaged about \$67,000 or so. Mr. Lowe added that actually, the month before this it was \$104,000 so this bill went down. Mr. Potter stated that we continually try to look through the off peak hour time frame and run the pumps during those times, if we can. Most of the pump stations are three (3) phase power and when the peak demand factor is higher, there is a higher start out rate and there has been a significant increase in power costs. Mr. Potter reminded them also that with every new water project there are usually two (2) new power bills; one for the pump station and one for the tank that is added to this billed amount. After further review and inquiry if there were any questions from Board members, Chairperson James requested a motion to approve the payment of all bills as presented. Commissioner Friend made the motion to approve the payment of bills as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-005

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review and discussion of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of five thousand, nine hundred, and eight dollars and seventy-eight cents (\$5,908.78) as presented. Commissioner Collins made the motion to approve the adjustments as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-006

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

Mr. Hunt stated that after the final walk out and review of the project with the Division of Water, they were very happy with the project and we received an email this week with an entire page list of things we have to do to close out the project due it being stimulus money. There is a pay request and final draw on this project to close it out. It will probably take another week to get all the documentation completed and he has all the documents with him today that the Board needs to sign to get this project closed out. Mr. Spears stated that the only thing he has left is some final certified notes from them and the final interviews done. Chairperson James inquired if they were cooperating with getting that done. Mr. Spears stated that they are cooperating, but every time they try to set up an interview, it rains.

Commissioner Adkins inquired that when they are doing the sewer projects, how it is determined where they're going to go; how it is determined where the lines will be run. Mr. Hunt stated that the engineering firm does a preliminary estimate and layout and tries to serve as many customers as possible for the less amount of money. That is how it is generally determined. Commissioner Adkins inquired that with the Shelby project, they came down Riddles Crossing and went under the crossing there...how far did you go from there? Mr. Potter responded that it was only a short distance. We were trying to set it up for the next phase of monies, if we receive any, to have the extension to that point to be able to go toward Shelby Bridge. Commissioner Adkins responded that it seems to him that they would have hooked those people up there at Buckfield first and got those before we went down and run under the crossing. We could have spent the money to go under the crossing there and picked up a whole bunch of customers. Mr. Hunt stated that this project was designed back in 2006 or 2007 and there have been several different thoughts there. At the time of the design, we were running a main line down to what we thought was going to be a new plant near Shelby yard and the priority was to get that line there and then apply for more monies for Shelby yard. That way we would have a trunk line to run all these new customers into and they would be served by the new plant. Since then, that has changed. It was thought to be more economical, instead of building a new plant, and as a result of the bids we got back from the Belfry/Pond project; we thought it would be more cost effective to expand the Douglas Plant. That is why that main trunk line was designed through there to begin with. Commissioner Adkins responded that this doesn't help the people up there that has sewer running out in their yard. Mr. Potter responded that basically, the design was shown to the Board with the plans of where the line was intended to go, and the Board approved it, as well as the Division of Water. Mr. Hunt stated that the area to be served also has to be within the 201 Facilities plan, and the 201 plan that was submitted has the main line constructed first and then side lines after the main line is done.

Commissioner Adkins continued by stating that he had another question. With regard to the inspectors on these jobs; he inquired if the engineers pay the inspectors and how that works. Mr. Hunt stated that they have some inspectors on some jobs that work for Summit and some inspectors on some other jobs that are contract. Commissioner Adkins inquired if there is a basic pay they are supposed to be getting and are the engineering firms making money off of them or what. Mr. Hunt stated that it is an agreement with what they work out with the contract inspectors or they get a salary if they work for the company. Commissioner Adkins inquired if there are any laws that regulate what they get paid. Mr. Hunt responded, not that he is aware of. Commissioner Adkins inquired if they make money off of them. Mr. Hunt stated that Summit Engineering tries to make money on everything they do; some projects they don't. Commissioner Adkins inquired if they could have someone look into that and see what it is on that that regulates pay for the inspectors. Mr. Hunt stated that Rural Development regulates what the maximum amount is that can be received for that and the Board holds both the engineer and the inspector to less than what the RD rate allows. Mr. Potter stated that 85% is what the Board had established before. Commissioner Adkins clarified that the engineer is supposed to get 85% and inquired if they get that percentage. Mr. Hunt stated "yes, that is what is in their contract". Mr. Stratton stated that there is an 85% regulation for the engineering fees and a separate allocation of fees for the inspection which is also at 85% of the scale. Mr. Spears stated that RD has a scale and he can provide that to anyone who wants to see it. It is based on the dollar amount of construction, what their pay is and the Board decided a few years ago that they were only going to pay 85% of the RD scale. That is the 85% that Mr. Hunt is referring to. Commissioner Adkins stated that he just wants to make sure that inspectors are getting their right pay. Mr. Stratton stated that he would look into it.

Mr. Hunt stated that there is wrap up change order that balances the quantities used in the project out to \$0 so we can close out the project. Chairperson James clarified that the change order is not for any additional funding. Mr. Hunt responded that it is not. Chairperson James requested a motion to approve a change order to reconcile as-bid quantities to the as-construction quantities. Commissioner Friend made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-008

2. Long Fork of Virgie Sewer Project:

Mr. Hunt stated that this project is complete.

3. Belfry/Pond Creek Sewer Project:

Mr. Hunt stated that there is nothing new to report on this project.

4. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Hunt stated that the contractor has about ¾ of the residential bases installed and we are still waiting for AEP to connect the power to the tank. Commissioner Adkins inquired what the project time is for these people to get water. Mr. Hunt stated that by the end of April, they should be able to get water, but we won't be able to run the telemetry until the power is run. Mr. Potter stated that any of the Board that has any pull with AEP and can help get the power up there, it would be appreciated. Mr. Potter stated that this project has had its share of issues; the Indiana bat (we couldn't work for several months because of their mating season), and then it went to the Blue Heron (we couldn't work during certain time frames due to their activities) and that hampered the construction of the tank, which hampered the power drop. There have also been easement issues with this project as well. But this project is very close to being completed.

5. Ridgeline Road Water Supply Project (Jonican & Upper Pompey):

Mr. Hunt stated that they are getting ready to submit the design for this project to the Division of Water. It should be finalized this week. Chairperson James stated that we need to update them on that. Mr. Potter stated that once it is submitted he will submit the update to the law firm that approves the expenditure of the \$100,000 given to the District as a penalty for CAM Mining. Chairperson James stated that Mr. Potter can submit the update to them on behalf of the Board. Mr. Potter stated that the Judge Executive has been updated on the progress of these projects also and copied the Chairperson on that.

6. Sycamore of Lower Johns Creek:

Mr. Hunt stated that this project is complete. Mr. Potter stated that this project was turned over to the Board about a week ago. We have begun processing meters and we will begin installing meters this week. Commissioner Casey inquired how long it would be before those customers got the water. Mr. Potter stated that they should begin serving the customers this week as long as they are connected on their side when the meter is set. Chairperson James inquired if that project ended up serving the Gulnare Fire Department. Mr. Potter responded that it did.

7. DOT Project – Pond at Draffin:

Mr. Hunt stated that the contractor has installed about 2000 feet already on this relocation. Mr. Potter stated that there are easement issues with this project and he is going to go up there and try to resolve them this week. The DOT will not generally pay for easements and we did what we could and some may have been missed and he will try to get them resolved. The Board usually authorizes a tap fee amount in exchange for an easement and when water is available, they can pay that back to get a tap. He believes that is what some of the people in the area are interested in. Chairperson James requested a motion to authorize Grondall Potter to negotiate easements for this project in exchange for the cost of tap. Commissioner Collins made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-03-007

8. Scott Fork Industrial Park Water Line Extension:

Mr. Hunt stated that this project is complete and there are some additional funds left over on this project and they are working with the contractor to extend the line an additional 40 or 50 more feet. It has not yet been turned over to the District.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

1. WTP Expansion/Upgrades:

Mr. Potter stated that the building that has been built to house the control panels and units for the new pump is set outside the plant and our guys are doing the electrical and installing the control panel and begin doing the final tie-ins. Within the next month or two we will be able to get the new pump running. There will be some work involved in tying the PLC controls into the plant and we will have to contract with Kruger to do that because it is proprietary system that they have to come into to work on.

Mr. Potter stated that there is an issue with the intake. It has not been functioning as we anticipated. He sent a letter to Chairperson James informing the Board of this issue and she and Mr. Stratton contacted Tim Campoy on this matter, who got with the structural engineer that helped design this project. The intake, during high water flow events, puts the intake in a bind and not letting it float up and down as necessary, which causes an operational issue of having to send guys out in the middle of the night to try to hoist it with chains to try to balance it. Mr. Campoy is looking into fixes for that issue and is supposed to meet with him and one of the Board who would like to be involved to let us know what they've come up with as possible fixes. Chairperson James stated that the Board has the Operations Committee. Commissioner Collins stated that he thought we had that barge fixed earlier. Mr. Potter responded that it works under normal water events. It is on four (4) collared posts and if the river rises, as with a normal rain, the intake is like a bobber rising up and down normally. But when you have Flannigan let out at 3600 cubic feet per second, the velocity of the river starts to torque the barge and when the river raises 3 feet in 20 minutes, for example, it gets hung. Mr. Spears inquired if there was any kind of fix for it. Mr. Potter stated that he is not an engineer and he will meeting with Mr. Campoy to look at scenarios for fixing the problem and inquired who would like to be the Board's representative to go with him. Chairperson James reiterated that the Board has a Financial Committee and an Operations Committee. We will determine who is on which committee and Tim Campoy can meet with that committee and report back to the Board. Commissioner Collins inquired how old that plant is now. Mr. Potter stated that the plant was put into operation in fall of 2005. The barge was put in operation about a year and a half ago.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project, Phase II:

Mr. Potter stated that Mr. Griffin is here, but he wanted to say that the fence is in. Mr. Griffin stated that they have found one place they think is an issue that needs to be tied back together

and checked. They are waiting for the stainless steel guide rails to replace in the station. He specified a 3/16" stainless and it has been a little harder to get and a little more expensive, but the cheaper stainless has been corroding quicker. The fencing is up and they are waiting for the top bracket for the rails and the rails themselves. They are checking flows in the area for potential blockages as well. Mr. Potter stated that the telemetry is to be ordered for the station and will be installed. He will get with Mr. Griffin on that. After all the issues are taken care of, we will look at the funding and see where we are. Chairperson James inquired if we have a time frame on the receipt of the steel rails. Mr. Griffin stated that he ordered and they shipped the wrong type. Mr. Potter stated that Bruce with BMM called and him and told him that the company shipped 2 1/2" rails when they ordered 2" rails. He told him as soon as he has a new shipping date he would let him know.

2. KY DOT Route 199 Water Line Relocation Project

Mr. Griffin stated that this project is essentially complete. The contractor lacks about 3 tie-ins and start up on the pumps. The power for the pump station was hooked up yesterday. They have about a week's worth of work over and should be done by the next Board meeting. His periodic estimate as to where they are right now is ready for the Board to sign today so he can get that turned in to the highway department and get them paid.

3. KY DOT Airport Water Line Relocation Project

Mr. Griffin stated that this project is complete. He brought Mr. Potter the as-built record drawings today and notified the state that this project is complete.

DRAWS:

Chairperson James inquired what the Pride on the River funds were for. Carrie Hatfield stated that this project has been around since 2006 and we have continued to extend it but it was not closed out and had remaining funds. Mr. Potter stated that it came to his attention and it had about \$20,000 left in it and we are using it for the purchase of sewer repair parts to close it out. Chairperson James requested a motion to approve the draws as submitted. Commissioner Collins made the motion. Commissioner Friend seconded the motion.

SHELBY VALLEY SEWER PROJECT, PHASE III, SECTION 2

Contract 1	Stimulus Funds	\$ 49,453.55
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HURRICANE AML PROJECT (RIDGELINE ROAD)

Contract 1	AML Funds	\$ 42,519.60
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SMITH FORK SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$ 12,024.99
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RIDGELINE ROAD (JONICAN & UPPER POMPEY)

Contract 1	CAM Mining Funds	\$ 44,996.50
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KYDOT DRAFFIN LINE RELOCATION			
Contract 1	KY DOT	\$	126,855.00
Contract 1	KY DOT	\$	5,603.03
PRIDE ON THE RIVER			
Contract 1	Coal Severance Funds	\$	7,300.00
JULY FLOOD REPAIRS			
Contract 2	Interim Financing Funds	\$	45,868.85
Contract 3	Interim Financing Funds	\$	19,882.61

Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-03-009

MANAGER'S REPORT

AGENDA ITEM VIII

1. Monthly Operating Report:

Division of Enforcement: Mr. Potter stated that he had to go to the Division of Enforcement in Frankfort for TOC violations that occurred in 2010. The City of Pikeville has also has some TOC violations recently as well. He went down and there were three (3) times in 2010 when we exceeded what the EPA recommends for TOC removal rate. TOC's, or Total Organic Carbon in the water will not hurt you. If it interacts with disinfection product in time throughout the system, it can form what is called Trihalomethanes (TTHAs) and Haloacetic Acids (HAAs) which are regulated by the EPA as harmful compounds. Mountain Water District has never had an MCL violation or exceedance for TTHMs or HAAs in the system. EPA uses TOC as an indicator that it COULD form these in the system. We did not but we were still outside of the EPA's parameter which is a removal rate of 1.0. We had a .98 and when you fall below that it is hard to bring the average back up and so we were out three (3) times in 2010. He decided to go ahead and have SUVA testing done. It costs a little more than the normal TOC testing but it is a different method that is also approved. Upon doing the SUVA testing in conjunction with the conventional testing, they let us adjust our numbers based on those results which brought us back into compliance. His theory on this is that the river that we get coming from the park area is listed on the DOW website as an exceptional water quality source. It is hard to get something out of the water and get a removal ratio when it is not there. He went down to talk to them about them and told them that although we didn't meet the EPA's regulation, there is an issue with this regulation all across the United States with Districts that are having the same issue of meeting the TOC removal ratio but not getting any hits on TTHMs or HAAs. Basically, they said that they didn't care about that, but we violated it and that is an issue we needed to get up with the EPA on or change the regulations. They gave the options of doing a year of compiling a corrective action plan, sending it to their people for review, coming back to Frankfort for another review on how to correct this or we can just right them a check for \$500 and it will take care of it. He stated that UMG will pay that amount on behalf of the District since compliance is part of the contract.

Utility Crane Truck: Mr. Potter distributed copies of two (2) possibilities for the utility crane truck that the District needs to purchase. He invited anyone that wanted to go see them in person to make the trip with him. Commissioner Collins inquired if either of these two (2) were any good. Commissioner Adkins stated that he likes the Ford. Mr. Potter stated that these were the best looking two (2) that he has found with low mileage that may meet the Board's needs. Both trucks are in Lima, Ohio and he wants to go up and test drive them and again invited any Board member that wanted to go. He told the Board to be aware that they find one that they want, we still have to do the procurement process and the dealer can't hold it, so it may go away before the process is complete. If the Board believes these are acceptable to look at, he will try to make arrangements to make a trip up there to check them out. Commissioner Casey confirmed for the Board that the District needs to have and Mr. Potter should check them out. Commissioner Adkins and Commissioner Friend showed an interest in accompanying Mr. Potter to look at the trucks.

Surplus Property – Marrowbone WTP: Mr. Potter stated that he contacted Summit Engineering and Environmental Design about doing a property survey as Mr. Stratton had suggested. Mr. Hunt sent a quote to do the service and Mr. Campoy never submitted a quote. When contacted, he indicated that it would be near the same amount and he didn't quote it because they were covered up in the field and he didn't think he could get to it quick enough right now. Chairperson James inquired if Summit Engineering had any problem with doing it. Mr. Hunt responded that they did not have a problem with doing and he has spoken to Chairperson James and Mr. Potter both about it and that is a little higher than he anticipated it to be. His surveyor did some research on it and priced it. There are 2 or 3 different right of ways there, a CSX right of way and a highway right of way, and those have to be established off of old maps that may no longer exist. The cost could come in less than the \$3800 quote, depending on what the surveyor finds in the field. Commissioner Adkins stated that the quote is really high for that spot. He has gone up there and looked at and that quote is really high. Commissioner Casey stated that we would be lucky to get \$3800 out of the sale of the property. Chairperson James stated that that is why they asked Mr. Potter to get quotes for doing the property survey to be able to compare and he came back and said it would be basically the same. Mr. Potter stated that he used to these for Summit 20 years ago, but sometime during that time it has changed so that certified land surveyors have to abide by "due diligence" and they have to go back looking at old deeds and there is a lot of research involved. Mr. Griffin stated that the real question is regarding the property that abuts it. Mr. Hunt stated that is why his surveyor told him it was going to be more, because of the ambiguity of the deed and right of way searches. Mr. Stratton stated that the only issue with selling it without a survey is that we have to take whatever is in the description in the deed that we have, which we could do. The only reason that we recommend the survey to begin with was to clarify any questions or neighborhood issues and so we didn't have anybody coming back at the Board about what we sold. Mr. Spears stated that we are leaving ourselves open ended if we don't have a survey to back it up. Mr. Stratton stated that the survey was more for the Board's protection so that we would not oversell what we think we own. Commissioner Adkins inquired what is done on a survey when you can't come up with an answer. Mr. Hunt stated that there is always an answer, but the surveyor does it to the best of his ability and knowledge. He has to do his due diligence and research everything that he knows to research and try to find all the information that could be out there. This deed is so old, it could reference an old Beech tree that was there 40 years ago and is now removed. Some of these old deeds don't give degrees, minutes and seconds; they say "walk southwest 14 paces" or something like that. Mr. Stratton stated that whatever we spend on a survey would be offset by the sale of the property. It is a matter of defining what we are selling. He hasn't seen the deed. Mr. Potter stated that he will get him a copy of it. Mr. Stratton stated that it is not a requirement to survey the property but it was a defensive recommendation. If the Board doesn't want to spend the \$3800 on the survey, he will look at the deed and see if it can be sold as it is. Chairperson James agreed that they should let Mr. Stratton review and deed and make a recommendation at the next meeting.

Graveyard Tank: Mr. Potter stated that he had sent a letter to Chairperson James about a tank in the Marrowbone area that has developed a leak. It is leaking 5 to 8 gallons per minute and is one of the older tanks in the system, installed around 1971. He is putting together a plan to repair it but with potable water you have to take steps to ensure that it is disinfected and it is taken out

of service and hydraulic arrangements of the system have to be made while we do the repair. He just wanted to make the Board aware of the issue. Commissioner Adkins inquired how big the tank was. Mr. Potter responded that it is a 100,000 gallon tank. Commissioner Adkins inquired if that tank had ever been painted or serviced. Mr. Potter stated that back when he first started here, it developed a leak near this location. We had a professional diving company come in and try to use aquastop, which is an NSF AWWF approved product to stop the leak. It worked for a while and then failed. Then we took the tank out of service and made arrangements, which is tough on the system, to reroute the system around, dead head the system, chlorinate and all of that. We went in and re-plated part of the tank and painted the portion on the inside that was repaired. Disinfected it, done the whole process of sampling and then put it back in service. This is just an older tank. He is in the process of developing a plan to repair this but wanted to make the Board aware that this is what he considers to be outside the realm of normal repair and maintenance in the system. If Mr. Spears starts telling you that maintenance is going up, these are some of the issues you are facing. Commissioner Casey stated that we should have some kind of rotation on these tanks to paint them also. Mr. Potter stated that he brought that up to the Board about a year ago and presented proposals but a decision was not made at that time. Commissioner Casey stated that they need to make one because this is the life of the system. Mr. Potter stated that it is time to do maintenance on the system and the Board needs a maintenance contract to take care of these tanks. We had some quotes and it was tabled a while back, but it needs to be revisited. Commissioner Adkins inquired if the Board should have someone to bring these issues back up ever so often. Chairperson James responded that her thought on it is this, the Board has some money coming up in Coal Severance tax money that we are assuming will get funded in April and what she would like to propose that they do is get UMG to present to the Board a prioritization of some of these items and set up a work session to review them as well as include the subject of the funding coming down for the debt service, to make some decisions on this. We need to set up a work session between now and the April meeting to explore our options. Mr. Spears inquired if we could get a list of all the tanks and the condition they are in. Mr. Potter stated that that has been done by the company that came in and did a quote. They set out a schedule for maintenance on all of them also. Commissioners Casey and Collins stated that Mr. Potter should bring those to the work session as well. Commissioner Adkins reiterated that what he was talking about earlier was that some of these issues that have been brought up never seem to come back to the table again and we need some kind of form to keep bringing these issues up until we get them resolved. Mr. Potter responded that when they get the Administrator, that is somebody that can deal with that and keep things on track. That is why he brings things up like this that needs to be revisited.

Prater Construction Issues: Mr. Potter stated that he has spoken about this issue and has sent Mr. Stratton a letter about the issue of line depths where people have been covering over the District's lines and now they are inaccessible where the right of way was. We have several locations like that and we had a leak on Prater Drive and found that the line is about 20 feet deep. We have talked about sending letters to these people telling them that they need to pay to have the line relocated to the proper depth. When we find these in the future he will inform Mr. Stratton to go through the process we have discussed before. Commissioner Casey inquired what the damage done to the line referenced in the letter. Mr. Potter stated that the damage to line on Prater Drive is that it is too deep. The contractor has filled the area and created more roads and he put a drain in at that location. Two or three weeks ago during the heavy rains, the drain stopped up, took the road out and exposed the line at 20 feet deep. Mr. Stratton stated that we need to write a letter to Prater Construction notifying them of the issue. The question for the Board is, is that something that we step in and repair it and send him the bill or do we say he needs to repair it under our inspection and approval. Commissioner Casey stated that we need to make sure it is done properly. Chairperson James agreed that that is our greatest concern. Mr. Potter stated it is like a line extension or he can engage a contractor to do it, as long as they meet the Board's stipulations on your lines. Or, we could look at doing it, but UMG does not have construction crews anymore and basically just do maintenance. The line has been repaired temporarily but is still too deep. Mr. Potter stated that the second issue is with a 1" line at Big Creek that was repaired with PVC and other parts that we do not use. UMG employees told the homeowner this was not our line, it must be their line or something else. That is when the homeowner told our guys that Prater Construction had been there doing work for them, he broke

the copper line and put it back together like that. He allegedly performed work on the District's water line without notifying anyone. We repaired it back correctly, but he wanted to make the Board aware that this is happening in the system. Mr. Stratton stated that he will get with Mr. Potter and determine the specifics, but he thinks we can notify him that the line needs to be relocated at the proper depth at his expense subject to our supervision and inspection. Then, if he is willing to do that, fine. If he is not willing to do that, then the other option would be that we bid out the relocation of this line and send him the bill for that. Commissioner Casey stated that he didn't see why people put these lines back together...that should be Mountain Water doing that because what if they are installed improperly or it is contaminated. We become liable for that. He should have notified us and let us repair the damage. Mr. Stratton stated that that is all well and good, but what has happened is it's like the kid that breaks the lamp and he glues it back together and hopes nobody finds it. There is no way we could ever enforce requiring somebody to notify us. The only thing we are going to do is catch it when the lamp falls over and we see that has already been broken. Subject to the Board's approval, he will do a letter and get with Mr. Potter on the specifications and the depth and give him 90 days to rectify this situation. Mr. Potter stated that this won't become a huge issue unless there is a leak that he can't get to. Commissioner Collins commented that we need to get it corrected now. Mr. Stratton stated that we need to designate an inspector. Commissioner Adkins stated that this has been an ongoing thing up there. Mr. Potter stated that it is here and other areas in the county where people have encroached and filled other issues. Commissioner Collins inquired if this is like the situation at Raccoon Creek where those people have filled and filled and covered over our line very deep. Mr. Potter stated that the Administrator could be used to do some inspection on a case by case basis. He suggested waiting to see how Mr. Prate responds and then go from there. The Board agreed.

Utility Trucks: Mr. Potter stated that he went ahead and put out the bid where he got authorization last fall when we were talking about it, to replace two (2) utility trucks. Those bids are out for service trucks. They are scheduled to come in April 8th and he wanted to let the Board know, and they will be coming to Dan's office for opening on that day. He would like authorization to take the applicable low bid and get that process going to get those trucks or let Chairperson James, or whomever, make the decision on the low bid and proceed with getting the trucks ordered. Mr. Stratton inquired of the date. Mr. Potter stated it is April 8th for the bid opening at 10:00 am. No further action was taken at this time.

Damron Ratliff Road: Mr. Potter continued that he had some good news. Damron Ratliff Road on Harless Creek at Marrowbone is a right handed hollow past the water plant about a quarter of a mile. There is no water at that location. He had asked before from Phillip Bowling with Abandoned Mine Lands and Jody Hunt with Summit to keep an eye out and please review certain areas again where maybe we can help get funding to provide water to some areas. Mr. Bowling called Mr. Hunt last week saying that he had looked at Damron Ratliff Road again and there is a chance that they may be eligible for AML funding. It would serve about 5 or 6 homes. We have been advised to ask the Board to give authorization to do the official study on it. It won't cost the Board anything. We have worked that up and showed it to Chairperson James and let her sign it and sent it in, hopefully to get funding for that area.

2003 Flood, PW 878: We were notified by FEMA that no one had ever applied for the final wrap up of this and there was about \$68,000 down there for it. They had a couple of different PWs and said that if we could find the documentation for the final on this they would process it and send us the money. Mrs. Olson has spent two weeks going to storage, pulling invoices and researching documents from 2003. We found enough documentation to provide at least \$80,000 worth of documentation from that time frame for PW 878. FEMA only pays about 75% of it if they accept what we sent them. We did the best we could and sent in what information we found and he wanted to make the Board aware that it is out there.

Phelps-Freeburn WWTP: Mr. Potter stated that he sent Chairperson James a letter on this the other day informing the Board that the Phelps Freeburn WWTP has some issues. There are certain items missing, we have talked about it before; it does not have an auto sampler which is required by the Division of Water, it does not have an inflow meter or a chart recorder, it does not have a press (which was initially supposed to be in the project and was later cut out), the UV

system has been a problem from the beginning (\$20,000 was spent last year on completely going through the system and tying it back in which did not end up correcting the problem). We had been having trouble meeting our kill ratios on the e-coli and it got to the point where we needed to go through it again. He is notifying the Board that the technician for Aquionics that built this UV system, was just in and went through the whole thing again and alluded to the fact that it is not necessarily designed to handle the flow capacity of 500 gallons per minute coming out of it. There is not enough time with the UV radiation to get the kill factor. UMG is recommending that the District engage an engineer to look at revising the plant. He is anticipating not being able to keep the District in compliance. It is not so much the operation as it is the design of the system. He would recommend trying to do a chlorination/dechlorination system if there is enough room. Chairperson James stated that their legal counsel is advising them to go ahead and act on this now, and she requested a motion to authorize the advertisement for Request for Qualifications and Request for Proposals for this project. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-010

FEMA Mitigation Project: Mr. Potter continued by stated that he had applied for mitigation money to relocate some of the sites that continually get flooded during these high water events. Mrs. Olson has researched documentation showing that this happens on a routine basis but you have to meet some threshold levels. They took our initial information that was sent in and now they are requesting more. We will do the best we can and if we can meet that we will. Summit is working on this through Trish Varney.

New DOT Projects: Mr. Potter stated that there are two (2) new DOT relocation projects coming up that he is going to meet on tomorrow with Dave Skeens. One is at Smith Fork of Phelps at the bridge and the other is at Buckfield. They have redesigned what they are going to do with it and it is now outside the scope of that and needs looked at also. Mr. Griffin stated that there are 2 more at Route 199 that are just waiting for them to say go ahead with. Mr. Potter stated that the Board needs to engage an engineer for the Smith Fork and Buckfield projects to be the Board's representative. Chairperson James inquired if the engineering is at their cost. Mr. Potter stated that all highway department relocations are paid for by the highway department with the exception of easement issues (unless there are mitigating factors that can be appealed to them for help). That includes engineering costs. He gave the Chairperson a copy of the latest prequalified engineers list by the highway department. Chairperson James stated that she had reviewed the list and the only local engineer that she saw on the list was Summit Engineering. Mr. Griffin stated that they just got a project the other day. He stated Kenvirons is not on that list and he is going to check with Dave Skeens and see what happened on that. The Chairperson acknowledged that Kenvirons does currently have two (2) DOT projects that they are working on now. Mr. Griffin stated that there are two current ones and two that are already done, the Airport being one of them. Chairperson James reiterated that Summit is the only firm currently on the prequalified list from the DOT and they are awaiting the Board's decision on this. She inquired if the Board members have any questions on this issue. Mr. Potter stated that the Board could wait and make a decision but it would need to be soon and probably during a special called meeting. Chairperson James inquired from Mr. Hunt if Summit had a problem with doing these DOT projects. She inquired if any of the Board members had any questions, comments or motions that they wanted to make. Mr. Stratton stated that the reason we are not doing an RFQ on this is that is a fairly simple project and well within the capacity of the firms that we use. Mr. Potter stated that the Board is not spending any monies on it either. Commissioner Collins made a motion to

approve Summit Engineering to provide engineering services for the Smith Fork and Buckfield DOT projects. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-011

Outsourced Billing: Mr. Lowe handed out examples of what the bill and delinquent notice will look like. After discussion the Board agreed that they were pleased with the layout and look of the bills. Mr. Potter stated that these will be a better way to do billing and the Board can insert anything they want in the bills without extra postage costs, just the cost of printing. Mr. Spears inquired if we needed to put anything on there about the fee for paying by credit card. Mr. Lowe stated that it can be added in the blue shaded box which is variable and can be changed from bill to bill. Mr. Potter stated that there will also be a return envelope included with each bill. Mr. Spears stated that it has been shown that revenue turnaround is faster when you include a return envelope.

LMI Project: Mr. Potter stated that this is basically wrapped up. With what little bit of monies is left he will purchase stock parts to keep on hand. Mr. Stratton had discussed sending a letter telling people that the project is over and the Chairperson is to talk to him about how the Board wants to handle that.

Mr. Potter reviewed the MOR with Board from paid taps to sampling and any other information. He called their attention to the fact that they do have his certification for the month that to the best of his knowledge UMG has performed their functions in accordance with the Board's policies and with DOW standards.

NEW BUSINESS

1. LMI Project -

Chairperson James stated that she had reviewed the letter that legal counsel had prepared to send to the LMI applicants that will not be served in this phase of funding and after review of the letter she wanted the Board to decide how to handle this issue. Instead of continuing to hold people's money indefinitely, shouldn't we just go ahead and send their money back and say that we don't have any idea if or when this will ever be funded again and that is why we are returning their money. What if down the road it gets funded again and the cost is more, then you have some people whom you have held their money getting it for a lower cost than others. It could be an issue in the future. Mr. Spears stated that the Board would also to cut interest checks to those people as well if the Board held those funds. The Board agreed that it would be better to refund all the money across the board and explain it to the applicants that were left in the form of letter and refund check. Chairperson James requested a motion to that effect. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-012

Chairperson James made a motion to approve the Managers Monthly Operating Report as presented. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-013

2. Johns Creek Daycare/PCFC Sewer Contract –

Chairperson James stated that she spoke with Roland Case, Pike County Attorney, concerning this issue and it is her understanding that the court is looking into hiring their own person to take this over. As we talked before, we have notified the court the cost to fix this plant would be upwards of \$30,000. We talked with the health department to see if there were other options for the court such as a conventional septic system and they have declined to that saying that it won't work at that location. So we are back to where we were. We have sent a contract to the court for the monthly cost of maintaining their plants. The issue still remains that the Johns Creek Daycare Plant is still in major disrepair. If the court wants to take it that is fine. Mr. Stratton stated that MWD operates the court's plants on their behalf but it is still their plant. If a plant breaks down it is the county's obligation to fix it. Chairperson James stated that she has told Mr. Case that MWD needs a decision from the court pretty soon because we have been put on notice from UMG that this plant is in major disrepair and could get into a violation situation unless it is repaired soon. Mr. Stratton stated that the other issue is that there are 5 or 6 other plants tied to this contract. Johns Creek is just the only plant we have an immediate issue with. We have been trying to look at bringing an updated operating agreement for all the plants and he doesn't mind carving Johns Creek out of it, but we may have to notify the county that effective a certain date, we can no longer maintain this plant because of operating issues. Chairperson James stated that she has told Mr. Case that the Board may be going to give the court a time frame as to when they need to respond as to what they intend to do. It was decided that Mr. Stratton to send a letter giving the Pike County Fiscal Court ninety (90) days to respond with their intentions and/or repair the plant or MWD will cease to operate it. Chairperson James requested a motion to that effect. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-014

3. MWD/City of Elkhorn City Water Contract –

Mr. Stratton stated that the contract has been sent to Tim Belcher, legal counsel for Elkhorn City. He has not gotten back a response as of yet. He will continue to try to contact him and get their response to the contract.

4. Theft of Service Issue –

Mr. Potter had Mrs. Olson distribute the theft of service report for the month of February. He stated that it continuing to be on the rise. We got a call from Mingo County, West Virginia this month because they found one of Mountain Water District's meters in their system. They did some detective work and called us with the meter number and it was ours. They arrested two (2) individuals and are looking for a third. It had been stolen from the District in the Turkey Creek area and if it is stolen out of someone's meter base, the Board's only recourse is to bill the property owner. He passed this information on to the Pike County Sheriff's office and they took it to Howard Keith Hall's office. All we can actually recover is the cost of the meter and labor, which is a little over \$200.00. This is a continual issue. Mr. Stratton stated that Kevin Lowe has done some excellent work on a new policy regarding this issue. A copy was distributed to the Board. It provides that if any account is two (2) months past due is shall be disconnected for non-payment. If it is disconnected at the request of the customer, it will have a lock placed on the meter. If the District finds the meter has been tampered with upon a follow up inspection, it will constitute theft of services. If it is under \$500 we will report it to the County Attorney and let them handle it but over \$500, which makes it a Class D felony, we will push for prosecution. Mr. Potter stated that the News Express reported a few weeks ago that Elkhorn City had an issue of theft of service and the guys reading the meter called the police right then and had the person arrested. Chairperson James requested a motion to adopt the theft of service policy as presented. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-03-015

Commissioner Casey commended Mr. Lowe for the excellent work he did drafting the policy.

5. PSC Information Request –

Mr. Stratton stated that we have replied within the deadline period with all the information that the Public Service Commission requested except for those items that were not in our possession. We have not heard anything back from them as of yet.

6. Amendment to MWD/UMG Contract – Hand Tools -

Mr. Stratton stated that he has drafted an amendment to the contract and sent it to Mike Spears and Bob Meyer on Monday. Mr. Meyer has asked for some additional time to review it and he will get back to us and we should have it by the next meeting. Mr. Spears stated that as of now, UMG has been complying with its terms already.

7. Administrator Position –

Mr. Stratton stated that the committee has met on this issue and what he would like to do is to inform the Board on the process and procedures and he has names and packages to review on the applications and this will fall under the exception to the open meetings rules because it concerns the appointment of an individual. He stated that he, Commissioner Adkins and Mr. Spears had met on two (2) separate occasions and interviewed six (6) individuals. One individual withdrew from consideration. They were all excellent interviews and everyone did very well. We have submitted three (3) recommendations for the Board's consideration. We have informed the candidates that we anticipate a work session where they would be brought in for a second interview by the Board. The Board will do these interviews in executive session and then make a determination on a successful candidate. He would then notify the candidates that were not selected for a second interview. He presented a packet for each Board member that contains the resumes and applications for each of the three (3) candidates selected to interview. He suggested that we add to the executive session discussion of the individual applicants on the administrator position in case anyone has a question on that. Mr. Potter inquired if the Board would like to go ahead and set a date for the work session so Mrs. Olson can comply with open meetings laws. After discussion, the decision was made to hold the work session to interview applicants on April 11, 2011 at 2:00 pm.

Chairperson James inquired if the Board wanted to schedule the work session to discuss the system maintenance and the Coal Severance funding coming up. Commissioner Casey suggested it all be done at the same time so they wouldn't have to meet so many times. Chairperson James stated that these items will take a while to cover. Mr. Spears suggested doing the interviews separate because we don't want crowds here with them walking in and out because they do have other jobs and may not want their current employer knowing that they have been to an interview for another job. Just something to think about. Mr. Stratton suggested dropping down to the week of the 18th. Chairperson James stated that the 19th is fine with her. Commissioner Casey agreed that it would be fine with him. After discussion, the decision was made to hold the maintenance and Coal Severance funding work session on April 19th at 2:00 pm.

8. Majestic Alternative Sewer Project -

Mr. Potter stated that Mike Spears was going to the Administration on this project and the paperwork that we are ready has been sent in. He has been meeting with the health department about putting in the alternative experimental type units that will actually do treatment on site. He envisions this project working under the health department's supervision since it is onsite discharge. If we do a direct discharge to a blue line stream it becomes Division of Water. To try to clean up areas where we don't have to put in force mains and can go to the problem areas and work on them, we are going to try to do this onsite and work it through the health department for failing septic systems and homes with straight pipes. Big Sandy Area Development District and PRIDE helped identify areas in the county with failing systems or straight pipes and came up with the number of about 3,500 to 3,600 homes about 8 years ago. This is a project that we are hoping will prove to be an alternative due to limited space at sites. Majestic was chosen because preliminary samples had already been done showing the e-coli and fecal count. He has been working with the health department to establish protocols since this is a new and different thing; how we are going to work it to get it going. He is meeting with Magistrate Dotson at the health department next week to inform him about the project and to educate the community on it.

9. **Legal Issues**
Executive Session to Discuss Outstanding Litigation and Potential Litigation -

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda as well as the item of Administrator applicant information that the Board may want clarified on any of the individuals. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-03-016

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda as well as any clarification of individual applicant information for the Administrator position. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-03-017

Chairperson James stated that there were no actions to be taken related to any item discussed in the executive session.

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments.

Commissioner Adkins stated that he had asked Mrs. Olson to look at the minutes from the Harless' Creek flood area regarding the relocation of the people up there. Mrs. Olson confirmed that he did ask her to do that and stated that she would get those minutes for him today. Commissioner Adkins stated that he had also asked Dan about it and he had said that it may under any emergency orders. That we made a comment that anyone that was flooded in that area, if they moved or whatever in the area and we had water, we could set them a meter if they weren't going back to that location. Mrs. Olson stated that she will pull the minutes but was pretty certain that the Board said that if they came back to the same location we would provide a meter and waive the installation fee, not if they moved somewhere else. Mr. Potter

agreed with that statement. Mr. Potter stated that the Board had said that if the flood took a meter base out and the house was uninhabitable, if they brought a double wide in and worked with the health department about getting the sewer put back in.....we did not put those back at that time because they were washed off and gone. But if they did decide to come back to the property and inhabit it again, we would put those meters back free of charge. Commissioner Adkins stated that he would like to see the minutes on it. Mrs. Olson reiterated that she would get them for him and left the meeting to print those for the Commissioner.

Commissioner Adkins continued by inquiring if the water that was taken at Shelby at the blacktop plant was followed up on. Mr. Potter stated that he had gone to the location and done a test on that and he called and notified them, and it was researched that they (Mountain Enterprises) do call when they take water from places out in the county and has been paying for that water. He went up there and had UMG employees do a test and when that hydrant is running, that meter does not turn. Commissioner Adkins inquired how many times they had reported taking water from that hydrant and if people just take water without reporting it. Mr. Potter stated that yes, that is an issue that the Board has. Mr. Potter stated that he could look at the records on that but he didn't think there were any instances from that location. We have no way of knowing if they are actually taking water from that hydrant. This happens on Coon Creek, Johns Creek, at the bottom of the ramp...and when we get a report and get out there whoever it is is gone. Commissioner Adkins inquired if anyone asked Mountain Enterprises if they were taking water from that hydrant. Mr. Potter stated that he had asked them and they said that they had their own hydrant and own meters over there. Chairperson James inquired if they had their own hydrant over there why would they use another hydrant. Mr. Potter stated that he doesn't know. It would be speculation on his part to say. He has asked people before up Coon Creek that if they see anyone taking water, to get him a license plate number or some kind of identifying information and he would go through the Sheriff's department. Commissioner Adkins stated that that is what he was talking about bringing some of this stuff back up, we don't get a follow up on it...like he asked for the minutes. Mr. Potter stated that some of it he can't follow up on.....if someone tells him "no". Commissioner Adkins stated that he asked for that at the last meeting and was told we'd have to go out there. Commissioner Collins stated that he has made an assumption on this one guy because he has a big clear tank and it is happening on a regular weekly basis. Commissioner Casey stated that this is wrong if they are not paying for it. Mr. Potter stated that are people hauling water to residents in the Ridgeline area and Marrowbone area and others who don't pay to take it out of the hydrants. Commissioner Adkins inquired if anyone is checking on it. Chairperson James stated that there is no checking on it, the county is allowing it to happen. The fire departments go and fill up the tanks and they deliver it to the people and no one is paying for it. Commissioner Adkins stated that he can see that with the county helping the people. He knows it is costing the District money. He has seen some of the places that have to deal with washing their clothes and drinking that water that is bad in some of these areas. Chairperson James responded that when she was down at Cave Run Lake she was delivered water and she paid for that water. That is one thing that we need to do something about and is an issue, in her opinion, that we need to work out with the county in allowing the fire departments to charge for the water, because they are using fire trucks to do this that service the people for fire and if they are out delivering water, what are they supposed to do if a fire happens....plus their gas and the wear and tear on their vehicles. They need to be able to charge for that. And those people need to have to pay for their water just like we do and then the District can then charge them and they pay their portion. Commissioner Adkins responded that it goes back to the legislature who ought to have something done to these coal companies and gas companies that have ruined these people's water. Chairperson James responded that that is right but it should be the customers of the District who have to pay for it. Commissioner Adkins stated that if we can stand it...maybe he is wrong but he has seen people go through a lot having to use it. He stated that he is not anti-coal but he is saying people need to take responsibility for what they do and a lot of this coal issue is not the people around here it is the companies doing it...not the people. Half of them, if they knew all the details on it, there would be more of an uproar on it. Chairperson James inquired if anyone had anything else.

Commissioner Adkins continued by saying that he wanted to put before the Board a vote on putting sewer to these people's places up Buckfield. He made a motion to that effect. Chairperson James stated that we needed to discuss the cost of that project and all of that. She inquired if Commissioner Adkins had a suggestion on where we would get funding for that. He responded that he did not. Mr. Potter stated that he had done a preliminary cost on this issue and showed the Board a map that indicates the area in question. This requires a CSX easement for the railroad and as long as you are dealing railroad, it needs

to be either ductile iron or encased in steel. He confirmed that with Mr. Hunt of Summit Engineering who agreed with that statement. Commissioner Adkins stated that he has been told that there are those who deals with it and goes on. Mr. Stratton inquired what the cost estimate amount is. Mr. Potter stated that rough numbers show the cost for about 1200' of sewer extension would be \$40,000 without counting the railroad the permit. Mr. Hunt stated that the CSX permit would cost about \$6,000. Chairperson James stated that what we can do is to get them to look into it more in depth and put something together for future funding request for Coal Severance funding which could be added to the priority list for 2012. Ridgeline is also one of those projects that we are trying to get funds for. Commissioner Adkins stated that is fine. Commissioner Adkins' motion died on the floor without a second. Chairperson James directed Mr. Potter to put together a detailed estimate so we can put it on the list to request funding. Mr. Hunt stated that he would work with him on that and help him get the latest numbers on what CSX is currently charging for permitting.

Commissioner Adkins inquired if the grinder pumps that were at Shelby Valley got back to Phelps. Mr. Potter stated that they are currently being stored at Douglas. The District gets additional pumps with the projects and those are like "in kind" parts and we have them stored up there. They don't necessarily go to Phelps, but any project you have with sewer, additional parts are bought with. Mr. Potter stated that if the Board wants them moved over to Phelps he can, but we usually use them out in the system. Mr. Stratton inquired if they are dedicated to the Phelps project or if they came ambiguous and they are ours. Mr. Potter stated that the District buys them. They are theirs. If there are additional left over on a project, they belong to the District. At the end of each project if there is additional funding, we get units or parts to be utilized for the sewer system from the project. Commissioner Adkins stated that he was under the impression that they were supposed to be back over there. Mr. Stratton clarified that everything at Phelps that was planned to go in at Phelps has been put in and these are left over units. Mr. Potter confirmed that as correct and they can be used anywhere in the system. Mr. Hunt stated that they are shipped to Shelby because that is where the District's tear down and maintenance facility for grinder units is located. Mrs. Olson stated that the reason this became an issue was that the District had asked the engineer of the Smith Fork Project for an inventory accounting. They are aware that we know they are at Shelby and are included in that accounting.

Mrs. Olson also stated to Commissioner Adkins that with regard to the minutes from the time after the July, 2010 flood, the part that he is looking for is close to where the motion was made and the Board voted in the Flood Update section. The Board discussed procedures for the adjustments during the emergency situation and that the District would reclaim any meters that were wash out that we could find and a note would be put in the customer's file and in the event that they came back on service we would waive the installation fee. Commissioner Adkins stated that he just knew he would get a call and was just trying to get an answer for someone.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-03-018

MOUNTAIN WATER DISTRICT
BOARD OF COMMISSIONERS REGULAR MEETING
April 27, 2011
10:00 AM

ATTENDANCE

Russ Cassady, Appalachian News Express
Doug Griffin, Kenvirons, Inc.
Greg Dotson, Inspector
Mike Spears, Spears Management
Stephen Hogg, Stratton, Hogg & Maddox
Bob Meyer, Controller, UMG
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Finance Manager, UMG
Carrie Hatfield, Assistant Financial Manager, UMG

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, April 27th, 2011 at 10:00 a.m.

Commissioners were present for the meeting as follows:

Chairperson Rhonda James
Commissioner Lester "John" Collins
Commissioner Ancie Casey

Commissioner Friend and Commissioner Adkins were absent for this meeting.

VISITORS **AGENDA ITEM II**

Chairperson James inquired if there were any visitors for today's meeting. Mr. Lowe stated that the customer was not in attendance but sent a letter to present to the Board that he had distributed to the Board members. They came in March 29th and got a leak adjustment. Their next bill was high also and it appears the leak overlapped into the next bill and they did not wait to get the adjustment until the entire leak was billed. They are requesting another adjustment and have been told that we cannot do that; they only get the one per year. He lives in Ohio and could not attend today. He is claiming he was not told to wait until his next bill, but the leak adjustment he signed stated that he is only eligible for one every 12 months. Chairperson James stated that that is our policy and we have had to turn other people down because of the policy, and you can't make exceptions for one or you have to for all and then what is the point of having a policy. She inquired what the Board members thoughts are on that issue. Commissioner Casey agreed with her statement. Commissioner Collins also agreed. Chairperson James inquired if the Board also thought that it would be appropriate to have Mr. Lowe write this customer a letter stating that while we understand what he is requesting, that is the Board's policy and we have to adhere to our policies and treat everyone the same way. The Board agreed that Mr. Lowe would communicate their decision to the customer.

JULY FLOOD UPDATE

Mr. Potter stated that with regard to the initial PWs that were sent in on the emergency/temporary work, they have been in for quite some time and the Board has sent a couple of letters requesting the aid of Hal Roger's office to move the funding along and we have sent another letter recently and got a response

back from Chris Girdler with Hal Roger's office saying that they are staying on top of it but we really don't have an update on when the funding is coming down. Everything else with the contract flood repairs has been done and he and Mrs. Olson have discussed that it is now time to start submission and process of the next PWs for the completed work. We will be working with Bob to get the PW draws in for this work. He wouldn't get too excited about getting that funding anytime soon, because he just had a meeting with a FEMA representative from the 2003 to do a final walk on a PW from it, then he called and cancelled because he thought he had enough to process the claim now. That was the \$60,000 to \$70,000 that was found still hanging out there and we have been trying to wrap that up on the Board's behalf. Now we have to submit that information for the permanent work PWs turned in as work to be completed. Chairperson James inquired if we have received any funds at all. Mr. Potter stated that we have not and that is why we have been communicating with Chris Girdler to try and help us because we know the county has gotten some of their money back. Chairperson James confirmed this and stated that she doesn't understand why the District has not gotten any funding at all. She stated that Board would like for someone with UMG to contact and inquire about the funding every week until something is done or funds are received on this. Mr. Potter directed Mrs. Olson to contact Hal Roger's office or FEMA every Monday until we get some funding in.

Mr. Potter stated that Commissioner Adkins had asked about the hook ups for flood affected residents and Mrs. Olson had looked back on that for Harless' Creek and what we were looking at was those areas only at that time and it didn't specifically say that, but the Board was talking about rebuilding in the same location, not if they moved anywhere else in the county. Chairperson James agreed with that, that it was for the affected zones only. There is no way we can pay for taps for people who want to relocate all over the county and that was not the intention of the Board at that time. Mrs. Olson stated that she wanted the Board to know that she had responded to Commissioner Adkins by email and let him know that she had checked the tapes and the tapes reflect the minutes that she had given to him. Mr. Potter stated that the Board does not have to wait until the Board meets to ask a question. They can call him, David Taylor or Mrs. Olson anytime. If it is an issue that should be addressed here in the meeting, it can be added to the agenda for discussion and we can be prepared to address it.

Mr. Potter also stated that we have had rains come in about every 4 days since Christmas and have another one coming. Every time he sees severe weather coming, he implements what he calls "emergency procedures". He calls the water plant and tells them that he wants all the tanks raised and all the clear wells up to maximum capacity. We are trying to stay set up for it. We are expecting another 1-3 inches of rainfall today.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the regular meeting held on March 30th, 2011 as presented. Commissioner Collins made the motion to approve the minutes as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Absent
Commissioner Casey	Aye
Commissioner Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 11-04-006

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mr. Spears distributed the financial statements to the Board. He stated that cash in bank was \$433,770 which is down this month. Accounts receivable is \$821,009 and plant and service is \$94,781,390. Accounts payable is \$277,768. He called the Board's attention to page 3 of the financials and stated that we had a little larger loss than normal and our revenues for March were down. According to the financials

historical record, our water sales were \$712,444 and a year ago they were \$738,933 which is about a 3% or 4% decrease in sales revenue for the month of March. With that in mind, they did some research and found that February's revenues were \$758,000, which was unusually high, and Mr. Lowe gave him the read dates and we were billing for 31 or 32 days in February and this month we billed for 29 and 30 days. Those 2 days is about our 4% decrease. At the end of the year with the audit, we pick up the unbilled days and drop off the previous year's unbilled days so it works out. We will have to be alerted to any issues like this in the future and keep a watch now to see what is going on. Our operating expenses were \$886,193 which is normal. We had a loss for the month of \$221,781 which is a little high and is due to the decrease in billing revenues with a negative operating income for the month of \$173,748. Of the loss, \$271,779 is depreciation which is a non cash expense. Our cash decreased this month by \$271,416. Last month we had a \$250,000 increase and they have balanced each other out but he will keep a close eye on this for the Board and will alert the Board if he sees something going the wrong way. We are still transferring the funds to the sinking fund for debt service and into the reserve accounts. R & M expenses for the month of March were \$70,031, there may be some discrepancies in that and some items that were outside the R & M scope that were included and he will check that.

Mr. Spears stated that through a discussion with Bob Meyer, they have been trying to set a dollar amount for a hand tool limit. We have agreed on \$250 as a limit and the Board accepts that amount he needs a motion to approve that as well as to approve the financials.

He also stated that Mr. Potters and Carrie Hatfield have identified some monies that are out there from old construction projects. There is one item of about \$100,000 on Forest Hills that he wants to go back and see why that money is still setting there. Some are smaller amounts and we know why they are still there. Mr. Potter stated that one of them is the project that Summit Engineering just wrapped up, and because the contractor performed the work under the estimate, we have about \$400,000+ left on that project. The Board had discussed doing some upgrades and revisiting the Douglas WWTP because we are nearing capacity and that money would enable the Board to engage the CDBG money with matching funds, he or Mr. Spears could prepare a letter to try to get those funds, they will do so. Chairperson James inquired if the funding was in the same area as the Douglas WWTP because she wanted to make sure that the funds stay in the same area they were requested for. Mr. Potter confirmed that they were, except for the Forest Hills money. To finish Forest Hills would take about \$400,000 to \$600,000 but you could do a partial and use the \$100,000 to take it as far as you can get, but if the Board wants, they can flesh those out and see what else can be done with whatever leftover funds we come up with. Chairperson James requested that they come up with a report and bring it to the May Board meeting with proposals on options of what can be done with the funding. Mr. Potter inquired when the application period is for the CDBG funds. Chairperson James stated that it opens up in May. Mr. Potter inquired if we wait until the next meeting before the Board agrees to apply for the funds, would it put us behind on that list. Chairperson James stated that we could go ahead and apply. Mr. Potter stated that if they find the matching monies, would the Board like us to go ahead with the application? Chairperson James stated that it would not hurt anything to do that. Mr. Potter stated that way we can be ahead of other requests. Commissioner Casey stated that this needs to be included in the motion on the financials. Chairperson James stated that we need to get the Fiscal Court to give us a resolution to apply. Mr. Potter stated that we need to go ahead and proceed with that request for the next court meeting on the Board's behalf to engage the CDBG grant for Pike County for the Douglas upgrade.

Commissioner Casey made a motion to approve the financial report as submitted by Mike Spears, approval of the \$250 limit for hand tools amendment for the UMG contract and approval to authorize Mr. Potter and Mr. Spears to research the funds and see what is the most feasible way to use those funds, particularly at the Douglas facility and to approach the Pike County Fiscal Court requesting the resolution to allow the Board to apply for the CDBG funding. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Absent
Commissioner Casey	Aye
Commissioner Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution 11-04-007

PAYMENT OF BILLS **AGENDA ITEM V**

Ms. Olson distributed copies of the AP report and the Cash in Bank report to the Commissioners. After review and inquiry if there were any questions from Board members, Chairperson James requested a motion to approve the payment of all bills as presented. Commissioner Collins made the motion to approve the payment of bills as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-008

CUSTOMER ADJUSTMENTS **AGENDA ITEM VI**

After review and discussion of the adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of eight thousand, five hundred, and ninety-nine dollars and twenty-four cents (\$8,599.24) as presented. Commissioner Collins made the motion to approve the adjustments as presented. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-009

CONSTRUCTION REPORT **AGENDA ITEM VII**

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Shelby Valley Sewer Project, Phase III, Section 2:

In the absence of Jody Hunt with Summit Engineering, Mr. Potter gave the updates on these projects. He stated that this project is pretty much closing out. DOW and EPA came down and did their walk out and they were okay with it, then we had one man who called and said he didn't get his grinder unit. After further investigation, it was found that he had run the contractors off and said he didn't want it during the project's construction, and when the inspector came and asked him about it he told him also he didn't want it. Now he has decided he does want it. So Mr. Hunt contacted him and the contractors said they will send someone back up there and do it, but that will push the closing off for another meeting. Mr. Spears stated that the Board needs to authorize

to approve to pay this additional draw for the setting of this last unit. Chairperson James requested a motion to approve the draw for this final grinder unit to be set not to exceed \$5,000.00 subject to Mr. Spears being able to complete the interviews he needs to complete the project. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-04-010

2. Belfry/Pond Creek Sewer Project:

Mr. Potter stated that there has not been any change on this project due to the lack of funding, although the funding has been requested. Since we have gotten so many good prices bid in the last year on sewer line extension through some other contractors and Mr. Stratton had been dealing with the coal company and the mining situation. He has discussed it with Chairperson James and they think it is a good time to revisit it and get with the engineer and give them some scenarios again back on the projections and see if we can move with it. This project had \$2.8 M and there were problems with the property acquisition, the line came in over bid and there was funding to construct either the plant or the line, but you don't need to build a plant if you can't send sewer to it and you don't need to install sewer lines if you don't have a plant to put it to. We applied for an additional \$1 M to do a sewer flow reversal and pick up some additional customers and it didn't come through and we were waiting to see if any of the money coming back in would be available to reallocate after the fall session and that didn't work either. But maybe it is time to revisit and see if we can get some better prices. Chairperson James stated that at least we could get some up-to-date numbers and go back in and see if we can some funding somewhere.

3. Hurricane Branch AML Water Supply Project (Ridgeline Rd):

Mr. Potter stated that the power drop is done, tank is up and the walk out with AML has been scheduled and after that on May 5th and the final pay request, this project will be released to the District and we can start providing water to these residents. He has spoken to Philip Bowling with AML who indicated that they may revisit Damron Ratliff Road for a water line extension and Mr. Potter stated that if the Board wishes him to, he can ask again for them to revisit the Bad Fork area. The Board agreed for him to do so.

4. Ridgeline Road Water Supply Project (Jonican & Upper Pompey):

Mr. Potter stated that the design has been done and notification given of the status of the project and the first draw has been done for design submittal. It is in the hands of the Division of Water at this time being reviewed. This was so we would have the design ready so if any funding comes up we can say that we have a shovel ready project and are ready to go with that.

5. DOT Project – Pond at Draffin:

Mr. Potter stated that this project is still in process but the contractor has not really been able to do anything on the river crossings because of the river levels and Mr. Potter is still going to work on the easements in the area for the cost of a water meter.

6. DOT Project - Buckfield:

Mr. Potter stated that he and the engineer have met with them in the field and this project is moving along.

7. DOT Project – Smith Fork Bridge:

Mr. Potter stated that he and the engineer have met with them in the field and this project is progressing.

The DOT has stated that they are going to do 2 or 3 more projects. They are going to redo the bridge at the mouth of Cabin Knoll, which may affect the main pumping station at Cabin Knoll pump station which pumps about 1,000 gallons per minute. There are two (2) others as well.

COAL SEVERANCE PROJECTS REPORT

Update by Tim Campoy, Environmental Design Consultants:

In the absence of Mr. Campoy, Mr. Potter gave the update on this as well.

1. WTP Expansion/Upgrades:

Mr. Potter stated that the guys have the wiring done at the plant and we are waiting to put the VFD in. We are having issues with the power company again on the drops up there. There have been delays due to the flooding last year, and power drops. It is still moving forward.

Update by Doug Griffin, Kenvirons, Inc. and Greg Dotson, Inspector

1. Smith Fork of Phelps Sewer Project, Phase II:

Mr. Griffin stated that the contractors have rerouted a portion of the sewer line and next week there will be a flow test run to see if that affected the blockage and if it is, they will move on down toward the plant. Commissioner Casey inquired if they have found the problem in the line. Mr. Griffin stated that they hope they found it and corrected a portion of it when they re-routed this line, but they have to complete the flow test to be sure. Mr. Potter stated that there will be some funding left over in this project and at the next Operations Committee meeting, he would like to discuss with them some scenarios on what to do with those funds in that zone.

2. KY DOT Route 199 Water Line Relocation Project

Mr. Griffin stated that this project is complete and in operation. His office is working on the as-built drawings for the District. Mr. Potter stated that this is at the intersection of Route 199 and Route 1056 in the Stone area. They also relocated the pump station. The Board had salvage rights on the old pump station so the electricians are pulling anything that the District can utilize, including the pump.

3. KY DOT Airport Water Line Relocation Project

Mr. Griffin stated that this project is complete. The inspector and contractor was sent out there for a complaint where the concrete truck rutted out the road down by the existing pump station and the rain came in and washed it out. The contractor is going to correct the issue.

DRAWS:

Chairperson James requested a motion to approve the draws as submitted. Commissioner Collins made the motion. Commissioner Casey seconded the motion.

SHELBY VALLEY SEWER PROJECT, PHASE III, SECTION 2

Contract 1	Stimulus Funds	\$	5,000.00 est.
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SMITH FORK SEWER PROJECT, PHASE II

Contract 1	Coal Severance Funds	\$	1,990.00
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TELEMETRY

Contract 1	Coal Severance	\$	4,744.00
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Contract 1	Coal Severance	\$	1,000.00
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LMI PROJECT

Contract 1	Coal Severance	\$	1,000.00
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Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-04-011

MANAGER'S REPORT

AGENDA ITEM VIII

Mr. Potter stated that we received a letter of warning on the Stone Heights sewer plant and we have responded to it. They wanted to make sure we were doing flow tests and sampling in accordance with regulations and the boys out there didn't have a sample meter but we responded with a letter. It is not a violation and it has been taken care of and we have purchased another flow meter for the employee and showed him how to use it, however he no longer works for us. Anyway, this issue has been taken care of.

1. Monthly Operating Report:

LMI Project Update: Mr. Potter stated that we may be able to do a couple more of these taps and he wants to get it wrapped up and have the letter ready when we are able to get down to where we can finalize the list of those who will not get a tap who have applied for one.

Majestic Alternative Sewer Project: Mr. Potter stated that he has been working with the health department on this project. We also met with Magistrate Dotson. The health department wants to do some meetings with the residents and see about participation and we are checking out the ideas on how to proceed with the health department where this is their prevue as they are all on-site discharge units.

Utility Crane Truck: Mr. Potter stated that he called and the two (2) he was looking at have been sold. He would like to get the Board's authorization to go ahead and advertise for this truck if he finds one that meets the Board's parameters that have been discussed in previous meetings. There is a lag time before the Board meeting if he finds one before he can advertise and if he finds one, he would like to be able to advertise and get bids in for it. Chairperson James made the motion to authorize Grondall Potter to continue to search for the vehicle within the parameters of the Board and if one is found, to advertise for bid in accordance with procurement procedures. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 11-04-012

Surplus Property – Marrowbone WTP: Mr. Potter stated that this is in Mr. Stratton's hands and inquired from Mr. Hogg, attending in Mr. Stratton's place, what the status of this issue is. Mr. Hogg stated that the cost of the survey was \$3800 and his recommendation was to not have it surveyed based on that cost and go ahead and advertise it for bid "as is". They will take care of preparing the advertisement. Chairperson James requested a motion to authorize to advertise for sale "as is" the property at the old Marrowbone Water Treatment Plant without a survey. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent

Commissioner Ancie Casey
Commissioner Prentis Adkins

Aye
Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-013

Phelps-Freeburn WWTP: Mr. Potter stated that they discussed this in the Operations Committee meeting and Commissioner Collins is aware of what we want to do and the RFQ-Ps were sent to Stratton, Hogg and Maddox. There was only one (1) respondent from the advertisement. Mr. Hogg stated that the only response received was from Summit Engineering. Chairperson James stated that the Board needs time to review the submittal and see where the funds are coming from. Mr. Potter stated that Summit Engineering is proposing to do the study for free if the Board will authorize them to administer the work when the Board has the funding to do the project. Chairperson James stated that the Board will review this proposal and visit this issue again at the next regular meeting. Mr. Potter stated that he anticipates receiving violations on this plant until this issue is resolved due to the disinfection problems. The Board acknowledged his statement and made plans to review and discuss this issue further at the May meeting.

Mr. Potter stated that we issued a few boil water advisories this month including Brushy Creek when the road slid off and broke our line. We installed a temporary line to keep water on until the highway department fixes the road back. He is waiting on the highway department to give him a scenario of what they are going to do to fix the road so he will know how to put the line back in conjunction with their road repairs.

Bids for Two (2) Utility Trucks: Mr. Potter stated that we did put the bid out for the utility trucks and the Board requested to review them. Mrs. Olson distributed a copy of the bid tabulation sheet. Mr. Potter stated that the low bid was Bruce Walters Chevy on 2011 Chevy 2500 HD 4WDs. The low bid had an upgraded utility rack for \$30,018.20. The trucks meet the specifications put out there and are applicable to what we need. Chairperson James requested a motion to award the bid for the two (2) utility trucks to the low bidder, Bruce Walters Chevrolet, in the amount of \$30,018.20 for each truck. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-014

Chairperson James requested a motion to approve the Manager's Report as submitted. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-015

NEW BUSINESS

1. Johns Creek Daycare/PCFC Sewer Contract –

Mr. Hogg stated that a letter was sent to the Judge on the 31st and as far as he is aware we have not received a response to the letter. Mr. Potter stated that this is another one he anticipates issues with.

2. MWD/City of Elkhorn City Water Contract –

Mr. Potter stated that Dan Stratton had sent them the contract and it came back signed and it is ready for signatures. He assumes that Mr. Stratton reviewed it before he sent it Elkhorn City. It has the correct increased amounts of \$.20 on both tiers of the rate which is \$2.45 per 1,000 gallons up to 215,000 gallons per day and anything over that will be \$2.60 per 1,000 gallons. Then only changed portion of the contract was the deposit part has been marked out because they have paid the deposit and do not need to redo that part of the contract. He stated that the only issue he can see is that Elkhorn City got a new mayor last week, or the old mayor back, or however it worked and this contract was signed by Johnny Potter. Mr. Hogg stated that at the time he approved it he was the interim Mayor and had authority to execute that contract. It should be okay and he is still interim Mayor until the new one is sworn in. Chairperson James requested a motion to approve the contract with the City of Elkhorn City as presented. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-016

3. System Maintenance – Advertisement for RFQ-P –

Mr. Potter stated the Board had previously discussed about moving forward with the tank maintenance and to get an advertisement ready and submit that. He will go ahead and get that submitted in the newspaper with the Board's approval. Chairperson James requested a motion to approve the advertisement of the Request for Qualifications and Proposals for Maintenance Services for the District's tanks. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-017

- 4. **Amendment to MWD/UMG Contract – Hand Tools -**
Mr. Hogg stated that this has not been finalized but would be presented when complete.

- 5. **Legal Issues**
Executive Session to Discuss Outstanding Litigation and Potential Litigation -

Chairperson James requested a motion to go into executive session to discuss outstanding and potential litigation as listed on the agenda and specific personnel matters with regard to the employment contract for the Administrator position. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-018

Chairperson James requested a motion to reconvene from executive session where outstanding and potential litigation was discussed as listed on the agenda as well as specific personnel matters for the employment contract for the Administrator position. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-019

Chairperson James stated that the Board has made a decision as to the person they wish to hire for the Administrator position. She requested a motion to hire and offer the Administrator position to Roy Sawyers and to approve the employment contract as presented by Stratton, Hogg and Maddox to and to authorize Dan Stratton to send letters to the unsuccessful candidates for the position. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-020

COMMISSIONER COMMENTS

Chairperson James inquired if there were any Commissioner comments. There were none.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Collins made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Absent
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 11-04-021

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

June 8, 2012

10:00 AM

ATTENDEES

Chris Anderson, Appalachian News Express
Jody Hunt, Summit Engineering, Inc.
Mike Mullins, Summit Engineering, Inc.
Kevin Howard, Summit Engineering, Inc.
Stephen Caudill, Bell Engineering, Inc.
Megan Kendall, Bell Engineering, Inc.
Ronald Rogers, Bell Engineering, Inc.
Mike Spears, Spears Management
Steve Hogg, Stratton, Hogg & Maddox
Roy Sawyers, Mountain Water District Administrator
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Kevin Lowe, Office/Finance Manager, UMG
Carrie Hatfield, Accountant, MWD
Jamey Keathley, Wastewater Manager, UMG
Chris Dempsey, UMG

CALL TO ORDER

The Mountain Water District Board of Commissioners Special Meeting was held on Friday, June 8, 2012 at 10:00 a.m.

Commissioners were present for the meeting as follows:

Chairperson Rhonda James
Commissioner John Collins
Commissioner Ancië Casey
Commissioner Kelsey Friend, III
Commissioner Prentis Adkins

AGENDA ITEM I

1. RFQ Interviews/Selection – Phelps/Freeburn WWTP Rehab. & Upgrades

Chairperson James stated that first on the agenda is to interview the top two (2) engineering firms that responded to the Request for Qualifications. She inquired what the procedure was going to be. Mrs. Olson stated that the order was decided by the flip of a coin the last time the Board conducted interviews. There were no objections to that suggestion and a coin was flipped to see who went first. Jody Hunt with Summit Engineering called heads and it landed on tails, so Bell Engineering representatives remained in the conference room, while the representatives of Summit Engineering waited in another room.

BELL ENGINEERING PRESENTATION

Megan Kendall began Bell's presentation by giving an introduction to the presentation. She stated that Steve Caudill will speak about the team, their experience and the understanding of the situation at Phelps. Ronald Rogers is going to speak about the recommendations that they have specifically for the Board and then Steve Caudill will close it out by talking about the schedule and budget for the project and why they believe the Board should choose them for the project.

Ms. Kendall stated that Bell Engineering has been around since 1914 and their primary focus is on water, wastewater and storm water engineering. They have 95% repeat business and 90% of their current clients are located in the state of Kentucky. They are proud of the fact that they have worked with a lot of clients for 50+ years and that they are 100% Kentucky owned and operated. She stated that they have project experience in nearly every county in the state including Pike County and have funding experience with nearly every funding agency, especially Coal Severance, which this project is funded through. Their staff has relationships with these agencies that allow them to move projects quickly. There are no delays because of a learning curve or taking time to learn that agency's policies and procedures. They are already familiar with them and they can move the process along quicker. She then turned the floor over to Steve Caudill.

Mr. Caudill stated that they have assembled one of their most experienced teams to work on this project for Mountain Water District. He will be acting as Principal in Charge, who is responsible for communication with the Board and making sure that they are up to date with everything that is going on with the project. He will also be responsible for working with the Management staff and maintaining the project's schedule and budget. Design will be overseen by Mr. Ron Rogers, who is present today, and is a Principal and Vice President of the firm and has over 36 years of experience; all of which is in wastewater. He specializes in wastewater treatment plant design. In addition to that, they have assembled a team for this project that covers every aspect of design and construction. They have two (2) individuals that will be assigned to the project to assist with funding of the project. They understand how difficult funding can be to come by, and their goal is to work with the District to minimize their out of pocket expense on any project that they do.

Some of the strengths that Bell brings to the table is the wide variety of experience in wastewater projects. They have designed 127 wastewater treatment plants ranging in size from plants that treat 10,000 GPD to plants that treat 30,000,000 GPD. They have designed over 1,000 pump stations and over 5,000,000 linear feet of sewer line. Their team works year round on nothing but plant projects and they are up to date on the newest technologies and environmental guidelines. This particular team has overseen design and construction of over \$100,000,000 worth of water and wastewater plants in the last five (5) years alone. Some projects that they have worked on or are working on now that are similar to this project are the Monticello WWTP which is a project that all the work will be done on an existing site and expanding the treatment plant from .7 MGD to 1.4 MGD. Another project is the Red River Wastewater Treatment facility. Construction of this project actually began Monday. As with your project, all the work is being done on an existing site and in this case, we are expanding the existing treatment plant from 460,000 GPD to 1,410,000 GPD. Lastly, a project that is almost identical to the District, which was completed about three (3) years ago. It is the Bath County Industrial Park WWTP which is a SBR (Sequencing Batch Reactor) plant and it treats 300,000 GPD, the only difference being was that this plant was specifically designed to treat high strength food waste. Other than that, it is very similar to the plant at Phelps/Freeburn.

As they reviewed this project and developed an understanding of it, they had the opportunity to speak to management personnel, visited the plant site twice, spoke with the operator of the plant and reviewed all the documentation that the Environmental Protection Agency and the Kentucky Division of Water had on the project. Based upon their understanding, the plant has a current capacity of 250,000 GPD and is a SBR plant using UV disinfection. The unfortunate thing is that the facility is in receipt of a Letter of Warning from the Kentucky Division of Water regarding several issues. Besides the issues raised in the Letter of Warning, the plant has been experiencing on-going problems with stringy material migrating into the aeration basins. The violations outlined from the Kentucky Division of Water include the fact that the current disinfection method does not appear adequate, there is no accurate means of flow measurement, the plant has been out of compliance each of the last twelve (12) months for e-coli and has one (1) isolated excursion for ammonia/nitrogen and there is no mechanism for composite sampling. Division of Water considers these four (4) issues as reason that the plant is failing to comply with the terms of its permit. He then turned the floor over to Ron Rogers, whom he said will talk about each of these issues and Bell Engineering's recommendations for solving them.

Mr. Ron Rogers stated that he has been doing this a long time and enjoys each new challenge. He stated that they have looked at the District's situation and are glad to present some options that they think will enhance the project. He stated that he will go through the compliance recommendations first and then since they are recommending something that does not use all of the budget for the project, he will discuss other enhancements that will make the plant operate more efficiently and give the operators more control over their facility. First of all, to address the stringy material...the District has a grinder pump system so initially when the plant was built that was why it did not have a screen in it because normally with grinder pumps, that is one of the processes that can take the place of a screen. However, with the stringy material, that is one of the byproducts of the grinder pump system so it would be best to go ahead and install a screen. He showed the Board a picture of the screen that they installed at Greensboro, Ky. Chairperson James inquired how that was working now. Mr. Rogers stated that it works great. He has one at Owingsville, Greensboro and two or three more. The other issue was no adequate measurement of flow. He is recommending to put in a mag meter in front of the plant. What happens now is that your 319 pump station pumps all the way into the SBR basins. To facilitate putting the screen in, they would have to cut in to that force main and install the screen and then install a low lift pump station to raise the wastewater back up into the aeration basin. In front of that screen, they propose to put a mag meter to accurately measure the flow that is coming into the plant. This would also give you the opportunity to flow pace your sample for the influent be removed from the 319 pump station back on site which is what the DOW people want. The sampler is recommended to be purchased and installed as well in accordance with the DOW permit. He stated that this plant is equipped with a UV system and the problem with an SBR is that in the decant cycle, you decant at a high rate of flow. That high rate of flow decreases the detention time in that UV module so you are not getting your kill rate. So we proposed to put in an equalization basin after the SBR decant to equalize the flow before it goes through the UV, but they would concur with the District's PER with recommended converting the UV chamber into a chlorination/dechlorination basin and construct a building to house the tanks and pumps. That is all of the compliance issues, but the additional issues at the plant are that there is no adequate means of carrying sludge. Right now you have a tank truck that draws the sludge out of the digester and you have to haul it away which is a cumbersome way of doing it. The plant was built with a bay in the garage which is ideal for putting in a belt press. He should the Board a picture of a belt press that is at Owingsville, Ky. He stated that this kind is ideal for small plants. It is not as efficient as a great big belt press for a big plant, but this is a small plant and you don't need that, you just need to get to pass the test and get it to a landfill. They would recommend that you install a belt press. Another problem at the plant is monitoring of the SBR process. The SBRs have a broad range of software available and one of those would allow the operator to operate his plant remotely and use SCADA information. It also gives the operator the opportunity for the "Aqua" people to log into his plant from wherever they are and see what his plant is doing on line. The Owingsville plant is like that and the "Aqua" people can log in and diagnose problems at the plant from their office. That is a real advantage to having that software. Another thing at the plant is the problem with the blowers. It is cumbersome in the operation of the blowers in that they have to manually turn their blowers on and off. What that software package would do is to allow the computer to turn those blowers on and off based on dissolved oxygen in the aeration basins. The initial plan done for the plant recommended an equalization basin at the plant. An equalization basin up front...he stated that he really couldn't determine whether that was needed. We really don't need it to equalize flow because you can determine the flow at the pump station and the SBR has the ability to adjust the cycles so an equalization basin for flow is not needed. He thought maybe they were trying to equalize the solids loading because with all grinder pumps you are going to get a more septic sewage coming in based on where it is coming from. You are not getting a lot of extraneous water from manholes and places like that, so it is pretty concentrated. What we think would be a better use of money is to put in a biotech feed system or chemical feed system at the 319 pump station that would keep that waste fresh until it can get into the plant and hit the air and begin the treatment process. Mr. Sawyers inquired if Mr. Rogers could please explain to the Board how the SBR system works. Mr. Rogers stated that with an SBR system, the wastewater comes in and basically there is a fill cycle where it fills up and there is the activated sludge part of the cycle and then there is a decant cycle. There are a couple of cycles where you can fill and mix at the same time or mix the cycles up. It is a cyclic process with the last cycle being the decant cycle where the clean water goes out and goes through the UV or chlorine

contact and then goes out to the river. Mr. Potter stated that basically the whole process is done in one tank. The Board may not be aware of that. At Douglas we have multiple tanks. Some are for the aerobic part of the process and some are for the anaerobic part of the process. With an SBR they sequence all of that within one tank. One is working through its operation and the other can take a fill cycle to let the other one do its job and they alternate back and forth. Usually you are working out of one unit at a time. Mr. Potter stated that some issues with the stringy material, low pressure systems, the grinders...theoretically you grind up everything and you shouldn't have it. What we have realized is that the amount of tissue paper used and the type that is being used in that locale has a high content of wood pulp. As it is ground up into a slurry and goes into the lift stations it is fine unless the station sets awhile before it pumps. If it doesn't, all the wood pulp floats to the top and makes a mat that you can almost walk on, which gives us issues with pumps messing with the floats. UMG has done some things to try to slurry that material and send it on down the line, but as that wood pulp material gets to the plant, it tends to roll up in strands and that is giving us some issues. That is why we need some type of screening or interceptor process to remove it. We don't have a lot of issues with grit because it is a low pressure system and we are not getting a lot of people putting gravels or whatever in it. Chairperson James inquired if what the UMG people hear being proposed is correct and will fix the issues. Mr. Potter stated that everything they have talked about are viable options for the plant and if we have enough money left over it can be utilized for odor control, which Commissioner Casey can tell you we have complaints from that area at the Pounding Mill lift station at the foot of the hill as well as the plant. That would be another option. They sort of have given you two....one of the questions you may want to ask is if we award it to them and didn't want to go with a chlorine/dechlorination system...and that was his initial idea of how to fix it real quick...chlorine is tried and true...but the Board needs to look at cost analysis on maintenance issues with purchase of chlorine versus an appropriate UV system. That is something that once we get into design we can tweak down but they are well within what we have budgeted so there may be some change order applications to add. The belt press issue; it was proposed at that plant and the money didn't fund as well so it was cut from the project when it was done. Jamey Keathley, Wastewater Supervisor, stated that we are hauling over 50 loads per month to Pikeville of water/sewer mix. Your concentrate is probably not 5% of what you need to haul, but is the blanket. Mr. Caudill stated that basically what the belt press does is concentrates it by squeezing the water out so you are not hauling the water away. Mr. Potter stated that it concentrates into a cake like material and that is what is hauled away. Commissioner Adkins inquired what type of system Pikeville is using to control their odor. Mr. Potter stated that it is a newer system that Delaney and Associates has designed. It is the ozone generation with the UV disinfection. When we get to that, there are several alternatives to look at. Mr. Caudill stated that the ozone generation, though, he would not recommend for a small plant. For a small plant like this one, he would think that a chemical additional would be the most economical. There is no doubt that chemicals have a cost and that, over a period of time, will exceed the cost of electricity needed to do a properly designed UV system with parallel lamps and sufficient contact times. You can put an orifice plate on the decanter of the SBR and decrease the flow rate coming out of the SBR out of the decant cycle and enhance the operation of the UV. Mr. Potter stated that they have looked at that option also. He stated that since their cycle is about 45 minutes and we currently are using approximately 15-18 minutes of it, that gives us some viable room by reprogramming the plant to operate with any slower flow to get the UV working. He just wants to make sure that if we go that route, that the bulb system is adequate on the ratio and kill for whatever we do. Mr. Keathley inquired what happens if we go with Bell's project and we change the UV and we up the flow another 100,000 gallons. Will it be designed for projected capacity? Mr. Caudill stated that they have to design it for the design capacity of the plant. Mr. Potter stated that he just wanted the Board to know that Bell Engineering has looked at those issues.

Mr. Caudill stated that he wanted to talk about the proposed schedule and give the Board a couple of alternatives from a budgetary standpoint. He stated that he wanted to give the Board an idea of how long this project would take from beginning to completion. He stated that they are assuming that the Notice to Proceed would be given and engineering and design would begin on July 2nd, 2012. Based upon the scope of the project and past experience, they would project that design for this project will take about three (3) months and should be completed in late September. He called their attention to the meeting part of the schedule to make sure that all of

the components in the final design for the plant are being included. After design is complete, they will submit it to DOW for review, which is about sixty (60) day process on a plant such as this. That would put us at late November and they would anticipate bidding the project immediately assuming funds are available. The bidding process would run through early December. Once bids are opened, Bell Engineering would review the bids, check the references of the low bidder and make a recommendation to the Board for award of the project and complete any other reports that need done for the funding agencies complete in late January and can start construction at the plant in January. Based on the size and scope of this project, they are projecting a six (6) month construction period, which would make the project complete in late July, 2013. He stated that Mr. Rogers talked to the Board about different alternatives. The first budget that they prepared is what the Board would need to do to simply satisfy the compliance issues that the Division of Water requires. Basically that includes the new flow meter, the refrigerated sampler, the influent screen and new lift pump station and modification of the existing UV system. Based upon their past experience with construction costs and utilizing the USDA RD fee schedule for engineering services on this type and size of project, they estimate this project would cost approximately \$663,500. The second budget includes not only the compliance issues, but also addresses some of the operational issues as well. Those include purchase and installation of a belt press, installing an odor control system, constructing a remote monitoring control system and dissolved oxygen controls. Anything the Board wants included in this project; you may only want two (2) of those and you may not want any or you may want them all; they would sit down with the Board and go over the cost of the individual items, the pluses and minuses, the advantages and disadvantages and let the Board make the final decision because they want the Board to be happy with the product that they are getting. Based upon their opinion of probable cost, addressing both the compliance and operational issues, would result in a project of approximately \$1,043,146.

Mr. Caudill stated that they realize that the Board has a lot of choices when it comes to who will provide their engineering services. He posed the question "Why should you choose Bell?" He answered that by stating that they believe that with the projects they work on with their clients, they try to take as much of an innovative approach as possible. They review the plant and look for how to solve compliance issues and also how to improve operation of the plant. They have given the Board multiple options that can be included in the project or left out of the project, but however the Board chooses to proceed, they will work closely with the Board to make sure that they maximize every dollar spent on the project. They have assembled a very experienced project team that has done many plant projects and they have a project manager who will work with the project and has over 36 years of doing nothing but wastewater treatment plant design. They have a detailed quality control process. Before the project goes to bid they will bring in one of their experienced plant engineers who hasn't worked on the project who will sit down and review it and make sure it is up to the quality that both we expect and the Board expects. He stated that he will be responsible for maintaining the schedule and making sure the project is delivered on schedule and within budget. Lastly, from his standpoint, they have a proven capability on wastewater treatment plant projects. As he stated previously, they have done over 127 wastewater treatment plants and their plant group has been responsible for over \$100,000,000 of plant projects in the last five (5) years alone. Most importantly, their solutions will bring the plant into compliance and the Board won't have to worry about the Division of Water anymore. He thanked the Board for the opportunity to come before them and speak about their project. He stated that they are very appreciative for the time and look forward to working with the District and building a lasting relationship, not only on this project, but on future projects as well. He opened up the floor at that time for questions.

QUESTIONS FROM THE BOARD

Mr. Sawyers inquired that out of the 127 wastewater treatment plants that Bell has designed, how many were SBR plants. Mr. Rogers responded that they have done two (2) other SBR plants but you have to realize the mentality of the EPA. Back in 1972, EPA invoked certain treatment processes and during that period of time, the processes were RBC's or oxidation ditches or whatever type of process. The SBR process has only become popular in the last few years and that is why they do not have a significant number of their plants that are SBRs. Mr. Sawyers stated that Mr. Potter has asked several questions already and they have answered them. He

inquired if the method of disinfection would be preferably UV? Mr. Rogers stated that if the UV system was properly designed it would be the most cost effective choice in the long term because the chemicals for the chlorine/dechlor option has a recurring cost every month. The cost for those chemicals on a life cycle basis will be more than the cost of the electricity to power the UV and the replacement of the bulbs. Mr. Sawyers inquired if they are proposing any type of back up or alternate system. Mr. Rogers stated that the state's position on UV is that you have two (2) 50% banks. One (1) is 50% of the flow and the other is 50% of the flow and you have stand by modules that you can put in. The redundancy is 50% and not 100%. Mr. Caudill stated that you could replace any more of the 50% modules at any time. Mr. Rogers stated that each bank has a series of modules in it and as small as this plant is, it probably will have two (2) modules. Mr. Potter inquired from their perspective, working with UV disinfection, what type is currently their recommended type. Mr. Rogers stated that they do an open bid based on the quality of what they are looking for and he expects Monticello to pick Trojan. Mr. Potter inquired if those have replaceable modules..the stacks on hand. Mr. Rogers confirmed that as correct. Mr. Potter stated that in the proposed budget Bell put \$175,000 for the modification to the existing tank to turn it into chlorine/dechlor. He inquired if they went to UV how much more costly that would be. Mr. Rogers stated that he didn't think it would be as much. Mr. Potter clarified that UV would probably be more cost effective in the long run and up front...if it works. He stated that he knows that it works in other places but they have had problems with it here from the beginning. Mr. Keathley stated that with the chlorine, you are looking at a monthly expense buying the chemicals and with UV you are just powering electricity and that is already there. Mr. Potter stated to the Board that when the initial study was done, his knee jerk reaction was figuring out how, if we had to do this ourselves, to fix the project and chlorine is a tried and true thing and he said it would work. He has seen UV systems since that time in other places that work and that are not the type we have and we got the wrong type for the wrong plant. Mr. Keathley stated that we have a sealed system. Mr. Potter stated that he wanted the Board to know what their thoughts were on the UV versus chlorine issue. Chairperson James inquired what they are proposing with the budget they presented. Mr. Rogers stated that they have proposed the chlorine contact and dechlorination but they also looked at the UV option and felt that the owner was requesting the chlorine method. Mr. Keathley stated that they just want something that works and that when they take a sample they are not taking a chance on it passing an e-coli test. Chairperson James clarified that if they were to go to the UV system rather than what is proposed here, the cost wouldn't really change and may even go down. Mr. Rogers stated that he believed it would be very similar. Chairperson James stated that the ongoing cost would be more with the chlorine system as opposed to the UV. Mr. Sawyers stated that maybe a chlorine system could be installed as a backup to the UV system. Mr. Rogers stated that he didn't consider a backup plan. Mr. Potter stated that was something that could be discussed at a later time. Mr. Rogers stated that none of his UV plants have a backup other than multiple modules. Commissioner Adkins stated that right now we are using electricity versus the chemicals. He inquired if there would be a big difference in the cost. Mr. Keathley stated that he didn't think so. He doesn't think the electricity bill would go up a whole lot versus buying the chemicals. We have a UV system there right now that doesn't work and we have spent \$50,000 on it in the last couple of years trying to make it work. Even the manufacturer of the plant, Aqua Aerobics, said that they did not recommend that UV system with their plant but it was in a bid and that was the way it was bid. The plant is Aqua Aerobics and the UV is Aquionics. They looked at an SBR in West Virginia a year or so ago and it was set up with the Trojan system and is the rack system and it slows the flow down for the react time to treat it. The system we are using now has no contact time with a flow of 450 GPM. Mr. Rogers stated that the UV system he is talking about is never used with this type of plant. Right now the flow is going through that pipe so fast that the UV system doesn't have a chance to kill the ecoli.

Chairperson James inquired if there were any further questions for the Bell Engineering Representatives. There were none, therefore they were excused and the representatives of Summit Engineering were brought into the conference room for their presentation.

While they were switching out Mr. Potter stated that the Board will probably hear a lot about the chlorine system because that was the initial thing that he looked at. From an operations standpoint and Mr. Keathley's standpoint, he knows UV works but he knows that chlorine works too; they just didn't know how they would get it in there. Mr. Keathley stated that they have had a

bad taste with it, but it was poorly designed and everything was bad. It was like us going to the grocery store and getting a bag of apples and they were already ruined. We had a bad taste with this plant from the beginning. We just want something that works well and does what it is supposed to do.

SUMMIT ENGINEERING PRESENTATION

Mr. Jody Hunt began his presentation to the Board by introducing himself, Mike Mullins of the Marketing Department and Kevin Howard from the Lexington office. He distributed copies of his Power Point presentation for the Board to review at their leisure. He stated that Summit Engineering was founded in 1977 and their disciplines include civil and environmental engineering, surveying, laboratory mining and architecture. They have several regional offices. They have one in Pikeville, Hazard, Lexington, Charleston, Bridgeport, Big Rock and Wise, Va. Summit's mission is to try to come up with solutions that meet the client's needs and he believes that the Board has seen that over the years through their work. They offer a wide range of services and have worked extensively with local, state and federal regulators on multiple projects here at the Mountain Water District. Their staff is qualified and has the experience required to deliver the needs that MWD requires on this project. Summit Engineering has eighteen (18) professional engineers that are licensed in ten (10) states. They have five (5) land surveyors and have environmental scientists, geologists, chemists and biologists. Some of their civil services include urban planning, water system supply, sanitary landfills, road and bridge design, utilities, water and sewer and they offer construction administration services, project administration and funding assistance. They are local and available. They have approximately 135 employees and have the man power to adjust assignments to meet the Board's needs and work on a strict time table. They are minutes away and are committed to the betterment of Pike County and its citizens.

Mr. Hunt stated that the project team will consist of the himself as Project Manager, Jonathan Newman and Brett Fisher, Engineering Support Staff, Kevin Howard will be the Principal In Charge who will oversee the work and make sure that everything is on schedule, Jack Sykes will be in charge of quality assurance, surveys will be done by Steve Haywood of Pikeville, Cleve Justice will be our GIS mapping staff, Garrett Mullins will be the inspector on the project and Lisa Daniels and Mike Mullins will both be the client liaisons.

Mr. Hunt stated that Summit's experience in wastewater treatment plants include the 2MGD plant which is an extended aeration plant in Pikeville, the Salyersville WWTP which is a 600,000 GPD plant and is an oxidation ditch plant, the Whitesburg WWTP which is also 600,000 GPD and an oxidation ditch plant, and also the Whalen WWTP which is 100,000 GPD and is extended aeration. Summit also did the Douglas WWTP Rehabilitation which is a 200,000 GPD plant. Summit has had an extensive history with the District over the years.

Mr. Hunt stated that this project is for a 250,000 GPD plant and is a sequence batch reactor (SBR) that has two (2) primary treatment basins with Arzen positive displacement blowers with UV effluent disinfection system. The reasons for this project are that UMG reported to the Board that they were having issues and this is prior to the Division of Water warning letter. Summit Engineering has extensive history because they attend all the Board meetings and know what is going on with this. The three (3) problems that were reported was inaccurate kill rate of pathogens, clumpy and stringy material in the aeration basins and receiving anoxic sewage from the collection system. Summit Engineering was retained to do a study and report on this plant to assess the needs and provide possible solutions. The report findings concluded that the UV disinfection system has an inadequate kill rate due to brief kill time. The District suggested changing to a chlorination system. Chlorination is a system used throughout the District and other locations and they are familiar with that. There is also presently no fine screen on the front of the plant and is one of the reasons you have this clumpy material entering the plant from the collection system. It collects in the aeration basin and mats together and causes some problems and when it passes through the UV the light can't penetrate the water adequately enough to get the kill rate we are looking for. The anoxic sewage is entering the plant due to the long distance of travel times throughout the system.

Mr. Hunt stated the proposed solutions that they came up with in their study and report would be to convert the existing UV treatment chamber to a liquid chlorine dechlorination system. They have done some preliminary sizing in that report that the existing chamber can be converted and has the adequate size for that. Another solution would be to install a 100,000 gallon equalization basin and transfer pumps on the front end of the plant with fine screens that would have total weather equipment. That will enable the receiving of sewage and the aeration of the sewage to get it livened back up to get the bugs to start working the plant and the screen would screen out any material that is left over from the grinder pumps and it would be put over into a dumpster to be hauled off to a land fill. We would need to install an additional Arzen positive displacement blower in order to do this and in the Division of Water's letter, that is one of the requirements that they had issued after we did this second report...they wanted flow meters on influent and effluent of that and we also identified that in the report and the installation of a refrigerated sampler that is required and was done subsequent to the report but they had identified it. They have prepared a preliminary layout of where the construction would be and where everything would be located. He presented a mapped area of the construction to the Board members. He also showed the Board a blown up schematic of the chlorination system to show how everything would be put together inside the building that would house the controls and the pump that would supply the chlorine to the chlorine contact chamber. He stated that they have prepared an estimate for the project and the funding appropriated is through Coal Severance. They have devised a plan and project schedule and how everything will flow.

Mr. Hunt posed the question "Why Choose Summit?" He answered by saying that they are conveniently located in proximity to the project and operations; their Pikeville office is minutes away from the Phelps/Freeburn Project. They have well trained staff members and have the man power and capacity and are available to commit to this project and they do, as they do with all Mountain Water District projects. They attend the Board meetings and special called meetings and are a phone call away. If someone needs to get in touch with them they are a minute's drive and can be in the field in a moment's notice. In addition to their depth of experience they have a broad base of experience directly related to the specific needs of the project which will greatly enhance the project's success. Through this experience they have developed relationships with the regulatory committees and know what is required, as well as relationships with the community. They are a company that embraces a project and treats projects as if they were their own. They will give the project the utmost attention needed to meet the specific needs of the project and Summit's mission is to provide a cost effective solution to meet the client's needs. He is intimately attached to this project because he is from Phelps. Summit Engineering is available and you will have no avoiding phone calls...they will always be there maintaining a clear line of communication. They have an established working relationship with the Mountain Water District and did the first MWD project which was the Majestic Water Line Project. They are responsive and listen to client needs and fashion the project to meet the client's need. They have real time hands on service and have 48 local employees at their Pikeville headquarters. They have extensive WWTP experience and have an experienced team of civil engineers that will be on the project. As this time he opened floor for questions.

Mr. Sawyers inquired if there were any additional options that are being proposed or that they have thought of. Mr. Hunt stated that there are several different options, but are limited in space which is one reason they went with the chlorination system. Mountain Water District suggested the chlorination system. They are familiar with it. A lot of times this UV system is an instantaneous kill rate. A lot of times you have a chamber that has UV bulbs longitudinal in that chamber and gives a slower flow rate for the material to go through there. It gives the bulbs more time to kill the pathogens that remain in the water. That is also an option but they listen to the client and the client said that they would rather have the chlorination system so that was the avenue that they went for. If something were to happen, you can always adjust your chlorine up or down to compensate for that. With UV bulbs, all you can really do is slow down the flow. Mr. Kevin Howard stated that if you have a process upset and have turbid water flowing through, it is not going to kill the pathogens but chlorine will still kill, so the operators like the chlorine because they know that they are not going to have a fecal problem that they can't kill regardless of what is happening with the plant.

Mr. Potter stated that with the 100,000 EQ chamber that was proposed, he inquired if that is etched in stone with the DOW or if a 50,000 or smaller would do the job. Mr. Hunt stated that it is not etched in stone and this is preliminary. As they get into design that is something that could be modified. That size was taken from a reference book that gave suggestions to the sizing of that EQ basin based on the current size of the plant with a little bit extra space in case the plant was to ever expand. Mr. Keathley inquired about odor on this EQ where it is going to be raw sewer coming in, because right now they don't have a big odor problem at that plant. The odor problem is back at the lift station. Mr. Hunt stated that it wasn't included in their report but they had talked about odor control if there were to be monies left over with the funding. He stated that there will be a little bit of odor there with the EQ basin. Mr. Hunt added that they won't be doing anything different at the plant than what the District is doing now, they are just going to be aerating the existing sewer and it is already aerated in the first place. The only places you would get some odor from would be from the raptor unit or the fine screen area. There are some new ones now where you can have a bag ready to put the waste in a bag and once it gets full, zip tie it and it drops in the bag for you. Mr. Potter inquired from Mr. Hunt and Mr. Howard what the environment is looking like out there right now; if contractors are hungry or if their estimates have a little bit of room in them. Mr. Hunt stated that lately they have seen a couple of contracts that came in good and contractors seem to be a little bit hungry in his opinion. Mr. Potter stated that he is hoping the project would come in under budget and we could add some other options based upon how much was left over. Mr. Hunt stated that as he said at the last meeting when someone asked about an estimate that they prepared and he said that he always tries to conservatively estimate on all of his projects. He feels like this estimate is on the conservative side because they like to utilize additional funds to do other things that the client didn't anticipate at the end of the project. This project is different. We already have the money for this project in the Coal Severance budget. Typically you get an idea and put your estimate together and you don't actually get to do the project until about four (4) years down the road so you have to be a little on the high side to compensate for inflation and other costs going up. But to answer Mr. Potter's question, he stated that they opened bids on a smaller project yesterday and they had a couple of contractors that submitted a bid who don't typically bid on smaller jobs. Mr. Potter inquired if the bids came in pretty good. Mr. Hunt stated that they did come in pretty good. Mr. Keathley inquired if Summit has any kind of history with SBR plants. Mr. Hunt stated that he specifically does not have any history with SBR plants, but he has attended Aqua Aeraobics class and attended their presentations and have had educational classes on those plants and are familiar with them. It is basically the same thing as any other. You add air to it, the bugs grow, they collect together and settle out, it is just a different way of operating.

Chairperson James inquired if there were any further questions for the Summit Engineering Representatives. There were none and the Chairperson thanked them for their presentation.

Upon conclusion of the interviews the Board of Commissioners cast their vote for the firm that they chose. Steven Hogg, Stratton, Hogg and Maddox, counted the votes and the result was Summit Engineering with three (3) votes to Bell Engineering's two (2) votes.

Chairperson James requested a motion authorizing the award of engineering services for the Phelps/Freeburn WWTP Upgrades and Rehabilitation project to Summit Engineering. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 12-06-001

Chairperson James thanked all representatives for coming in and giving their presentations. It was very educational and enlightening in a lot of ways and the Board welcomes them to come back and submit proposals in the future as well.

AGENDA ITEM II

2. R & M Budget

Chairperson James stated that they were going to pass on this item for now. Mr. Spears stated that in the information he handed out to the Board, he has a sheet for the Board's review and suggested that they need to have a conversation about this at some point. He recapped R & M bills for 2011 and 2012 to date. What he has in the year to date column is the overage at this point in time and \$53,758 is our overage through April and he wanted the Board to have that information in anticipation of the next meeting. We all know that R & M is going to continue to be a burden on the District. Chairperson James stated that looking at the section for 2011, we are showing over \$128,000 and looking now at where we are so far month by month, she inquired if there was a correlation in the numbers. Mr. Spears stated that last year we were about \$12,000 and are at \$53,000 this year. He knew we were going to skip over this item but he wanted to give the Board some information to be thinking over. Chairperson James inquired if there was something different this year that may have contributed to the R&M number going up higher than the same time last year. Mr. Potter stated that thefts have been \$27,000 of it and the high service motors that went out at the plant earlier this year.

AGENDA ITEM III

3. Security and Theft

Commissioner Casey stated that he would like to thank the News Express for the article regarding the thefts in the county. He thought it was appropriate and they did a good job. Commissioner Adkins stated that several people have mentioned it to him as well and were concerned about the possible rate increase due to the thefts. Chairperson James stated that it also affects service of the District even more so than that and how we service our customers out here and that is important to keep water flowing. Mr. Sawyers stated that it is also an issue with keeping employees taking care of our customers instead of taking care of the theft issues. Mr. Potter stated that it is an issue from an operations standpoint trying to maintain the theft scenarios. Commissioner Adkins stated that a lot of people are starting to understand that it is coming back home to them if it continues. Mr. Potter stated that he has looked at previous KRWA meetings and expos for alternative lid materials. They are just not out there and traffic rated at this time. They are steel or aluminum. There are some companies looking at trying to go into a plastic fiberglass composite but it is not there yet that we can find. With the R & M budget coming up with those three (3) or four (4) lids stolen in the last month or so, we are replacing those. At Hurricane on the regulator pit, it had a 6 X 12 aluminum lid and it is going to cost us about \$3,800 to replace that. We have a couple of smaller ones also that will be about \$1,200 each to replace. In the next R & M there will probably be about \$10,000 to fix those four (4) locations that we have had recently. The way the insurance is set up, the deductible on the policy for theft is \$2,500 per occurrence. Chairperson James stated that she knew they had talked about doing some kind of reward to put something out there with the help of UMG. Mr. Potter stated that he believes something can be worked out on that. He has spoken to Mr. Meyer about that and if the Board would like to make a resolution proposing half and half he will propose it to UMG and see where it goes and if it is a viable option we can proceed with it. Chairperson James inquired what the Board thought about that. Commissioners agreed with the idea. Chairperson James stated that we are losing money anyway on this and it is hurting UMG as well. Mr. Potter stated that it may put this issue in the public eye even more to be aware of suspicious activity in their area. They were just down at the water expo and MWD is not the only District or municipality that is going through this. Chairperson James inquired what those other Districts were doing about the issue. Mr. Potter responded that they asked us what we were doing. Mr. Sawyers stated that they got a letter this morning talking about from the perspective of the legislature and other Districts and entities about how to combat some of that. Mr. Spears stated that with that high of a deductible it

would be good to be proactive to go ahead and put something out there as a reward. Chairperson James proposed \$2,000 with \$1,000 coming from the District and \$1,000 from UMG. Mr. Potter stated that he can propose that to the corporate office. That will be related to reporting and conviction of theft of District materials. The Board agreed. Chairperson James made a motion to authorize to offer a reward of \$2,000, split half and half between the Mountain Water District and UMG, contingent upon UMG's agreement, for information leading to the arrest and conviction for theft of District materials. Commissioner Friend made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 12-06-002

AGENDA ITEM IV

4. Southern Corrosion

Mr. Spears stated that they requested information from Southern Corrosion on how to approach this, where we didn't bid it on prevailing wage. They sent us back an annual amount and Mr. Sawyers talked to them and they were supposed to get us some information on how they came up with that number. In the information he gave the Board he stated that it shows in the sixth year, \$292,622 with no increases. At the bottom of the page is the work they have done to date which encompassed about six (6) months worth of work, with workers comp and payroll taxes added to it at a rate of 30% which is reasonable, \$29,905 and if you double that, you are looking at an additional \$60,000 a year for five years. He came up to this number before they even gave a number so he thinks what they are giving is very close. They could potentially save a third (1/3) of that overage, which is about \$30,000 to \$40,000 savings in the 5th year to us and they are currently looking at that as to how to pay fringe and keep from paying workers comp on fringe basically. That should be a big savings to them in their daily operations also. He just wanted the Board to be aware of where we were with this and we have not received anything back from them showing us their breakdown of the wages. They started work in August of last year and didn't get any spring work in. Commissioner Adkins stated that he still says they should have known this going into this just as well as us. They have done too much of this stuff to not to have known about this money. Mr. Spears stated that he agrees with him but what do you do now? After talking to them both, they didn't understand how the fringe worked which would have been a huge savings for them. Mr. Sawyers stated that he did speak to Mr. Skilton and he said he was going to follow up with Mr. Spears' direction on that and he would come back with something more detailed for us. Mr. Spears stated that it may go down at that point and he has the capability to do that company wide. Chairperson James clarified that we are waiting on the detail from them at this time and hopefully that should be back by the next regular meeting. Mr. Spears stated that is correct. Chairperson James stated that they will review what they send and make a decision on that at the next Board meeting.

AGENDA ITEM V

5. City of Williamson Proposed Contract

Mr. Sawyers stated that we have worked out a contract agreement between MWD and the City of Williamson and have discussed it at previous meetings regarding the sewer in South Williamson. Mr. Kevin Lowe has been in contact with different individuals over there. Mr. Lowe stated that Jason Allen, who he was told to contact and set up a meeting with the Mayor, was hard to contact and Mr. Sawyers was finally able to get in touch with him. Mr. Lowe called Lisa Vaughn to get this item put on the agenda for the their Board meeting and she told him that they had discussed it in two (2) Board meetings already and we would essentially be wasting our time, that they were not interested in doing that. They didn't feel it was right to turn off customers that hadn't paid MWD when they had paid them for their service and also we are a company in another state, so they do not want to participate with us in this matter. Commissioner Casey firmly stated that we need to get that project in Pond Creek done so we can treat our own sewer. Chairperson James directed Mr. Hunt to look again at the Belfry Pond Sewer Project and look for funding to help us to get that project going to reverse that flow. Commissioner Casey stated that when you get it put to you like that you just take an alternate course. Mr. Spears stated that is the problem with having your sewer in the area and someone else owning the water. Mr. Potter stated that will be the alternate solution but at this point, we do have people who owe arrears to the District. The reason we had looked for a solution like this was to make it easier to collect the debt and we participate with other entities that way. What we have proposed is those of a certain threshold need disconnected. That area is gravity sewer and it is laid in the middle of the road and if we dig it up and plug them, there is a cost to putting the pavement back and doing it. Mr. Potter suggested we add that to the customer cost for disconnection services and hope you can recoup that cost. Chairperson James directed Mr. Hogg to let Dan Stratton know that he needs to get with Mr. Sawyers and Mr. Potter and get something to bring back to the regular Board meeting in June with regard to a proposal of a threshold as to which ones to disconnect. She directed Mr. Sawyers to get Mr. Stratton a list of what is currently delinquent and work with him on that. Mr. Potter stated that they hope that they can reach a solution where that incurred cost of disconnection would be with the customer. Mr. Lowe stated that if he remembers correctly, there are 17 customers over there that owe \$1,000 or more. Chairperson James directed them to get with Dan Stratton with a list and get something figured and bring back to the Board. Commissioner Adkins inquired if these were businesses or residential customers. Mr. Lowe stated that they are mostly residential but there are a few businesses in there also.

AGENDA ITEM VI

6. Sookeys Creek DOT Relocation Contract

Mr. Hogg stated that Dan Stratton has reviewed the contract as presented by DOT and it is ready to be signed. Chairperson James made a motion to authorize the Chairperson to sign the contract with DOT for the Sookeys Creek Relocation Project based upon Mr. Stratton's review and approval. Commissioner Casey made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Casey	Aye
Commissioner Friend	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 12-06-003

AGENDA ITEM VII

7. Review of UMG Contract

Chairperson James stated that we are in the process of doing the rate study and we have gotten some information back and need to get some more detailed information. What we got back was not exactly what we were looking for in accordance with their verbal agreement. Mr. Spears stated that the verbal agreement and written agreement didn't coincide. Chairperson James stated that they need to do some more research on that and they have talked to Mr. Stratton about that and Mr. Spears is going to do a little more digging on this and bring some more information to the Board on that. We just need to get authorization to go back in and be able to review the UMG contract; that would be Mr. Stratton, Mr. Sawyers, Mr. Spears and the Chairperson to be able to approach UMG with anything that they would find on that. Chairperson James inquired if they just need to let them know that they are doing that or if a resolution is needed. Mr. Spears stated that it sounds good to him. Chairperson James stated that they are just advising the Board that they are going to do that and everyone seems to be in agreement with that.

Mr. Potter stated that before the meeting adjourns, he will let the Board know that we did receive the final close out documents for the flood of 2003 and all documentation has to be retained for three (3) years and we will get Mr. Sawyers a copy of it.

ADJOURN MEETING

Chairperson James requested a motion be made to adjourn the meeting. Commissioner Friend made the motion. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 12-06-004

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**March 26th, 2014
10:00 AM**

ATTENDEES

Roger Adkins, Resident, Fords Branch, Ky.
Chris Anderson, Appalachian News Express
Jody Hunt, Summit Engineering, Inc.
Cliff Latta, Vaughn & Melton
Tom Jones, Bell Engineering
Tim Campoy, Spears Management
Mike Spears, Spears Management
Dan Stratton, Stratton Law Firm
Roy Sawyers, Mountain Water District Administrator
Grondall Potter, Manager, UMG
Tammy Olson, Office/Compliance Manager, UMG
Carrie Hatfield, Financial Administrator, MWD

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners Regular Meeting was held on Wednesday, March 26th, 2014 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Chairperson Rhonda James
Vice Chairperson Lester "John" Collins
Commissioner Ancie Casey
Commissioner Kelsey Friend, III
Commissioner Prentis Adkins

VISITORS AGENDA ITEM II

Chairperson James inquired if there were any visitors for today's meeting. The Chairperson recognized Roger Adkins. Mr. Adkins stated that he has had a tremendous problem with the water company over the last two years and his water bill. Leakage has been the situation and come to find out just recently, he travels a lot and was in Ohio recently, and he can prove his whereabouts there; he had a shut off valve at his house and with the water turned off at his home and no leak at all he had \$140.00 water bill. What he has found out is that the old meters were analog and when water went through it registered and when water went back through it counted the numbers off. The new meters only count one direction, when the water goes through. His situation is that his home sits on an elevation of 200' up on a hill and the water meter is at the bottom of the hill. He had a pressure regulator put on his home years ago but it is under the floor. He still has 300' of line from the bottom of the hill to the top of the hill and his conclusion is that what is going on is that MWD has pressure drops which you can account for occasionally in the water lines. The water goes up the hill and when the pressure drops, the water comes back down the hill and those numbers don't come off when it goes back down the hill. But when that same water that he has paid for once comes back through the line again he is getting charged for the same water again. What he had asked Kevin Lowe to do, after that a check valve has been placed at the meter, and when water goes through it can't come back which should be something that should be done at every person's meter where a person lives on a hill. He was never told to do that and never felt that would be his responsibility. The issue is resolved now. There are no leaks and no pressure problem and what he has asked Kevin

Lowe to do now that they have found out that the meter is sending water up and counts it, but then lets it come back down and doesn't take it off the numbers, this is what he has asked him to do. He stated that he has paid hundreds and maybe thousands of dollars and is paying extra money for a leak that happened before or at least that was what was said. He has asked that now that the problem is taken care of, let's zero out his account and start the bill from now because he has paid more money for water that he never should have been charged for throughout the last two years. Even to the point that year before last, as he traveled, he would come to the window here on the third week if he had been out of town a long time and found a receipt that when he paid at the window here, his payment had been allocated to someone else's account. They went round and round and it was left up to him to show his receipts to show each time he paid as his responsibility and was told that there was no way to look in our computers at that time to see where his money had been allocated. He feels that he has paid for his water completely and has paid extra and that the extra that he has paid for water that he never should have been paying for because it was the same water has been charged each time and Mr. Lowe told him that he had to come here and ask the Board to go over this and give him an answer on it after the meeting. He wants the District to zero out his bill now and start anew from this point since a check valve has been placed on it last week.

Mr. Potter stated that he will check on the meters. He stated that he not really sure about that and thought they were unidirectional, but he will check on that. He stated that he does know that when you sign up, you are supposed to get something from the health department that gives you the recommendations. The health department recommends a check valve on the customer's side immediately past the meter and a shut off valve. Mr. Adkins responded that he has been there since 1993 and he doesn't think those were the recommendations at that time and he was never given anything like that. Mr. Potter stated that is a health department recommendation and something we hand out to every customer when they sign up for service. That is all he can say. The health department is supposed to come out and inspect on the customer's side, whether or not they do that, is not up to us. Commissioner Casey inquired where this is located. Mr. Adkins stated that he at Ford's Branch, right beside US 23. You can see it from the road and it sits about 200' overlooking the road near the river. Mr. Dan Stratton, legal counsel, inquired how much of an adjustment was he looking for. Mr. Adkins stated that they are talking a couple of hundred dollars is what his bill is but he has been paying extra for the last four months from previous bills until he found out what was going on. He has been giving the District for water that he didn't use and last month he can prove where he was at. He was only at his house for 5 days with a valve that shuts the water off between the meter and his home and had a bill for \$140.00 and that just can't happen and the people he works for will sign affidavits saying that he was with them the whole time. Mrs. Olson inquired if there was anyone else who lives in his home periodically, like a son. Mr. Adkins quickly responded "no" that his son visits but is in college right now and don't come in, and he knows when they are there. Mr. Potter stated that he will look at this and if he sees that there could be a potential where he could be in need of an adjustment, he inquired if the Board would authorize him to proceed with that. The Board agreed to that. Mr. Adkins stated that he had the water cut off and there was no one at the house and his normal bill runs about \$39.00 per month. Mr. Potter stated that he will investigate it and get back with him in the next day or two and he will tell them to hold the account until this can be checked into. Mr. Adkins thanked the Board and left the meeting.

Chairperson James inquired there were any further visitors. There were none.

APPROVAL OF MINUTES

AGENDA ITEM III

Chairperson James requested a motion to approve the minutes of the regular meeting held on February 26th, 2014. Commissioner Casey made the motion to approve the minutes as presented. Commissioner Adkins seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 14-03-001

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM IV

Mr. Spears stated that for the month of February, cash in bank was \$449,816 and accounts receivable was \$799,170 and he thinks that number is still without all the leak adjustments that are to be made. Plant in place was \$91,687,192 and accounts payable for the month of February was \$597,219. Equity position was \$80,517,192 and revenue for the month on the income statement was \$785,000 and for the year is \$1,621,658. Utility Operating Expenses were \$915,517 and for the year was \$1,839,683 with a loss for the month of \$161,492 with a loss year to date of \$281,414 with \$271,779 in depreciation included in the loss. Operating income was negative in the amount of \$129,950 and had a cash flow decrease this month of \$170,612. Current operating account balance was \$94,037 at the end of February. We have made the appropriate transfers to KIA and RD with current balances of \$595,555 and \$576,854 respectively which is good and very positive. We are continuing to make the \$55,000 sinking fund payment and in addition to that Regions Bank is taking out an additional \$35,000 draft out of our bank account each month. R & M expenses were \$61,472 which has been billed and received as of this meeting. Chairperson James requested a motion to approve the financial report as presented. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Aye
Commissioner Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 14-03-002

PAYMENT OF BILLS AGENDA ITEM V

Mrs. Olson distributed copies of the AP report, the Cash in Bank report and the vendor payment list to the Commissioners. Chairperson James requested a motion to approve the payment of bills as presented and reviewed in the finance meeting. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 14-03-003

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

After review and discussion of the customer adjustments, Chairperson James requested a motion to approve Customer Adjustments in the amount of thirteen thousand, five hundred and eighty-two dollars and fifty cents (\$13,582.50 as presented. Commissioner Casey made the motion to approve the adjustments as presented. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 14-03-004

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Dan'l Hall, Vaughn & Melton
 Cliff Latta in attendance for Dan'l Hall

1. Millard Curve Line Relocation –DOT Project

Mr. Latta stated that according to the latest response they have had from the highway department is that the bidding is now scheduled for May 30th, 2014. We will see next month if that will continue to be the plan.

2. Majestic Alternative Sewer Project

Mr. Latta stated that preliminary engineering plan is approximately 70% complete and they are beginning to explore if they can find full application sites, treat the water and work with DOW. If there are sites, they will see to what extent and then start looking to see if they can treat the whole thing or if they need to explore alternates. Mrs. Hatfield stated that the MOA for this project is ready to be signed. Chairperson James requested a motion to authorize her to sign all necessary paperwork to secure the grant funding for this project. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution No. 14-03-010

Update by Tim Campoy, Environmental Design Consultants

1. Various Short Line Extensions Project –

Mr. Campoy stated that the Magistrate in the area had a general complaint that was relayed through Roy Sawyers. He went back and checked it out even through Grondall Potter and Roy Sawyers had traveled the site with him and the county road department and the state highway department have looked at the project area and were all satisfied with it. There is grass coming up in the disturbed areas and nothing has changed of the condition of the area since they left. Mr. Sawyers inquired if he had clarified that with Magistrate Robinson and the road foreman. Mr. Campoy stated that he had spoken with the road foreman and he said he was good with it and it is noted in his inspection reported as to when he went out with Mr. Campoy. Mr. Sawyers inquired if he clarified that with Magistrate Robinson. Mr. Campoy stated that he told him he was going to but he hadn't gotten back with him yet.

2. Anderson Branch Water Line Extension -

Mr. Campoy stated that there was a customer complaint up there in this project regarding a couple of culverts that they didn't believe the contractor has fixed them. Actually, there is more work up there that was not in the scope of the project and that issue is now in CAM's hands and they have decided to pay the contractor for repairs to this issue and is nothing that can come back on the District as their responsibility.

3. Cabin Knoll/Scott Fork DOT Relocation Project -

Mr. Campoy stated that on Cabin Knoll they are in the process of design and final cost estimates. They have gotten their paperwork back from Frankfort on this and should have everything all wrapped up in April. As he understands from Dave Skeens at the highway department, Scott Fork agreements are ready to be signed. Mr. Sawyers stated that Mrs. Hatfield had gotten the agreements yesterday or the day before in the mail and the other one was signed and taken to Dave Skeens earlier in the week. Mr. Campoy stated that the one for Scott Fork needs to be signed as well as the agreement between the District and EDC for that project as well. He stated that it is the same contract for Cabin Knoll it just has its own prices in there for Scott Fork. Chairperson James requested a motion authorizing her to sign the contract between EDC and the District for the Scott Fork Relocation Project once it is approved by legal counsel. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 14-03-005

Mr. Potter stated that he had Timmy Lucas get with Shawn and make the arrangements for the exposing of the line. Mrs. Olson stated that the resolution approved last month did not include the Scott Fork project and needs approved as well. Chairperson James requested a resolution to authorize her to sign the agreement for the Scott Fork Relocation Project between MWD and KYTC upon legal counsel review. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 14-03-006

Update by Stephen Caudill, Bell Engineering
In the absence of Mr. Caudill, Tom Jones presented his project update.

1. Deskins Curve Line Relocation

Mr. Jones stated that with a last minute scheduling conflict, Stephen Caudill could not attend the meeting so he is here in his place. He stated that the KYTC is revising their roadway plans on this project and the engineer is waiting for their revised plans so they can incorporate those in their drawings for finalizing the water line relocation. He stated that they have sent a set of plans on the tank to the property owner for their review and are waiting for their comments back. KYTC is also going to schedule a meeting with the property owners in the area who will be impacted by the project and they will attend that meeting to explain the water line portion. Plans and specs have been given to MWD and UMG for review. Mr. Potter stated that they got them for review but didn't know if they including the additional modifications or not. Mr. Jones stated that they did not contain because the engineer doesn't have them yet. Mr. Potter stated that they did a cursory review, but he is waiting for the whole packet to come at one time when it is ready and then they can set down with them and discuss it.

Update by Doug Griffin, Kenvirons, Inc.
Mr. Sawyers stated that Doug Griffin would not be in attendance today.

1. Route 199 DOT Line Relocation Project:

Mr. Sawyers stated this is the same report as last month. Basically he has materials over there waiting for the weather to change.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- Douglas WWTP Upgrade Project – Mr. Hunt stated that they are still interviewing expected suppliers. They anticipate making that selection next month if everything goes according to plan. They have had additional clarification from each of the suppliers and need to finalize some things. Once that is done, they can finalize design on this project. Mr. Sawyers stated that he will get the score sheets for the Board so they can select one for the next board meeting. Mr. Potter stated that if they have any questions, to feel free to contact him or Mr. Sawyers and they will provide you with whatever information they can. Mr. Potter also stated that the CDBG application selection should be this week or next week and he has made inquiries regarding the funding also.
- Phelps/Freeburn WWTP Upgrades & Rehabilitation Project – Mr. Hunt stated that they have started to receive submittals from the contractor and are in the process of reviewing those and they will get those back to the contractor to begin ordering his equipment. He probably won't mobilize to the site until equipment is ordered. There is not a whole lot that can be done without the equipment there.

- Belfry/Pond Sewer Project Update – Mr. Hunt stated that they are in the beginning stages of acquiring the property for this project and is a positive direction forward. He stated that since they have to go back and do some additional design on the project anyway, if we get good numbers on the membrane technology for the Douglas WWTP, there is a possibility that we may be able to get similar membrane equipment for the Belfry WWTP. It would be a smaller footprint and would not require as much concrete. Mr. Potter stated that it would minimize land acquisition and should be something to be thought about. Mr. Hunt stated that you would still have to get the same amount of land but you won't have to do as much excavation. Mr. Sawyers clarified that you wouldn't have to purchase that pie in the back. Mr. Hunt stated that you would not have to purchase that additional piece of land in the back. Mr. Potter stated that is possibly something the Board would want looked into. Chairperson James answered in the affirmative. Mr. Hunt stated that is what they are looking at now. Mr. Sawyers stated that we need to move on that now because Mr. Stratton is in the middle of negotiations on the property. Mr. Stratton stated that they have already sent a letter to Tierney with an offer and we will see what happens. Mr. Hunt stated that the property is not going to change; we just may not necessarily need to buy that second piece that is under the current permit. Mr. Potter stated that if we can configure it based on what we are looking at for the Douglas WWTP plans. Mr. Hunt stated that this is an option. Mr. Stratton stated again that our letter has already gone out. Mrs. Olson stated that before we move on, Mrs. Hatfield has notified her that there is an MOA on this project that needs to be executed. Chairperson James requested a motion to authorize her to execute any paperwork necessary to execute the grant for this project. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 14-03-007

- Ridgeline Road – Jonican Water Supply Project – Mr. Hunt stated that they have been waiting for the pump station to come in on the change order portion of this project and there was a problem with the seal from the manufacturer and he got word yesterday from the supplier that it was being shipped to Wascon in Tennessee and once they get it, they will deliver it to us.
- FEMA BPS Mitigation Project – Mr. Hunt stated that he had made two or three different calls to FEMA inquiring about this project and has not been getting a firm update back. His contact in Frankfort is out of the office until Friday, the 28th, and he hopes to find out additional information Friday on this project and will let Mr. Sawyers know. Everything on our end is complete and they are just waiting on FEMA to make a decision.
- Forest Hills Odor Control Project – Mr. Hunt stated that the submittals were supposed to be in a group today, but he hasn't checked them yet. Hopefully they are in and if not, he will call them again and get that project moving forward. Mr. Sawyers stated that they have been pushing the vendor real hard to get this taken care of. He inquired if he thought a letter to Anue itself would help. Mr. Hunt stated that if we haven't received submittals in this new bunch today, then, yes, we can send them a letter. Mr. Sawyers

stated that the funding is being drawn down based on our estimates but we just need to get it moving quicker. Commissioner Adkins inquired how long it takes them to get it place once we get the equipment. Mr. Hunt stated that he is thinking about two weeks. Getting the equipment in is 90% of the project. They can have it up and running fairly soon, within 3 or 4 days but to get everything built up around it and a nice little building with the controls in it, it will take about two weeks.

- Various Short Line Extension Project – Magisterial District #2: - Mr. Hunt stated that design on this project is complete. They are doing the final review on that this week and hope to have it out to DOW for review by Friday. Chairperson James requested a motion for authorization to sign any paperwork necessary to execute the funding grant for this project. Commissioner Adkins made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 14-03-008

2. AML Projects:

- Bad Fork and Damron Ratliff Road Water Line Extension Project – Mr. Hunt stated that this project is substantially complete. There are two more meters that came in late and the contractors have agreed to do those. The walk out was completed last Friday and there were no major issues detected; the contractor just have a few things to address before the project is released and this project should be closed out next month. Mr. Potter stated that they are hoping to get the asphalt plant opens soon so they can pave their road cuts.

PROJECT DRAWS:

Chairperson James requested a motion to pay the draws as presented contingent upon funding agency approval. Commissioner Adkins made the motion. Commissioner Casey seconded the motion. Mr. Spears stated that with regard to the Various Water Line Extension Project for District #2, he just got that project submitted through the Clearing House and on these draws of Summit's we will catch them up as soon as this project clears the Clearing House.

VARIOUS WATER LINE EXTENSION PROJECT – MAGISTERIAL DISTRICT #2

Summit Engineering	Coal Severance Funds	\$ 7,578.96
\$7,578.96	Engineering Services	

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$ 1,289.60
\$1,289.60	Engineering Services	

REHAB LIFT STATION PROJECT

Spears Management	Coal Severance Funds	\$ 600.00
\$600.00	Administration Services	

BAD FORK AML PROJECT

Summit Engineering	AML Funds	\$ 7,203.03
\$7,203.03	Engineering Services	
Wright Construction	AML Funds	\$ 21,083.40
\$21,083.40	Contract Construction	

LONG FORK (DOUGLAS FUNDS)

Summit Engineering	Coal Severance Funds	\$ 400.50
\$400.50	Engineering Services	

RT 199 DOT RELOCATION PROJECT

Wright Construction	DOT Funds	\$ 15,459.90
\$15,459.90	Stored Materials	

Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.
Resolution No. 14-03-009

MANAGER / ADMINISTRATOR REPORT

Proposed 2014 Capital Asset Plan – Mr. Potter stated that he just wanted to remind Mr. Spears that if he finds some available funding the MWD part of the Capital Assets, to please notify him. Mr. Spears agreed.

Caney/US 23 Low Pressure Issue - Mr. Potter stated that last month the Board directed them to go ahead and get some quotes for this pump station. We got three quotes and contacted three vendors that do this. The low quote so far is \$18,950 for the unit and then UMG will be doing the installation, not including the electrical part. Chairperson James stated that she believed they had already authorized that. There was a submittal that was considered non-responsive because just bid a pump, a motor and a control panel without the skid for the unit. The other's bid was \$42,255, so the \$18,950 is the lowest bid and will proceed with that.

Winter Weather Issues - Mr. Potter stated that we are recovering. This is still an ongoing process. Chairperson James stated that UMG has done a really great job on that.

Tank Proposal - Mr. Sawyers stated that he had gotten a call from the lady at Christ Central and said that she would like to come back with a counter proposal to the Board's offer of \$7,500, with regards to them moving it and bringing it to the site. She wants him to determine what site location it would be before she figured it in to their proposal. Mr. Sawyers stated that he will sit down with Mr. Potter and discuss a possible location for the tank.

Policy Clarification Regarding Customer Adjustments in the Event of a House Fire – Mr. Sawyers stated that they were going to pass on this issue this month because he wants to talk to some insurance companies and see what they cover. The other item they wanted him to check on was extra leakage and people not fixing their leaks, they have that covered under the tariff if we want to disconnect someone off due to their not repairing their leaks.

Mr. Sawyers stated that one item that was not on the list; we had a visit from a representative from Rural Development this week who basically performed a Federal Compliance Review. There were items that need to be fixed and have a documentation policy for the office.

Mr. Potter stated that he would not go through everything on the MOR that they had. They can see how many test sampling that was done and payments etc. If they have any questions they should feel free to ask him.

Chairperson James requested a motion to approve the Manager's and Administrator's Report as presented. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.
Resolution No. 14-03-011

NEW BUSINESS

Commissioner Adkins stated that he would like to thank UMG for the good work they did during the winter weather we had. They are doing an excellent job and have had a rough time. Mr. Potter responded with his thanks and stated that he hopes we don't have another one like this one. Commissioner Adkins stated that these boys put in a lot a cold, cold days working out in the weather. Commissioner Casey directed Mr. Potter to relay that to the employees. Mr. Sawyers stated that he went out there last month to one of their safety meetings and told them that as well.

1. UMG Contract

Mr. Stratton stated that some time ago, he, Mr. Sawyers and Mr. Spears were asked to review the contract and see if we could make some adjustments and he has forwarded the document to all of them for review with the changes. He stated that he could answer any questions they had or

he could walk through the changes. The final document would be done after the Board has approved it and he removes any of the strike throughs, etc. Chairperson James directed Mr. Stratton to walk through the changes. Mr. Stratton stated that this addresses the issues that the Board asked them to set forth. On page 2, they put in a new section (1.11) that says "this agreement sets forth the entire agreement between the parties and supersedes any prior or verbal agreements that we have had". It specifically provides that the District shall remain liable for any outstanding debt that is currently existing at this time with UMG, for primarily the R & M over expenditures that they have had. 1.12 is that this agreement can be executed in two or more counterparts. In 2.3, in the records retention for UMG, that is maps and they have added that the District agrees to apply and pay for any and all software licenses necessary to transfer the same. In 2.4 they added to the inventory that they have already agreed to provide to us any equipment or tools and if they fail for any reason to take an inventory, that the District can do their own inventory. In 2.6 UMG agrees to keep a record of all warranties for any items that they purchase that are owned by the District. In 2.7, on or before October 1st of each year UMG will provide the District with an annual schedule of preventative maintenance along with an estimated budget for the District's owned equipment and shall report to the District on a monthly basis what preventative maintenance is being performed on the District's owned equipment and in accordance with the manufacturers recommendations and warranties. What we are trying to do here is basically to get a better handle on the work that is being done to maintain the equipment and report back to the Board as to what is being done because they have that responsibility. 2.9 is that UMG will provide keys to the Administrator for the water plant. 2.17 is a clarification in duties and UMG will provide all of the administrative financial functions necessary to operate the District except those duties that are assigned to the District Administrator, Financial Officer or CPA. We were trying to clarify that the duties that have been assigned to Roy, Carrie or Mike and are clearly excluded from UMG's responsibilities. They are to also provide a report for the direct operating costs for water and wastewater services on a monthly basis and on a year to date basis. He thinks what they are going to do is to make sure they have an adequate disclosure on that and maybe just a separate page added in there to highlight that. 2.25 is a clarification that was requested by UMG. They agreed to replace the capital assets of the District, except for real property improvements and improvements thereon. MWD thought it was implied in there in a provision but this is a clarification that they are not responsible for the buildings. At the bottom of page 7, it says notwithstanding the above, any individual tool purchased for UMG's use in the operation of the District that costs more than \$250 shall be paid for by the District and charged to its repair and maintenance budget. Any tool purchased by UMG used in the operation of the District that costs less than \$250 shall be paid for by UMG. The purpose of this was to prevent loss of tools. That gives UMG's employees an incentive to account for their tools. 2.27 is that UMG shall submit to the District no later than October 1st of each year a repair and maintenance budget and capital budget for the next fiscal year. We have had a sort of fixed R & M budget and this would allow for adjustments in that budget based on what we are actually going to be looking at. 2.28 is that UMG will submit to the District a monthly accounting of all repair and maintenance expenditures including a brief explanation of the work done and why it was necessary. 2.29 states that all purchases made by UMG using the District's tax id number shall only be used for those items utilized in the operation of the District, etc. On page 11, paragraph 7, the directions of the Board were to look at a fixed price contract as opposed to the variable rate that we had before on the adjustment of increased income. So what we have done is deleted the adjustments that were in the prior contract and have provided that they shall have a fixed annual fee which will be \$7,680,850 per year effective January 1st, 2014. That portion of the increased fee for 2014 shall be spread over the balance of the payments for the rest of the year. The adjustment for the annual fee based on revenue is completely eliminated and what we have is a fixed price contract where the term of the contract will be for 2014 and 2015; where there will be a 1% increase in 2014 and a 1% increase in 2015 and it stays the same in 2016. 7.6 provides that UMG agrees to forgive \$118,932 of the overage, which is half of what the overage was, and they will pay the other half. On page 15, paragraph 11, states this is a 3 year contract for 2014, 15 and 16. If either party elects to terminate the contract they can do so no sooner than January 1, 2016 and we have 6 months to work through transition or a new contract. That is set out in 11.1 and 11.4. All of the other technical provisions stay the same. Chairperson James inquired if there were any questions. There were none. She requested a motion to approve the contract and authorize Mr. Stratton to present this contract to UMG. When there was no immediate move to make the

motion, Chairperson James again inquired if there were any questions or if the Board members wanted to stay with what we currently have. There were no questions or comments from the Board. Chairperson James inquired if there was any discussion that anyone wished to participate in. Commissioner Casey stated that it looks like there was a big negotiation from the explanation of their counsel and it looks like they negotiated quite extensively. He feels as though their counsel has represented this Board and therefore he made a motion to accept it. Commissioner Collins inquired if this is as lean as it is going to get. Commissioner Casey stated that it is looks as lean as it can get. Mr. Stratton stated that it would appear so, yes. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.
Resolution No. 14-03-012

2. Vehicle Bids

Mr. Potter stated that he just wanted to let the Board know that in accordance with the capital assets for 2014 we have put out the vehicle bids for three (3) replacement vehicles, supervisory and utility and they are currently being advertised. They will be coming in and the Administrator need authorization to accept the low bids that are most compliant with our specifications. It was advertised in the newspaper. Mr. Sawyers stated that they bid them all together hoping to get a better deal. Chairperson James inquired if everything was put out there in accordance with procurement laws. Mr. Potter responded in the affirmative and that they have had several vendors inquire. Mr. Sawyers stated that vendors as far away as Cincinnati has called. Chairperson James requested a motion authorizing the Administrator to accept the lowest bid that is most complaint with their specifications. Commissioner Adkins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.
Resolution No. 14-03-013

3. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation -

Chairperson James requested a motion to convene Executive Session to discuss outstanding and potential litigation as listed on the agenda. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.

Resolution No. 14-03-014

Chairperson James requested a motion to reconvene from Executive Session into regular session where outstanding and potential litigation was discussed as listed on the agenda. Commissioner Collins made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting the motion was carried and passed.

Resolution No. 14-03-015

Chairperson James stated that there is nothing to report or act on coming out of executive session.

COMMISSIONER COMMENTS

Chairperson James inquired if there were any further Commissioner comments. There were none.

ADJOURN MEETING

Chairperson James stated that if there were no further comments, she requested a motion be made to adjourn the meeting. Commissioner Casey made the motion. Commissioner Collins seconded the motion. Commissioner voting as follows:

Chairperson Rhonda James	Aye
Commissioner John Collins	Aye
Commissioner Kelsey Friend	Aye
Commissioner Ancie Casey	Aye
Commissioner Prentis Adkins	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 14-03-016

REQUEST NO. 3C : Provide a copy of the original agreement between Mountain Water District and UMG, and each subsequent agreement.

RESPONSE NO. 3C : Please find attached the following documents:

- 1) Original Agreement dated July 3, 2005;
- 2) Amendment to Agreement dated April 29, 2009;
- 3) Resolution to Amend to Agreement dated February 24, 2010; *
- 4) Amendment to Agreement dated August 26, 2010;
- 5) Amendment to Agreement dated December 29, 2010
- 6) Amendment to Agreement dated January 20, 2011;
- 7) Amendment to Agreement dated May 24, 2011;
- 8) Amendment to Agreement dated February 2, 2012;
- 9) New Agreement for Operations dated March 27, 2014;

* This resolution extended the teh current contract, but no formal amendment was signed.

MOUNTAIN WATER DISTRICT/UMG
OPERATING AGREEMENT



**Agreement For Operations,
Maintenance and Management Services**

JCS UMG A TCS

THIS AGREEMENT is entered into this 1st day of July, 2005, by and between:

Mountain Water District, with its principal address at 6332 Highway, P.O. Box 3157, Pikeville, Kentucky 41502 (hereinafter "DISTRICT")

AND

UTILITY MANAGEMENT GROUP LLC, with its principal address at 500 Summit Drive, P.O. Box 663, Corbin, Kentucky 40702 (hereinafter "UMG").

WHEREAS, DISTRICT owns and provides for the operation of water, wastewater and related treatment, collection and distribution facilities described on Appendix B; and

WHEREAS, DISTRICT desires to employ the services of UMG in the management, operation, maintenance and management of these facilities and UMG desires to perform such services for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, DISTRICT and UMG agree as follows:

1. GENERAL

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently or hereinafter acquired or owned by DISTRICT shall remain the exclusive property of DISTRICT unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.
- 1.4 Neither this Agreement, nor any of the rights or obligations hereunder, may be assigned by either party hereto without the prior written consent of the other party.
- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed effectively given when delivered, if delivered personally or by courier mail service, i.e., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage

prepaid, if mailed certified or registered U.S. mail, return receipt required; or received by the party for which notice is intended if given in any other manner.

- 1.6 This Agreement, including its Appendices, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "UMG" and "DISTRICT" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of UMG to DISTRICT is that of independent contractor and nothing in this Agreement shall create the relationship of partnership or joint venture. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services and nothing herein is intended to imply that UMG is to supply professional engineering services to DISTRICT unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party, the party determined not to be in default or in breach of the Agreement shall be entitled to its cost and reasonable attorney fees which are directly attributed to such litigation in addition to other relief to which it may be entitled. If both sides are found to have defaulted or be in breach each will pay their own cost.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).
- 1.11 Prior to the commencement of work under this Agreement, each party shall designate in writing an employee or other representative of the designating party who shall have full authority to approve changes in the Scope of Services and compensation therefor, execute written change orders reflecting such changes, render decisions promptly, and furnish information expeditiously to the other party when necessary. The parties however agree and acknowledge that the ultimate authority for approval of changes in the scope of services and compensation rest in the Board of Commissioners for Mountain Water District and that they may limit their representative's authority as they deem appropriate.

2.1 UMG's SERVICES - GENERAL

- 2.1 UMG will offer employment to all personnel of DISTRICT assigned full-time to the Project as of the Commencement Date if they take and successfully pass a drug screen test to be administered by UMG and a criminal background test. UMG will provide said employees with a wage and benefits package comparable to the wage and benefits package provided by DISTRICT. The current wage and benefits package provided by the DISTRICT to such employees is set forth on Appendix G. Specific personnel issues are addressed in Appendix G. UMG will continue to provide employment to all personnel who accept employment with UMG so long as their positions are necessary to UMG's performance under this Agreement and they continue to perform their duties in a satisfactory manner.
- 2.2 Within one hundred eighty (180) days after the commencement date, UMG will staff the Project with employees who have met appropriate licensing and certification requirements of the Commonwealth of Kentucky. UMG warrants that it will maintain the necessary license and certified personnel as may be required by the Commonwealth of Kentucky for operation of the Project.
- 2.3 UMG shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and/or wastewater process control, operations, maintenance, safety, and supervisory skills.
- 2.4 UMG shall develop and/or supply and utilize computerized programs for maintenance, process monitoring and financial control. In the event this agreement is terminated for any reason, UMG shall provide the DISTRICT within thirty (30) days of notice all computerized programs, codes, records instruction manuals, and any other items necessary for DISTRICT to execute a complete transfer of their records and the operating systems necessary to access and maintain the same.
-
- 2.5 Within forty-five (45) days after the Commencement Date, UMG will provide a physical inventory of DISTRICT'S vehicles and equipment in use at the Project and a general statement as to the condition of each vehicle or piece of equipment. In the event this Agreement is terminated for any reason UMG will provide to DISTRICT a physical inventory of DISTRICT'S vehicle and equipment and a general statement as to the condition of each vehicle and piece of equipment with ninety (90) days of the end of the contract.
- 2.6 UMG will promptly provide DISTRICT with a physical inventory of chemicals and other consumables on hand when UMG begins services under this Agreement. Such chemicals and consumables will be made available to UMG in connection with its performance under this Agreement. UMG will provide DISTRICT with the same quantity of chemicals or equivalent upon termination of this Agreement.
- 2.7 UMG shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by DISTRICT and shall assist DISTRICT in enforcing

existing equipment warranties and guarantees.

- 2.8 UMG shall provide the DISTRICT with documentation that preventive maintenance is being performed on DISTRICT'S owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be feasibility determined by the DISTRICT. Such a maintenance program shall include documentation of corrective and preventive maintenance.
- 2.9 UMG shall operate, maintain and/or monitor the Project on a 24-hour per day, seven-day per week schedule.
- 2.10 Visits may be made at a reasonable time by DISTRICT'S employees so designated by DISTRICT'S representative. Keys for the Project shall be provided to DISTRICT by UMG for such visits. All visitors to the Project shall comply with UMG's operating and safety procedures.
- 2.11 UMG shall provide a 24 hour/day 7 days per week customer service phone number.
- 2.12 UMG will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to DISTRICT regarding the need, if any, for DISTRICT to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to UMG's operations hereunder and with federal regulations promulgated pursuant to the Americans With Disability Act ("ADA").
- 2.13 UMG may modify the process and/or facilities to achieve the objectives of this Agreement; provided, however, no modification shall be made without DISTRICT'S prior written approval if the complete modification Cost shall be in excess of Twenty Thousand Dollars (\$20,000.00). Any and all modifications of the process facilities or equipment regardless of cost shall be reported to the Board in writing no less than thirty (30) days after the same has been undertaken detailing the changes made and related costs.
- 2.14 In any emergency affecting the safety of persons or property, UMG may act without written amendment or change order, at UMG's discretion, to prevent threatened damage, injury or loss. UMG shall be compensated by DISTRICT for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include UMG's reasonable costs for the emergency. Such cost and the basis for which they were incurred shall be detailed to the Board in any request for additional compensation.
- 2.15 As required by law, permit or court order, UMG will prepare plant performance reports and submit them to DISTRICT for signature and transmittal to appropriate authorities.

- 2.16 UMG will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements or judicial and regulatory orders and decrees.
- 2.17 UMG will provide for the collection, hauling and disposal of solid waste, screenings, grit, sludge and scum ("Waste") to DISTRICT'S existing or approved disposal sites. It shall be the sole right and responsibility of DISTRICT to designate, approve or select disposal sites to be used by UMG for DISTRICT'S Waste. To the extent any change in any designated disposal site necessitates additional Costs to UMG, UMG shall be compensated for such additional Costs. All Waste and/or byproduct treated and/or generated during UMG's performance of services is and shall remain the sole and exclusive property of DISTRICT.
- 2.18 UMG shall provide all the administrative and financial functions as currently provided by the DISTRICT'S staff, and any and all other administrative and financial functions necessary to effectively operate the business affairs of the DISTRICT.
- 2.19 UMG shall consult with the DISTRICT'S Commissioners prior to any replacement of the Project Manager, Operations Manager and Controller.
- 2.20 UMG shall submit to the DISTRICT monthly, all reports of project activities in accordance with the DISTRICT's policies and formats.
- 2.21 UMG shall provide for monthly meter reading and billing. All amounts billed on behalf of DISTRICT shall be the property of DISTRICT and shall be promptly remitted to DISTRICT after receipt by UMG. Customer Services offices shall be maintained at locations approved by the DISTRICT.
- 2.22 UMG shall provide its reasonable business efforts in controlling unaccounted for water loss. A monthly report of system accounted for/unaccounted for water loss shall be submitted to the DISTRICT.
- 2.23 UMG shall provide such Capital Expenditure as authorized by the DISTRICT and will invoice the DISTRICT for such Capital Expenditures monthly or upon completion.
- 2.24 UMG will provide additional funding to DISTRICT upon negotiating mutually acceptable terms and conditions of such funding.
- 2.25 UMG will seek sources of government grants and loans for consideration by the DISTRICT. The DISTRICT must approve in advance all application for such funding.

2.26 To protect the District and allow for continuity of service UMG will post a letter of credit or other surety in the amount of \$2,000,000 to ensure faithful performance of its contract obligations. Such letter of credit or surety shall be released upon termination of this Agreement and compliance by UMG with its obligations hereunder.

3. UMG's SCOPE OF SERVICES - WASTEWATER

3.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT'S wastewater systems.

3.2 Within the design capacity and capabilities of the Waste Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that effluent discharged from the Plant's outfalls meets the requirements specified in Appendix C-1.

3.3 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT, along with a detailed invoice for any DISTRICT approved repair or replacement that exceeds Twenty Thousand Dollars (\$20,000.00).

3.4 UMG will pay all Costs incurred in normal wastewater utility operations. Any cost determined to be abnormal, for which additional compensation is sought, shall be submitted to the DISTRICT for approval along with an explanation for the basis upon which its been determined to be abnormal.

4. UMG's SCOPE OF SERVICES - WATER

4.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT'S drinking water treatment system.

4.2 Within the design capacity and capabilities of the Water Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that water produced from the Plant(s) meets the requirements specified in Appendix C-2.

4.3 UMG shall operate the water treatment plant(s), pump station(s), and provide for all laboratory testing requirements.

4.4 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT.

4.5 UMG will pay all Costs incurred in normal Water operations. Any cost determined to be abnormal, for which additional compensation is sought, will be submitted to the DISTRICT for approval along with an explanation for the basis upon which it's been determined to be abnormal.

5. UMG's SCOPE OF SERVICES - WASTEWATER COLLECTION SYSTEM AND WATER DISTRIBUTION SYSTEM

- 5.1 This Article shall apply to UMG's services for the DISTRICT'S wastewater collection system and potable water distribution system.
- 5.2 The scope of UMG's services for the Maintenance and Repair of the collection system and the distribution system are set forth in Appendices C-3 and C-4, respectively.
- 5.3 UMG shall provide for all daily operation and maintenance functions such as line Repairs, customer connections, line and tank maintenance, meter replacement, leak detection, line flushing, valve exercise, system inspection, line locations, and emergency call-outs, etc.

6. DISTRICT'S DUTIES

- 6.1 The DISTRICT shall fund all necessary Capital Expenditures. Such funding shall be provided either (i) in advance from the DISTRICT to UMG if the DISTRICT requests that UMG contract for such Capital Expenditure or (ii) the DISTRICT shall contract for such Capital Expenditure directly. Priorities shall be given to safety and the ADA related expenses described in Section 2.12. Any loss, damage, or injury resulting from the DISTRICT'S failure to provide capital as reasonably required by UMG shall be the sole responsibility of the DISTRICT provided that UMG has timely notified the DISTRICT of the need for the capital expenditure and has provided sufficient lead time for acquisition and utilization of the same. Otherwise any such loss damage or injury shall be the sole responsibility of UMG.
- 6.2 The DISTRICT shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to DISTRICT and are not transferred to UMG under this Agreement. UMG shall keep in force all Project warranties, guarantees, easements and license transferred to them under this Agreement.
- 6.3 The DISTRICT shall pay all ad valorem, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon UMG's net income and/or payroll taxes for UMG employees.

In the event UMG is required to pay any sales tax or use taxes on the value of the services provided by UMG hereunder such payments shall be reimbursed by the DISTRICT unless the DISTRICT furnishes a valid and properly executed exemption certificate relieving the DISTRICT and UMG of the obligation for such taxes.

- 6.4 The DISTRICT shall provide UMG with full use of any and all pieces of

DISTRICT'S heavy equipment that are available so that UMG may discharge its obligations under this Agreement in the most cost-effective manner.

- 6.5 DISTRICT shall provide all registrations and licenses for DISTRICT'S vehicles used in connection with the Project.
- 6.6 DISTRICT shall provide for UMG's exclusive use of all vehicles and equipment presently in full time use at the Project except as may be otherwise designated from time to time by Agreement.
- 6.7 DISTRICT shall provide for UMG access to all easements, right-of-ways, and access to discharge UMG's obligation under this Agreement.
- 6.8 DISTRICT warrants that during the interim period between the initial Project inspection by UMG and the commencement date specified in Section 11.1, the plant, facilities and equipment have been operated only in the normal course of business, all scheduled and proper maintenance has been performed and there are no issues known to DISTRICT regarding the condition of the Project and Facility composing the Project and/or any equipment used by the Project.
- 6.9 DISTRICT shall promptly review and consider any request by UMG for any additional Capital Expenditures or Costs incurred by UMG.

7. COMPENSATION

- 7.1 UMG's compensation under this Agreement shall consist of an Annual Fee and certain Connection Fees.

The Annual Fee for the first Agreement Year (as defined in Section 11.1 hereof), which first Agreement Year shall be for the period July 1, 2005 through June 30, 2006, shall be \$6,819,000, as adjusted below for new water and sewer customers. The Maintenance and Repair Limit included in the Annual Fee is \$456,140, to be used as specified and set out herein during the period. The Annual Fee for the remaining Agreement Years of the initial term as described in Section 11.1 shall be increased by the amounts added in clauses (i) and (ii) of the next paragraph and further increased if and to the extent that the percentage increase in the Consumer Price Index as published by the Bureau of Labor Standards (the "CPI") during the immediately preceding Agreement Year exceeds 2.5%. In such event, an amount equal to such excess over 2.5%, multiplied by an amount equal to the prior Agreement Year's Annual Fee, including the amounts added in clauses (i) and (ii) of the next paragraph.

In addition to the Annual Fee, commencing with the one-thousand-one (1001) new water or four-hundred-one (401) new sewer customer is connected, UMG will be entitled to an additional continuing monthly fee (which shall be added to and thereafter considered a part of the Annual Fee for all purposes of this

Agreement and paid on a monthly basis with the payment of the Annual Fee at the end of each month as provided in Section 8.1 hereof) equal to (i) \$23.50 multiplied by the number of new water customers connected during such month, plus (ii) \$19.00 multiplied by the number of new sewer customers connected during such month.

For
Rate

In addition to the Annual Fee, UMG shall be entitled to the following Connection Fees: (a) for each new water customer connected during any Agreement Year in excess of four hundred fifty (450) new water customers, the DISTRICT shall pay UMG a \$675.00 fee; (b) for each new sewer customer connected during any Agreement Year in excess of ten (10) new sewer customers, the DISTRICT shall pay UMG a \$750.00 fee if such additional customer is a gravity sewer customer and a \$2,600.00 fee if such additional customer is a force main sewer customer.

7.2 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement Year, UMG will rebate the entire difference to the DISTRICT in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, the DISTRICT shall pay the excess to UMG in accordance with Section 8.2. UMG will notify the DISTRICT when actual Maintenance and Repair expenditures equal eighty percent (80%) of the Maintenance and Repair Limit in each Agreement Year throughout the term.

7.3 The services being provided under this Agreement are based on reasonably expected overtime for repair of line breaks, other emergencies or routine services required after hours. Reasonableness shall be defined as an average of overtime expended on these items for the prior three years. Any additional expenses, incurred by UMG including overtime wages as a result of severe weather, a disaster or other unplanned events (in which funds may be recovered through billing a third party including the State or Federal Government such as through the FEMA program or other source) will be invoiced by UMG to the DISTRICT for reimbursement in accordance with Section 8.2. Any expense that may be recovered from FEMA or other similar source may also be invoiced by UMG to the DISTRICT subject to the condition that payment for the same is subject to reimbursement by FEMA, or other similar source to the DISTRICT.

7.4 The Annual Fee (and Maintenance and Repair Limit included therein) shall be negotiated each Agreement Year at least six (6) months prior to the anniversary of this Agreement's effective date. Should the DISTRICT and UMG fail to agree, the Annual Fee (and Maintenance and Repair Limit included therein) will be adjusted by multiplying the existing Annual Fee (and Maintenance and Repair Limit) by the percentage increase in the Consumer Price Index for the preceding twelve months each year.

8. PAYMENT OF COMPENSATION

- 8.1 One twenty-fourth (1/24) of the Annual Fee for each Agreement Year shall be due and payable on the 15th and the last day of each month during such Agreement Year for service provided in accordance to Articles 7.1 and 7.2 of this Agreement, except for the first Agreement Year (commencing July 1, 2005 and ending June 30, 2006), in which one twenty-third (1/23) of the Annual Fee shall be due and payable on the 15th and the last day of each month commencing July 31, 2005. The additional continuing water and sewer fees earned by UMG as provided in the third paragraph of Section 7.1 shall be added to the payments described above and paid on a monthly basis with the payment of the Annual Fee at the end of each month during the balance of the Agreement Year and all remaining Agreement Years.
- 8.2 All other compensation to UMG (including any Connection Fees) is due upon receipt of UMG's invoice and payable within fifteen (15) days.
- 8.3 DISTRICT shall pay interest at an annual rate equal to the DISTRICT'S designated financial institution's prime rate plus two percent (2.0%) on payments not paid and received by UMG within thirty (30) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

9. SCOPE CHANGES

- 9.1 A Change in Scope of services shall occur when and as UMG's Costs of providing services under this Agreement change as a result of:
- 9.1.1 ~~Any change in Project operations, personnel qualifications or staffing or other cost which is mandated or otherwise required, by a change in law, rule or regulation or an action or forbearance of any governmental body having jurisdiction to order, dictate or require such change;~~
- 9.1.2 Increases or decreases in rates or other related charges (including taxes) imposed upon UMG by a utility provider (see Section 9.4 below) or taxing authority - excluding taxes based on UMG's net income; and/or
- 9.1.3 DISTRICT'S request of UMG and UMG's consent to provide additional services.
- 9.2 For Changes in Scope described in Sections 9.1.1 through and including 9.1.3, the Annual Fee shall be increased (or decreased) by an amount equal to UMG's additional (reduced) Cost associated with the Change in Scope plus ten percent (10%). Modifications of the Annual Fee as a result of conditions described in Section 9.1.3 shall be retroactive to the effective date of the request to provide additional services.

10. INDEMNITY AND LIABILITY INSURANCE

- 10.1 UMG agrees to indemnify and hold DISTRICT harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and against all liability, losses and damage of any nature whatever that DISTRICT shall or may at any time sustain arising from the operation of this Agreement other than those arising from the DISTRICT'S negligence or willful misconduct.
- 10.2 DISTRICT agrees to indemnify and hold UMG harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and against all liability, losses and damage of any nature whatever that UMG shall or may at any time sustain as a result of DISTRICT'S negligence or willful misconduct.
- 10.3 UMG shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Commencement Date, of the effluent quality requirements provided for in Appendices C-1 and C-2 that are a result of UMG's negligence. DISTRICT will assist UMG in contesting any such fines in administrative proceedings and/or in court prior to any payment by UMG. UMG shall pay the cost of any such contest
- 10.4 UMG shall be liable for all fines or civil penalties imposed by any regulatory or enforcement agencies on DISTRICT and/or UMG that are not a result of DISTRICT'S negligence or are otherwise directly related to the ownership of the Project and shall indemnify and hold DISTRICT harmless from the payment of any such fines and/or penalties.
-
- 10.5 Indemnity agreements provided for in this Agreement shall survive the termination of the Agreement.
- 10.6 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix E. Each party shall provide the other party with satisfactory proof of insurance.

11. TERM, TERMINATION AND DEFAULT

- 11.1 The initial term of this Agreement shall be five (5) years commencing July 1, 2005. Each period during the term commencing July 1 and ending the following June 30 shall be referred to as an "Agreement Year." The DISTRICT shall have the right, without cause, to terminate this Agreement at the end of the third Agreement Year upon repayment of the unamortized capital investment made by UMG, if any. Notice of termination shall be given in writing one hundred eighty (180) days in advance of the effective date of termination.
- 11.2 A party may terminate this Agreement only for a material breach of the

Agreement by the other party except as provided in Section 11.1 only after giving written notice of breach; and, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.

- 11.3 In the event that this Agreement is terminated for any reason prior to the expiration date of the initial term, DISTRICT shall pay to UMG a termination fee based on the remaining unamortized balance of start-up costs and capital expenditures made by UMG - all as set forth in Appendix F.
- 11.4 Upon notice of termination by DISTRICT, UMG shall assist DISTRICT in assuming or transferring operation of the Project, for a period up to six (6) months from the date of notice of termination. UMG's compensation for such services shall be its costs not otherwise uncured in operation of the Project. If additional Cost is incurred by UMG at request of DISTRICT, DISTRICT shall pay UMG such Cost within thirty (30) days receipt of invoice.
- 11.5 Upon termination of this Agreement and all renewals and extensions of it, UMG will return the Project to DISTRICT in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by UMG for use in the operation or maintenance of the Project shall remain the property of UMG upon termination of this Agreement unless the property was directly paid for by DISTRICT or DISTRICT specifically reimbursed UMG for the cost incurred to purchase the property or this Agreement provides to the contrary.

12. DISPUTES AND FORCE MAJEURE

- 12.1 In the event activities by employee groups or unions unrelated to UMG cause a disruption in UMG's ability to perform at the Project, DISTRICT, with UMG's assistance or UMG at its own option, may seek appropriate injunctive court orders. During any such disruption, UMG shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 12.2 Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

MOUNTAIN WATER DISTRICT

UTILITY MANAGEMENT GROUP, INC.

By: Toni Akers

By: Gregory May

Name: Toni Akers

Name: Gregory May

Title: Chairperson

Title: Chief Operating Officer

Date: 6-10-05

Date: 6-10-05

The undersigned, as counsel for the Mountain Water District in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of UTILITY MANAGEMENT GROUP, LLC (UMG) and the award and letting of the foregoing contract to UMG by DISTRICT and has found that said selection and award process comply with the procurement laws of the Commonwealth of Kentucky and DISTRICT.

Mountain Water District

[Signature]

, counsel for Mountain Water

By: Terry L. Spears

District

Name: Terry L. Spears

Title: Secretary

Date: 6-10-05

APPENDIX A

DEFINITIONS

- A.1 "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BODs in the ratio of five (5) parts nitrogen, one (1) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts BODs.
- A.2 "Annual Fee" means a predetermined, fixed sum for UMG's services. The Annual Fee includes Cost and profit.
- A.3 "Biologically or Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of DISTRICT'S NPDES Permit. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- A.4 "Capital Expenditures" means any expenditures for (1) the purchase of new equipment or facility items that cost more than Two Thousand Dollars (\$2,000); or (2) major repairs which [significantly extend equipment or facility service life and] cost more than Two Thousand Dollars (\$2,000) or (3) expenditures that are planned, non-routine and budgeted by DISTRICT.
- A.5 "Cost" means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.
- A.6 "Direct Cost" means the actual cost incurred for the direct benefit of the Project including, but not limited to, expenditures for project management and labor, employee benefits, chemicals, lab supplies, repairs, repair parts, maintenance parts, safety supplies, gasoline, oil, equipment rental, legal and professional services, quality assurance, travel, office supplies, other supplies, uniforms, telephone, postage, utilities, tools, memberships and training supplies.
- A.7 "Commencement Date" shall mean July 1, 2005.
- A.8 "Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufactured or by UMG to maximize the service life of the equipment, sewer, vehicles and facilities.
- A.9 "Maintenance or Repair Limit" means the total Maintenance and Repair expenditures that UMG has included in the Annual Fee. Such expenditures exclude any labor costs for UMG's staff assigned to the Project. UMG's specialized maintenance personnel, not assigned at the Project, who provide such specialized services such as, but not limited to,

vibration, thermographic and electrical analyses, instrumentation maintenance and repair will be charged to the Maintenance and Repair Limit.

- A.10 "Project" means all equipment, vehicles, grounds, rights of way, sewers and facilities described in Appendix B and, where appropriate, the management, operations and maintenance of such.
- A.11 "Repairs" mean those not-routine/non-repetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, sewer, vehicles or facilities or some component thereof.
- A.12 "Unforeseen Circumstances" shall mean any event or condition which has an effect on the rights or obligations of the parties under this Agreement, or upon the Project, which is beyond the reasonable control of the party relying thereon and constitutes a justification for a delay in or non-performance of action required by this Agreement, including but not limited to (i) an act of God, landslide, lighting, earthquake, tornado, fire, explosion, flood, failure to possess sufficient property rights, acts of the public enemy, war, blockade, sabotage, insurrection, riot or civil disturbance; (ii) preliminary of final order of any local, province, administrative agency or governmental body of competent jurisdiction (but excluding in the case of performance by the DISTRICT, any order of the DISTRICT); (iii) any change in law, regulation, rule, requirement, interpretation or statute adopted, promulgated, issued or otherwise specifically modified or changed by any local, province or governmental body; (iv) labor disputes, strikes, work slowdowns or work stoppages, but excluding labor disputes, strikes, work slowdowns or work stoppages by employees of UMG; and (v) loss of or inability to obtain service from a utility necessary to furnish power for the operation and maintenance of the Project.

APPENDIX B

DESCRIPTION OF PROJECT

UMG agrees to provide the services necessary for the management, operation and maintenance of the following.

- a. All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate the DISTRICT's Water Treatment Plant located at:

Harless Creek, Pikeville, Kentucky 41501

- b. All equipment, grounds and facilities now existing within the present property boundaries of pumping stations described as follows:

AS ATTACHED - one hundred and seven (107) Pumping Stations, twenty-three (23) master meters, thirty-one (31) pressure regulators, ninety-six (96) water storage tanks, three hundred fifty (350) fire hydrants and seven hundred eighty-one (781) miles of water distribution line.

- c. All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate the DISTRICT'S eighteen (18) wastewater treatment plants located at:

Belfry Courthouse	Branham Heights
Colley Hills	Douglas Industrial
Forest Hills	Hellier Courthouse
Hardy Park	Johns Creek Day Care
Johns Creek Fire Dept	Johnson Bottom
Keene Village	Maple Village Subdivision
Mossy Bottom	Phelps WWTP
Phelps Courthouse	Shelbiana MHP
Stone Heights	Willow Place

Twenty-five sewer lift stations, one hundred (100) (+ or -) miles of force mains or gravity sewer lines in service on the effective date of this Agreement.

APPENDIX C-1

NPDES PERMIT AND PROJECT CHARACTERISTICS

C.1.1 UMG will operate so that effluent will meet the requirement of each NPDES permit number listed in Figure 1:

Figure 1

Location	KY PDES#	Permit Issued	Permit Expires	Capacity	BOD	TSS
Belfry Courthouse	KY0072591	07/01/01	06/30/2005	5,000	30/60mg/l	30/60mg/l
Branham Heights	KY0096580	03/01/03	08/31/2005	10,000	30/60mg/l	30/60mg/l
Colley Hills	KY0089303	10/01/02	09/30/2005	10,000	30/60mg/l	30/60mg/l
Dorton Park	KY0104841	06/01/03	08/31/05		30/60mg/l	30/60mg/l
Douglas Industrial	KY0042811	09/01/01	08/31/2005	150,000	15/30mg/l	30/60mg/l
Forest Hills	KY0095885	08/01/02	06/30/2005	10,000	20/40mg/l	30/60mg/l
Hellier Courthouse	KY0072664	09/01/01	08/31/2005	5,000	30/60mg/l	30/60mg/l
Hardy Park	KY0072672	07/01/01	06/30/2005	10,000	30/60mg/l	30/60mg/l
Johns Creek DC	KY0098621	01/31/04	01/31/2009	2,000	30/60mg/l	30/60mg/l
Johns Creek Fire	KY0103365	08/01/02	01/31/2006	1,000	30/60mg/l	30/60mg/l
Johnson Bottom	KY0073156	07/01/01	06/30/2006	15,000	30/60mg/l	30/60mg/l
Keene Village	KY0072834	02/01/02	01/31/2006	15,000	20/40mg/l	20/40mg/l
Maple Village	KY0098353	09/01/04	01/31/2006	10,000	30/60mg/l	30/60mg/l
Mossy Bottom	KY0100480	09/01/01	09/30/2005	200,000	30/45mg/l	30/45mg/l

Location	KY PDES#	Permit Issued	Permit Expires	Capacity	BOD	TSS
Phelps WWTP	KY0104442	07/01/03	06/30/2005	250,000	30/45mg/l	30/45mg/l
Phelps Courthouse	KY0072648	07/01/01	06/30/2005	2,000	30/60mg/l	30/60mg/l
Shelbiana MHP	KY0099805	09/01/01	08/31/2005	37,134	30/60mg/l	30/60mg/l
Stone Heights	KY0029343	06/30/05	02/28/2007	10,000	30/60mg/l	30/60mg/l
Willow Place	KY0082708	02/01/02	01/31/2006	5,000	10/20mg/l	30/60mg/l
Russell FK	KYG640159	09/01/04	08/31/09	2 mgd	N/A	30/50mg/l

These are adopted by reference herein as of the date hereof. UMG shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the project influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) dischargers into DISTRICT'S sewer system violate any or all regulations as stated in DISTRICT'S Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BODs and/or suspended solids exceeds the Project design parameters which are identified (FIGURE 1) thousand gallons of flow per day, (FIGURE 1) pounds of BODs per day, (FIGURE 1) pounds of suspended solids and a daily peaking factor of (FIGURE 1) times flow; (4) if the Project is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond UMG's control.

C.1.2

In the event any one of the Project influent characteristics, suspended solids, BOD or flow, exceeds the design parameters stated above, UMG shall return the plant effluent to the characteristics required by NPDES in accordance with the following schedule after Project influent characteristics return to within design parameters.

10% or Less	5 days
Above 10% Less than 20%	10 days
20% and Above	<u>30 days</u>

Notwithstanding the above schedule, if the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances or the lack of Adequate

Nutrients in the influent, then UMG will have a thirty (30) day recovery period after the influent is free from said substances or contains Adequate Nutrients.

- C.1.3 UMG shall not be responsible for fines or legal action as a result of discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, contains Biologically Toxic Substances or is inoperable, and the subsequent recovery period.
- C.1.4 UMG's compensation shall be based on a minimum of 14,542 water customers and 1,242 sewer customers.

APPENDIX C-2

PROJECT CHARACTERISTICS

C.2.1 The Project has the following design characteristics:

A capacity of 2.0 MGD of finished water production with an ability for chemical additions, flocculation, sedimentation and filtration based on 2 gallons per minute per square foot of filter area. The Project has the capability for post treatment by chlorination and fluoridation.

C.2.2 UMG will operate the Project so that water treated will meet the current Municipal Drinking Water Standards. UMG's Annual Fee includes all costs for treating an average daily flow of 2.0 MGD of raw water per day to the standards specified below.

Turbidity	0.3NTU
Iron	<0.3 mg/L
Manganese	<0.05 mg/L
Fluoride	0.8 average mg/L
pH Color	>7.0
Corrosivity	<15 color units
Odor E.	Non-corrosive
Coli	<3.0TON
	Negative

C.2.3 If any of the following contaminants in the raw water causes the finished water to exceed the maximum Contaminant Levels (MCL) established for finished water quality, UMG will treat the raw water to reduce said contaminant to an acceptable MCL. The cost of any specific treatment will be in addition to the Annual Fee for the treatment required by this Article C.2.3.

Radionuclides

Radium	5.0 Pci/L
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Gross Alpha	15.0 Pci/L
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Organic Chemicals

<u>Contaminant</u>	<u>MCL Cmg/U</u>
Alachlor	0.002
Aldicarb	0.003
Aldicarb Sulfone	0.002
Aldicarb Sulfoxide	0.004
Atrazine	0.003
Benzene	0.005
Carbofuran	0.04
Carbon Tetrachloride	0.005
Chlordane	0.002
2,4-D	0.07
Dibromochloropropane (DBCP)	0.0002
Dibromochloropropane (DBCP)	0.6
p-Dichlorobenzene	0.075
1,2-Dichloroethane	0.005
1,1 -Dichloroethylene	0.007
cis-1,2-Dichloroethylene	0.07
trans-1,2-Dichloroethylene	0.1
1,2-Dichloropropane	0.005
Endrin	0.002
Ethylbenzene	0.7
Thylene Dibromide (EDB)	0.00005
Thylene Dibromide (EDB)	0.0004
Heptachlor Epoxide	0.0002
Lindane	0.0002
Methoxychlor	0.04
Monochlorobenzene	0.1
Pentachlorophenol	0.001
Polychlorinated Biphenyls (PCB)	0.0005
Styrene	0.1
Tetrachloroethylene	0.005
Toluene	1
Toxaphene	0.003
2,4,5-TP (Silvex)	0.05
1,1,1 -Trichloroethane	0.02
Trichloroethylene	0.005
Total Trihalomethanes	0.1
Vinyl Chloride	0.002
Xylenes (Total)	10

Inorganic Chemicals

<u>Contaminant</u>	<u>MCL</u>
Arsenic	0.05
Asbestos	7 (million fibers/L)
Barium	2
Cadmium	0.005
Chromium	0.1
Fluoride	4
Mercury	0.002 10 (as
Nitrate	nitrogen)
Nitrite	1 (as nitrogen)
Total Nitrate Nitrite	10
Selenium	0.05
Chloride	300
Copper	1.0
Fluoride	2.0
Silver	0.10
Sulfate	300 1,000
Total Dissolved Solids (TDS)	5
Zinc	

C.2.4 UMG will provide laboratory services for monitoring only the following contaminants on an as-requested basis. These contaminants do not have an established MCL.

Aldrin	Hexachlorobenzene
Benzo(a)pyrene	Hexachlorocyclopentadiene
Butachlor	3-Hydroxycarbofuran
Carbayl	Methomyl
Dalapon	Metolachlor
Di(2-ethylhexy) adipate	Metribuzin
Di(2-ethylhexyl)phthalate	Oxyamyl (vydate)
Didamba	Pictoram
Dichloromethane Dieldrin	Propachlor
Dinoseb	Simazine
Diquat	2,3,7,8-TCDD (Dioxin)
Entodhal	1,2,4-Trichlorobenzene
Glyphosate	1,1,2-Trichloroethane

APPENDIX C-3

WASTEWATER COLLECTION SYSTEM
SCOPE OF SERVICES

The wastewater collection system consists of all lift stations, manholes and pipe in service as of effective day of this Agreement. UMG responsibility with the wastewater collection system shall be to respond to notification of clogged or blocked DISTRICT owned wastewater/sewer lines in place as of the effective date of this Agreement, and to make all reasonable and diligent efforts to remove debris or other material causing blockages. UMG shall respond to notices of blockage by the next working day of receiving notice. The DISTRICT shall remain responsible for replacing sewer and wastewater lines and for any damage or loss to property or injury, including death or disease of any person arising from failure or from the operation or repair of the wastewater collection system, and the DISTRICT, or its underwriters, shall retain responsibility to administer, adjust and respond to any claims arising as a result thereof.

UMG will notify the DISTRICT promptly when UMG becomes aware of the potential requirement of repair or replacement of any wastewater collection system components and assist the DISTRICT in locating such areas. UMG repair and maintenance of the wastewater collection system components shall be treated as Maintenance and Repair incurred pursuant to this Agreement.

APPENDIX C-4

DRINKING WATER DISTRIBUTION SYSTEM

SCOPE OF SERVICES

The water distribution system consists of all waterlines, meters, hydrants, master meters and valves in service as of the effective date of this Agreement and pump stations and water storage tanks identified in Figure 2, Figure 3 , Figure 4

Figure 2

MMS	Location	Meter Size
M-01JC	Town Mountain	6 inch
M-02JC	Meta	6 inch
M-03BC	Big Creek	6 inch
M-04CC	Chloe Creek	6 inch
M-05SV	Indian Hills	4 inch
M-06IC	Island Creek	4 inch
M-07IC	Raccoon Branch	4 inch
M-08IC	Hoopwood Hollow	2 inch
M-09SX	Sookey Creek #1	4 inch
M-10SV	Sookey Creek #2	6 inch
M-11EC	Elkhorn Creek	4 inch
M-12CP	Cowpen	4 inch
M-13HC	Hurricane Creek	4 inch
M-14MC	Marrowbone WTP	10 inch
M-15MC	Millard	6 inch
M-16PC	Williamson #1	10 inch
M-17PC	Williamson # 2	6 inch
M-18IC	Modern Mobile Home Park	2 inch
M-18IC	Greasy Creek	6 inch
M-19MC	Ferrells Creek	4 inch
M-20JC	Brushy Creek	4 inch
M-21HC	Cedar Gap	4 inch

MMS	Location	Meter Size
M-22MC	Elkhorn Connector	6 inch

Figure 3

01FC	Ferguson Creek	02RC	Taylor Fork
03RC	Grassy Fork #1	05JC	Cabin Knoll
07JC	Johns Creek RR	08JC	Deskins
09JC	Elkhorn MT	10GV	Grapevine Sch.
11GV	Upper Camp Br	13JC	Stratton Fork
14JC	Meathouse	15JC	Coburn Mt#1
17BC	Long FK, Big Ck	18PC	Rogers Park
20PC	Williamson Mall	21PC	Southside Mall
22 PC	Forest Hills	23PC	US 119, Toler
24 PC	Sharondale	25PC	Runyon School
26PC	Hardy	27PC	Turkey Toe
28BB	Dials Branch	29BB	Blue Springs
30BB	L. FK of Blackberry	31BB	Smith Fork
32BB	Peter Fork	33BC	Pinson Fork
35CC	Kendrick FK	36CC	Ivy Fork
37MC	Marrowbone Pl.	38MC	Poor Bottom
39MC	Twin Bridges	40MC	Graveyard Hollow
41SV	Fords Branch	42 SV	Sookeys Cr
43RC	Grassy Fork #2	44 IC	Island Cr.
45 SV	Caney CK	46 DC	Dorton Cr.
47GC	Greasy Ck	48 BC	Buckley Creek
49GC	U. Greasy Ck.	50GC	Gillespi Br.
51LP	Lower Pompey	52JC	Johns Ck. #1
53JC	Johns Ck. #2	54JC	Long Fk Johns Creek
55SV	US 23 Solenoid	56CP	Cowpen Ck
57CP	Adkins Branch	58PC	Narrows Br
59PC	Mudlick Br.	60PC	Pinson Fk Pond Creek

61PC	Coburn Mt.	62PC	Scant Br.
63PC	Runyon Br	64JC	Scott Fork
65MC	Alleghany	66PC	Belfry Hill
67SV	Indian Creek	68MC	PeytonCreek
69SV	Long Fk Shelby Creek	70LP	Slones Branch
71PT	Smith Fork	72HC	Hurricane CK
73SV	Elkhorn Creek	74PC	Sharon Heights
75 PC	Allison Heights	76JC	Layne Branch
77PC	Caney Fk ,	78SV	Pigeon Branch
79HC	Spring Branch	80MC	Powell Creek
81PF	Widows Branch	82PF	Barrenshee
83IC	Edgewood Lane	84SV	Lizzie Fork
85SV	Little Robinson Creek	86EC	Mills Branch
87PF	Beech Creek	88MC	Biggs Branch
96GV	Trace Fork	19PC	KY 292
89GV	Pritchard FK	90PC	Ball Fork
91PF	Bones Branch	93MC	Contrary Hol.
94MC	Sarah Branham	95PC	Straight Hol.
92MC	Brushy Fk, Hellier	96PF	Upper Peter Creek
97MC	Rockhouse	98BC	Brushy Ck
99PF	Hurricane FK	100MC	Wolfpit Hol
101SV	Kelly Mt Rd	102SV	Sugar Branch
103MC	Bowling Fk	104PF	Camp Cr.
105	Hunt Branch	106	Anderson Branch
107	Sutton Bottom	108	Hatfield
109	Upper Pompey	110	Abner Fork
111	Feds Creek		

Figure 4

01FC	Town Mountain
03RC	Grassy Fork #1

05JC	Cabin Knoll
06JC	Bent Mountain
07JC	Lawson Branch
08JC	Elkhorn Fork
09JC	Ridgeline Road
10GV	Grapevine School
11GV	Hunt Knob
12BC	Canada
14JC	Meathouse Fork
15JC	Coburn Mountain
16BC	Sandlick
17BB	Long Fk., Big Creek
18PC	Rogers Park
19PC	Ky 292 Tank
20PC	Southside Mall # 1
21PC	Southside Mall #2
22PC	Forest Hills
23PC	Sharon dale
24PC	Stone
25PC	McVeigh
26PC	Hardy Park
29BB	Blackberry Mountain
30BB	Left Fk. Blackberry
31BB	Smith FK Blackberry
32BB	Peter Fk. Blackberry
33BC	Pinson Fk. Of Rockhouse
35CC	Kendrick Fork
36CC	Ivy Fork
38MC	Poor Bottom
40 MC	Graveyard Hollow
41SV	Shelbiana

42SV	Douglas Park
43RC	Grassy Fork #2
44IC	Island Creek
45SV	Dorton #1
46DC	Dorton #2
47 GC	Greasy Creek
48BC	Buckley Creek
49 GC	Upper Greasy Creek
50GC	Gillespi Branch
51LP	Lower Pompey
52JC	Upper Johns Creek#1
53JC	Upper Johns Creek#2
54JC	Long Fork of Johns Creek
55SV	Robinson Creek
56CP	Cowpen Creek
57CP	Pike County Airport
58PC	Narrows Branch
59PC	Mudlick Branch
60PC	Pinson Fork of Pond Creek
62PC	Scant Branch
63PC	Runyons Branch
65MC	Alleghany
66PC	Belfry Hill
67SV	Indian Hill
68MC	Peyton Creek
69SV	Long Fork of Shelby Creek
70LP	Slones Branch
71GC	Smith Fork
72HC	Hurricane Creek
73SV	Elkhorn Creek
74PC	Sharon Heights

76JC	Lane Branch
77PC	Caney Fork
79HC	Spring Branch
80MC	Powell Creek
81PF	Widows Branch
82PF	Barrenshee Hollow
37MC	Wolfpit
84SV	Lizzie Fork
85SV	Little Robinson Creek
86EC	Mills Branch
87PF	Beech Creek
88MC	Biggs Branch
89GV	Pritchard Fork
90PC	Ball Fork
91PF	Bones Branch
92MC	Brushy Fork of Allengeny
93SV	Contrary Hollow
94SV	Sarah Branham Hollow
95PC	Straight Hollow
96PF	Upper Peter Creek
97MC	Rockhouse, Marrowbone
98BC	Brushy Creek
99DF	Hurricane Fork of Knox Creek
100MC	Wolfpit Hollow
101SV	Kelly Mountain Road
102SV	Sugar Camp Road
103MC	Bowling Fork Road
104PF	Camp Creek
105	Road Creek
106	Ferrells Creek
107MC	Feds Creek

108MC	Motley Fork
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APPENDIX D

ARBITRATION PROCEDURES

In the event that DISTRICT and UMG are unable to reach an agreement as to the increase and/or decrease in compensation specified in Section 7, then those issues remaining unresolved shall be submitted to binding arbitration under the following terms, conditions and procedures.

- D.1 Unless specifically provided for herein to the contrary, the rules and procedures of the American Arbitration Association (AAA), as shall from time to time be amended, apply. However, the parties shall not be required to use the AAA or its arbitrators. The arbitration process shall begin 15 days after the parties are unable to reach an agreement (the "Arbitration Start Date"). Such date shall be specified in writing and shall be the date from which the following procedures begin.
- D.2 There shall be a three (3) member arbitration panel composed of one (1) member selected by the DISTRICT and one (1) member selected by UMG. Each party shall notify the other of its selection on or before 30 days after the Arbitration Start Date. The final member of the three member arbitration panel shall be selected by the initial members selected within 20 days after their appointment. If no Agreement is reached the third arbitration member shall be appointed by the Pike County Judge Executive.
- D.3 On or before 60 days after the Arbitration Start Date, each party shall submit to the arbitration panel its written position on each unresolved issue. Such submission shall include not only the party's proposed resolution, but also introduction at the hearing and a list of witnesses each party intends to call shall be submitted as exhibits to the submission.
- D.4 The arbitration panel may schedule such pre-hearing conferences as it shall deem advisable.
- D.5 The arbitration hearing shall commence no earlier than 75 and no later than 85 days after the Arbitration Start Date and shall be concluded no later than ten (10) working days after its commencement.
- D.6 The parties hereby agree and stipulate for purposes of arbitration that the pricing and cost estimates contained in this Agreement or any subsequent modification hereto as agreed between the parties are fair and reasonable and are not to be a factual issue for determination by the arbitration panel
- D.7 Within ten (10) days of the conclusion of the evidentiary phase of the arbitration hearing the arbitration panel shall announce its decision and award. The possible "decision and award" shall be limited on each individual issue presented to either the position of the DISTRICT or the position of UMG as set forth in the position submissions described in Subsection "D.3" above.

- D.8 Findings of fact and conclusions of law shall not be required of the arbitration panel unless specifically requested by either party within five (5) working days of the announcement of the Decision and Order.
- D.9 Unless specifically requested by either party, the proceedings shall not be recorded by other than a tape recording device. In the event that either party requests the services of a court reporter or other means of transcription of the proceedings, the requesting party shall bear the cost of recordation and transcription.
- D.10 The costs of arbitration services shall be borne equally by the parties; provided, however, that in the event that the arbitration panel makes a specific written finding of fact that one party has prosecuted its case frivolously or in bad faith, then the arbitration panel shall assess the costs of arbitration services to the offending party.

APPENDIX E
INSURANCE COVERAGE

UMG SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of UMG's employees at the Project as required by the Commonwealth of Kentucky.
2. Comprehensive general liability insurance, insuring UMG's negligence, in an amount not less than \$1,000,000 combined single limits for bodily injury and/or property damage.

DISTRICT SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of DISTRICT'S employees associated with the Project as required by the Commonwealth of Kentucky.
2. Property damage insurance for all property including vehicles owned by DISTRICT and operated by UMG under this Agreement. Any property, including vehicles not properly or fully insured shall be the financial responsibility of the DISTRICT. Although the DISTRICT is required to maintain these insurance coverages, the parties acknowledge that the current premium costs are included in the budget provided to UMG and provided and to the extent the premium costs do not increase, UMG will promptly pay, on behalf of the DISTRICT, the premiums for said insurance coverages. The DISTRICT shall pay any additional premium cost for such insurance coverages.
3. Automobile liability insurance for collision, comprehensive, and bodily injury.

Each party will provide at least thirty (30) days notice of the cancellation of any policy it is required to maintain under this Agreement. UMG may self-insure reasonable deductible amounts under the policies it is required to maintain to the extent permitted by law but only if such action does not invalidate the property insurance of DISTRICT

APPENDIX F

SCHEDULE OF AMORTIZED EXPENDITURES

The parties mutually agree that for all purposes, the beginning balance shall be one million five hundred thousand (\$1,500,000). The interest rate applied shall be calculated at 6.5%. If DISTRICT terminates the Agreement at the end of year five per Section 11.1, the unamortized balance to be paid to UMG is six hundred fifty eight thousand eight hundred forty eight and thirty one (\$658,848.31) .

If DISTRICT terminates the Agreement at the end of year three per Section 11.1, the unamortized balance to be paid to UMG is zero dollars (-0-).

APPENDIX G

PERSONNEL ISSUES

1. All current fulltime hourly employees will receive a 4% salary increase at start of contract.
2. All current fulltime salaried employees will receive a 3% salary increase at start of contract.
3. Employees will receive the same holidays as currently provided by DISTRICT.
4. Employees will receive vacation credit at UMG for their accrued vacation at the Commencement Date with the DISTRICT up to a maximum of four weeks vacation. Not later than July 31, 2005, UMG will pay out to each employee with accrued and unused vacation as of the Commencement Date in excess of four weeks the amount of the excess for each such employee.
5. Employees will receive bonuses for obtaining higher certification levels in their respective fields.
6. Employees will be provided with uniforms, safety shoes, and required personal safety equipment.

Appendix H
UMG
MWD Capital Cost
Amortization Schedule

Enter Values	
Loan Amount	\$ 1,500,000.00
Annual Interest Rate	8.50 %
Loan Period In Years	5
Number of Payments Per Year	12
Start Date of Loan	7/1/2005
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 29,349.22
Scheduled Number of Payments	60
Actual Number of Payments	60
Total Early Payments	\$ -
Total Interest	\$ 260,953.34

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	8/1/2005	\$ 1,500,000.00	\$ 29,349.22	\$ -	\$ 29,349.22	\$ 21,224.22	\$ 8,125.00	\$ 1,478,775.78
2	9/1/2005	1,478,775.78	29,349.22	-	29,349.22	21,339.19	8,010.04	1,457,436.59
3	10/1/2005	1,457,436.59	29,349.22	-	29,349.22	21,454.77	7,894.45	1,435,981.82
4	11/1/2005	1,435,981.82	29,349.22	-	29,349.22	21,570.99	7,778.23	1,414,410.83
5	12/1/2005	1,414,410.83	29,349.22	-	29,349.22	21,687.83	7,661.39	1,392,723.00
6	1/1/2006	1,392,723.00	29,349.22	-	29,349.22	21,805.31	7,543.92	1,370,917.69
7	2/1/2006	1,370,917.69	29,349.22	-	29,349.22	21,923.42	7,425.80	1,348,994.27
8	3/1/2006	1,348,994.27	29,349.22	-	29,349.22	22,042.17	7,307.05	1,326,952.10
9	4/1/2006	1,326,952.10	29,349.22	-	29,349.22	22,161.57	7,187.66	1,304,790.54
10	5/1/2006	1,304,790.54	29,349.22	-	29,349.22	22,281.81	7,067.62	1,282,508.93
11	6/1/2006	1,282,508.93	29,349.22	-	29,349.22	22,402.30	6,946.92	1,260,108.63
12	7/1/2006	1,260,108.63	29,349.22	-	29,349.22	22,523.64	6,825.58	1,237,582.99
13	8/1/2006	1,237,582.99	29,349.22	-	29,349.22	22,645.65	6,703.57	1,214,937.34
14	9/1/2006	1,214,937.34	29,349.22	-	29,349.22	22,768.31	6,580.91	1,192,169.03
15	10/1/2006	1,192,169.03	29,349.22	-	29,349.22	22,891.64	6,457.58	1,169,277.39
16	11/1/2006	1,169,277.39	29,349.22	-	29,349.22	23,015.84	6,333.59	1,146,261.75
17	12/1/2006	1,146,261.75	29,349.22	-	29,349.22	23,140.30	6,208.92	1,123,121.45
18	1/1/2007	1,123,121.45	29,349.22	-	29,349.22	23,265.85	6,083.57	1,099,855.80
19	2/1/2007	1,099,855.80	29,349.22	-	29,349.22	23,391.67	5,957.55	1,076,464.13
20	3/1/2007	1,076,464.13	29,349.22	-	29,349.22	23,518.37	5,830.85	1,052,945.76
21	4/1/2007	1,052,945.76	29,349.22	-	29,349.22	23,645.77	5,703.46	1,029,299.99
22	5/1/2007	1,029,299.99	29,349.22	-	29,349.22	23,773.85	5,575.37	1,005,528.14
23	6/1/2007	1,005,528.14	29,349.22	-	29,349.22	23,902.62	5,446.60	981,623.52
24	7/1/2007	981,623.52	29,349.22	-	29,349.22	24,032.09	5,317.13	957,591.42
25	8/1/2007	957,591.42	29,349.22	-	29,349.22	24,162.27	5,186.95	933,429.16
26	9/1/2007	933,429.16	29,349.22	-	29,349.22	24,293.15	5,056.07	909,136.01
27	10/1/2007	909,136.01	29,349.22	-	29,349.22	24,424.74	4,924.49	884,711.27
28	11/1/2007	884,711.27	29,349.22	-	29,349.22	24,557.04	4,792.19	860,154.24
29	12/1/2007	860,154.24	29,349.22	-	29,349.22	24,690.05	4,659.17	835,464.18
30	1/1/2008	835,464.18	29,349.22	-	29,349.22	24,823.79	4,525.43	810,640.39
31	2/1/2008	810,640.39	29,349.22	-	29,349.22	24,958.25	4,390.97	785,682.14
32	3/1/2008	785,682.14	29,349.22	-	29,349.22	25,093.44	4,255.78	760,588.69
33	4/1/2008	760,588.69	29,349.22	-	29,349.22	25,229.37	4,119.86	735,359.33
34	5/1/2008	735,359.33	29,349.22	-	29,349.22	25,366.03	3,983.20	709,993.30
35	6/1/2008	709,993.30	29,349.22	-	29,349.22	25,503.43	3,845.80	684,489.88
36	7/1/2008	684,489.88	29,349.22	-	29,349.22	25,641.57	3,707.65	658,848.31
37	8/1/2008	658,848.31	29,349.22	-	29,349.22	25,780.46	3,568.78	633,067.85
38	9/1/2008	633,067.85	29,349.22	-	29,349.22	25,920.10	3,429.12	607,147.74
39	10/1/2008	607,147.74	29,349.22	-	29,349.22	26,060.51	3,288.72	581,087.24
40	11/1/2008	581,087.24	29,349.22	-	29,349.22	26,201.67	3,147.56	554,885.57
41	12/1/2008	554,885.57	29,349.22	-	29,349.22	26,343.59	3,005.63	528,541.98
42	1/1/2009	528,541.98	29,349.22	-	29,349.22	26,486.29	2,862.94	502,055.69
43	2/1/2009	502,055.69	29,349.22	-	29,349.22	26,629.75	2,719.47	475,425.94
44	3/1/2009	475,425.94	29,349.22	-	29,349.22	26,774.00	2,575.22	448,651.94
45	4/1/2009	448,651.94	29,349.22	-	29,349.22	26,919.02	2,430.20	421,732.91
46	5/1/2009	421,732.91	29,349.22	-	29,349.22	27,064.84	2,284.39	394,668.08
47	6/1/2009	394,668.08	29,349.22	-	29,349.22	27,211.44	2,137.79	367,456.64
48	7/1/2009	367,456.64	29,349.22	-	29,349.22	27,358.83	1,990.39	340,097.81

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
49	8/1/2009	340,097.81	29,349.22	-	29,349.22	27,507.03	1,842.20	312,590.78
50	9/1/2009	312,590.78	29,349.22	-	29,349.22	27,656.02	1,693.20	284,934.76
51	10/1/2009	284,934.76	29,349.22	-	29,349.22	27,805.83	1,543.40	257,128.94
52	11/1/2009	257,128.94	29,349.22	-	29,349.22	27,956.44	1,392.78	229,172.49
53	12/1/2009	229,172.49	29,349.22	-	29,349.22	28,107.87	1,241.35	201,064.62
54	1/1/2010	201,064.62	29,349.22	-	29,349.22	28,260.12	1,089.10	172,804.50
55	2/1/2010	172,804.50	29,349.22	-	29,349.22	28,413.20	936.02	144,391.30
56	3/1/2010	144,391.30	29,349.22	-	29,349.22	28,567.10	782.12	115,824.20
57	4/1/2010	115,824.20	29,349.22	-	29,349.22	28,721.84	627.38	87,102.36
58	5/1/2010	87,102.36	29,349.22	-	29,349.22	28,877.42	471.80	58,224.94
59	6/1/2010	58,224.94	29,349.22	-	29,349.22	29,033.84	315.39	29,191.10
60	7/1/2010	29,191.10	29,349.22	-	29,191.10	29,032.99	158.12	0.00

○)

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**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

THIS AGREEMENT entered into this 29th day of April, 2009, by and between Mountain Water District, Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter ("DISTRICT"), and Utility Management Group, LLC, Post Office Box 663, Corbin, Kentucky 40702, hereinafter ("UMG").

WHEREAS, the parties hereto entered into an agreement for UMG to provide operations, maintenance and management services to the DISTRICT on or about the 3rd day of July, 2005 ("CONTRACT"); and

WHEREAS, pursuant to section 11 the of the CONTRACT, the DISTRICT issued a notice of termination of the CONTRACT on or about the 29th day of October, 2008; and

WHEREAS, the parties hereto have agreed to amend the CONTRACT so as to continue the same.

NOW THEREFORE WITNESSETH:

That for and in consideration of the mutual covenants and promises contained herein, the DISTRICT and UMG agree as follows:

- 1) DISTRICT agrees to rescind its termination of UMG's CONTRACT dated July 3rd, 2005.
- 2) The CONTRACT will run its full term, terminating at the end of its term on June 30, 2010.

3) UMG will provide the DISTRICT, upon closing of this agreement, a Five Hundred Thousand Dollar (\$500,000) loan. This loan will be amortized over a period of five (5) years at a simple interest rate of five percent (5%) per annum according to the Schedule for Amortization that is attached hereto as Exhibit "A" and incorporated herein as if set forth at length. For each full month that this CONTRACT remains in effect or is extended or renewed, UMG agrees to "forgive" or otherwise not require that a payment actually be made from the DISTRICT to UMG. Should the CONTRACT or any renewal or extension not be in place between the DISTRICT and UMG, the DISTRICT agrees that it will repay UMG for the total amount of the unamortized balance of the loan at the time that the CONTRACT has ended or is no longer in effect.

4) In consideration of the execution of this Amended Agreement, UMG agrees to forgive \$30,940.00 of the \$61,880.00 incurred by the DISTRICT pursuant to the agreement between the parties relating to the DISTRICT's repair and maintenance expenses of February 28, 2008.

5) Beginning with the first April 2009 invoice to the DISTRICT, UMG will reduce its bi-monthly operating and management fee by the sum of Twenty Three Thousand Dollars (\$23,000) per bi-monthly billing period so as to reduce the total monthly billing by a total of Forty Six Thousand Dollars (\$46,000).

6) The third paragraph in section 7.1 of the CONTRACT shall be deleted, and the parties agree that in lieu of that formula, UMG's management fee will be increased on an annual basis as provided in section 7.4 of the CONTRACT.

7) The parties acknowledge that the DISTRICT may, at its discretion, hire an individual to provide administrative and financial oversight for the DISTRICT, and report directly to the Board of Commissioners. This expense shall be borne solely by the DISTRICT. Said individual will have access to all of the DISTRICT's records that are in the possession of UMG during regular business hours.

8) Section 11.1 of the CONTRACT shall be amended as follows: Effective January 1, 2010, the DISTRICT shall have the option to terminate the CONTRACT at any time for any reason upon ninety (90) days notice to UMG.

9) All other provisions of the CONTRACT will remain the same.

10) The provisions of this Amendment will prevail over any provision in the CONTRACT inconsistent with this Amendment.

IN WITNESS WHEREOF, the parties hereto have agreed the date and year first above written.

MOUNTAIN WATER DISTRICT

BY: Joni Akew
IT'S: Chairperson
4-29-09

UTILITY MANAGEMENT GROUP, LLC

BY: Greg May
IT'S: Chief Operating Officer

Description: Loan: UMG to MWD
 Loan Amount: \$500,000.00
 Interest Rate: 5.00%
 Term (Months): 60
 Loan Date: 4/1/2009
 Monthly Payment: \$9,435.62
 Lender:

Month	Pmt Date	Pmt Amt	Inter Exp	Principal	Balance
Beginning Balance					\$500,000.00
1	5/1/2009	\$9,435.62	\$2,083.33	\$7,352.28	\$492,647.72
2	6/1/2009	\$9,435.62	\$2,052.70	\$7,382.92	\$485,264.80
3	7/1/2009	\$9,435.62	\$2,021.94	\$7,413.68	\$477,851.12
4	8/1/2009	\$9,435.62	\$1,991.05	\$7,444.57	\$470,406.55
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7	11/1/2009	\$9,435.62	\$1,897.60	\$7,538.02	\$447,886.20
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60	4/1/2014	\$9,435.62	\$39.15	\$9,396.46	\$0.00

EXHIBIT
A

**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

THIS AGREEMENT entered into this 29th day of April, 2009, by and between Mountain Water District, Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter ("DISTRICT"), and Utility Management Group, LLC, Post Office Box 663, Corbin, Kentucky 40702, hereinafter ("UMG").

WHEREAS, the parties hereto entered into an agreement for UMG to provide operations, maintenance and management services to the DISTRICT on or about the 3rd day of July, 2005 ("CONTRACT"); and

WHEREAS, pursuant to section 11 the of the CONTRACT, the DISTRICT issued a notice of termination of the CONTRACT on or about the 29th day of October, 2008; and

WHEREAS, the parties hereto have agreed to amend the CONTRACT so as to continue the same.

NOW THEREFORE WITNESSETH:

That for and in consideration of the mutual covenants and promises contained herein, the DISTRICT and UMG agree as follows:

- 1) DISTRICT agrees to rescind its termination of UMG's CONTRACT dated July 3rd, 2005.
- 2) The CONTRACT will run its full term, terminating at the end of its term on June 30, 2010.

3) UMG will provide the DISTRICT, upon closing of this agreement, a Five Hundred Thousand Dollar (\$500,000) loan. This loan will be amortized over a period of five (5) years at a simple interest rate of five percent (5%) per annum according to the Schedule for Amortization that is attached hereto as Exhibit "A" and incorporated herein as if set forth at length. For each full month that this CONTRACT remains in effect or is extended or renewed, UMG agrees to "forgive" or otherwise not require that a payment actually be made from the DISTRICT to UMG. Should the CONTRACT or any renewal or extension not be in place between the DISTRICT and UMG, the DISTRICT agrees that it will repay UMG for the total amount of the unamortized balance of the loan at the time that the CONTRACT has ended or is no longer in effect.

4) In consideration of the execution of this Amended Agreement, UMG agrees to forgive \$30,940.00 of the \$61,880.00 incurred by the DISTRICT pursuant to the agreement between the parties relating to the DISTRICT's repair and maintenance expenses of February 28, 2008.

5) Beginning with the first April 2009 invoice to the DISTRICT, UMG will reduce its bi-monthly operating and management fee by the sum of Twenty Three Thousand Dollars (\$23,000) per bi-monthly billing period so as to reduce the total monthly billing by a total of Forty Six Thousand Dollars (\$46,000).

6) The third paragraph in section 7.1 of the CONTRACT shall be deleted, and the parties agree that in lieu of that formula, UMG's management fee will be increased on an annual basis as provided in section 7.4 of the CONTRACT.

7) The parties acknowledge that the DISTRICT may, at its discretion, hire an individual to provide administrative and financial oversight for the DISTRICT, and report directly to the Board of Commissioners. This expense shall be borne solely by the DISTRICT. Said individual will have access to all of the DISTRICT's records that are in the possession of UMG during regular business hours.

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IN WITNESS WHEREOF, the parties hereto have agreed the date and year first above written.

MOUNTAIN WATER DISTRICT

BY: Joni Akers

IT'S: Chairperson
4-29-09

UTILITY MANAGEMENT GROUP, LLC

BY: Greg May

IT'S: Chief Operating Officer

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Description **Loan: UMG to MWD**
Loan Amount:: \$500,000.00
Interest Rate: 5.00%
Term (Months): 60
Loan Date: 4/1/2009
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MOUNTAIN WATER DISTRICT

RESOLUTION 10-02-013

APPROVAL TO EXTEND THE UTILITY MANAGEMENT GROUP, LLC CONTRACT THROUGH DECEMBER 31, 2010

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agrees that is in the best interests of both parties to extend the contract between the District and Utility Management Group, LLC;

AND WHEREAS, both parties have agreed to extend the contract "as is" with no changes for a period of six (6) months, changing the contract end date to December 31, 2010;

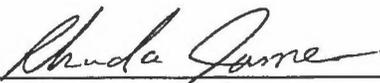
NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Mountain Water District votes to approve to extend the management contract with Utility Management Group, LLC "as is" for six (6) months, changing the end date to December 31, 2010.

MOTION FOR ADOPTION of this resolution was made the 24th day of February, 2010, by Commissioner Adkins and seconded by Commissioner Collins. Commissioner voting as follows:

Commissioner James	Aye
Commissioner Collins	Aye
Commissioner Friend	Aye
Commissioner Casey	Absent
Commissioner Adkins	Aye

THEREUPON, said motion was declared passed and the resolution adopted.

Dated this the 24th day of February, 2010.


Rhonda James, Chairperson


John Collins, Secretary

**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

THIS AGREEMENT entered into this 26th day of August, 2010, by and between **UTILITIES MANAGEMENT GROUP, LLC**, of Post Office Box 663, Corbin, Kentucky 40702, hereinafter referred to as ("UMG"), and **MOUNTAIN WATER DISTRICT** of Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter referred to as ("MWD").

WHEREAS, the parties hereto entered into a management contract dated of July 3, 2005; and

WHEREAS, the above referenced contract terminated according to its terms on June 30, 2010; and

WHEREAS, the parties agreed to extend the contract under its amended terms and conditions until December 31, 2010; and

WHEREAS, an issue has arisen concerning UMG'S ability to exempt sales taxes on purchases made on behalf of the MWD; and

WHEREAS, the parties hereto wish to resolve the same until a permanent solution can be had when the full contract is renegotiated.

NOW THEREFORE WITNESSETH:

That for and in consideration of the mutual covenants and promises contained herein, the parties hereto agree to amend their contract dated July 3, 2005, as follows:

- 1) UMG will submit all requests for vendor payments that they would have otherwise made under the management contract, but for the sales tax issue, to the MWD Board for payment each month.

2) UMG's statement for the 30th of the month following the Board meeting will identify all disbursements made by MWD in the prior month for vendor payments which would otherwise have been made directly by UMG, and will be reduced by the amount of such payments.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the date and year first above written.

UTILITIES MANAGEMENT GROUP, LLC

BY: _____

Greg May

ITS: _____

COO UMG

MOUNTAIN WATER DISTRICT

BY: _____

Rhonda Jones

ITS: _____

Chairperson

**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

CONTRACT EXTENSION AGREEMENT

THIS AGREEMENT entered into this 29th day of December, 2010, by and between Mountain Water District of Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter ("DISTRICT"), and Utility Management Group, LLC of Post Office Box 663, Corbin, Kentucky 40702, hereinafter ("UMG").

WHEREAS, the parties hereto entered into a contract for UMG to provide operations, maintenance and management services to the DISTRICT on the 3rd day of July, 2005, which ran through June 30, 2010, hereinafter ("CONTRACT"); and

WHEREAS, the parties entered into an agreement to extend the CONTRACT six months to December 31, 2010, on February 24, 2010, for the primary purpose of allowing the audit of the DISTRICT by the State Auditor's Office to be completed; and

WHEREAS, representatives of the parties hereto have negotiated a new operations contract to begin on January 1, 2011, and to run through December 31, 2015, subject to final review and approval by the Board of Directors of the DISTRICT at its Board meeting scheduled for December 29, 2010; and

WHEREAS, on December 22, 2010, the DISTRICT received a confidential draft of the final audit report for comment and review; and

WHEREAS, the DISTRICT wishes to fully contemplate and consider the comments and recommendations made by the State Auditor's Office to determine what, if anything therein, should be incorporated into a new contract with UMG; and

WHEREAS, the parties hereto agree that the Board of Directors should have sufficient time to fully and adequately review the recommendations of the State Auditor's Office.

NOW THEREFORE WITNESSETH:

That for and in consideration of the mutual covenants and promises contained herein, the DISTRICT and UMG agree as follows:

- 1) The parties contract dated July 3, 2005, as amended, shall be extended from December 31, 2010, to January 31, 2011.
- 2) The parties agree that if the new contract is approved, the financial terms thereof shall be retroactive to January 1, 2010.
- 3) All other provisions of the CONTRACT, as amended, shall remain the same until January 31, 2011, unless a new agreement is entered into prior thereto.

IN WITNESS WHEREOF, the parties hereto have agreed the date and year first above written.

MOUNTAIN WATER DISTRICT

BY: Rhoda James

IT'S: Chairperson

UTILITY MANAGEMENT GROUP, LLC

BY: Gig May

IT'S: COO

THIS AGREEMENT made and entered into this 20th day of January, 2011, by and between **Mountain Water District** of P.O. Box 3157, Pikeville, Kentucky 41502, hereinafter referred to as "District" and **Utility Management Group, LLC** of P.O. Box 663, Corbin, Kentucky 40702, hereinafter referred to as "UMG."

WHEREAS, the parties hereto entered into a Management Contract, hereinafter referred to as "Agreement" on or about July 3, 2005, in which the District contracted with UMG to manage its operations and facilities pursuant to the terms of the agreement; and

WHEREAS, the agreement has been subsequently amended on three prior occasions, being the 29th day of April, 2009, the 24th day of February, 2010, and the 29th day of December, 2010; and

WHEREAS, the parties hereto contemplate entering into a new contract for operational services and wish to resolve certain outstanding issues concerning the above referenced agreement, as amended.

NOW THEREFORE, WITNESSETH:

That for and in consideration of the mutual promises and considerations provided, the parties agree as follows:

1. Pursuant to Section 9 "Scope Changes" of the Agreement UMG made a claim against the District for additional utility expenses incurred as the result of a rate increase beginning on July 1, 2010, through December 31, 2010. This claim has been questioned by the District.

2. There is also a claim by UMG for \$3,950.62 for reimbursement of expenses related to flooding of 2007. There is no question on this claim.

balance of any debt thereon.

7. Notwithstanding anything to the contrary, it is further agreed that those vehicles assigned to Grondall Potter and David Taylor shall remain the property of UMG.

8. The parties mutually represent that the above claims are all of the outstanding claims for payment between the parties based on their Agreement; and neither shall make any further claims for payment except as may arise under Section 10 of the Agreement, as amended.

In witness whereof, the parties hereto have agreed the date and year first above written.

Utility Management Group, LLC

Mountain Water District

By: *Lucy May*

By: *Rhonda James*

Its: *Chief Operating Officer*

Its: *Chief person*

**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

THIS AMENDMENT entered into this 24th day of May, 2011, and effective the 1st day of January, 2011, by and between Mountain Water District of Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter ("DISTRICT"), and Utility Management Group, LLC of Post Office Box 663, Corbin, Kentucky 40702, hereinafter ("UMG").

WHEREAS, the parties hereto entered into a new agreement for operations, maintenance and management services ("CONTRACT") effective January 3, 2011; and

WHEREAS, a question has arisen as to which party is responsible for payment of expense associated with the purchase of hand tools used by UMG in its operation of the District's systems; and

WHEREAS, the parties wish to resolve the question by amending the above referenced agreement.

NOW THEREFORE WITNESSETH:

That for and in consideration of the terms and conditions of the above referenced agreement, and the mutual promises and consideration set forth herein, the parties hereto agree as follows:

1) Any individual tool purchased for UMG's use in the operations of the District's system that costs more than two hundred fifty dollars (\$250.00), shall be paid for by the District and charged to its "Repair and Maintenance" budget.

2) Any individual tool purchased for UMG's use in the operations of the District's system that costs less than two hundred fifty dollars (\$250.00), shall

be paid for by UMG and shall not be charged against the District's "Repair and Maintenance" budget.

3) Both parties indicate their approval of this amendment by their signatures below, and each party warrants that all corporate and governmental action necessary to bind the parties to the terms of this amendment have been, and will be, taken.

IN WITNESS WHEREOF, the parties hereto have agreed the date and year first above written.

MOUNTAIN WATER DISTRICT

BY: *Rhonda L. Cannon*

IT'S: *Chairperson*

DATE: *5/26/2011*

UTILITY MANAGEMENT GROUP, LLC

BY: *Greg May*

IT'S: *COO*

DATE: *5-23-11*

**AMENDMENT TO AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES**

THIS AMENDMENT entered into this 2 day of February, 2012, and effective the 1 day of January, 2012, by and between **MOUNTAIN WATER DISTRICT** of Post Office Box 3157, Pikeville, Kentucky 41502, hereinafter ("DISTRICT"), and **UTILITY MANAGEMENT GROUP, LLC** of Post Office Box 663, Corbin, Kentucky 40702, hereinafter ("UMG").

WHEREAS, the parties Contract effective January 3, 2011, provides in Section 2.17 that "UMG will provide all the ... and financial functions necessary to effectively operate the business affairs of the District, except as designated by the District"; and

WHEREAS, the parties have agreed to shift certain financial functions from UMG to the District; and

WHEREAS, the District seeks to employ Carrie Hatfield, the current Project Accountant for UMG; and

WHEREAS, the parties wish to amend their operating agreement to reflect the changes set forth above.

NOW THEREFORE WITNESSETH:

That for and in consideration of the terms and conditions of the above referenced agreement, and the mutual promises and consideration set forth herein, the parties hereto agree as follows:

1) UMG agrees to release, and the District agrees to assume, those specific accounting duties performed by Carrie Hatfield, Project Accountant, as set forth and enumerated in Exhibit "A", a copy of which is attached hereto and made a part hereof by referenced.

2) The parties further agree that the accounting functions performed by Mike Spears, CPA, Accountant for the District, falls under the responsibilities of the District, and for purposes of clarification, are identified and set forth in Exhibit "B", a copy of which is attached hereto and made a part hereof by reference.

3) The items set forth in Exhibit "A" and Exhibit "B" referenced above represent those items designated by the District in Section 2.17 of the parties, agreement, effective January 3, 2011.

4) UMG agrees to allow the District to negotiate and an employment agreement with Carrie Hatfield, UMG's Project Accountant for the District.

5) Effective upon the date Carrie Hatfield, Project Accountant, is employed by MWD, UMG agrees to reduce its fees to the District under the Contract effective January 3, 2011, by the total sum of Six Thousand Dollars (\$6,000) per month.

6) Both parties indicate their approval of this amendment by their signatures below, and each party warrants that all corporate and governmental action necessary to bind the parties to the terms of this agreement have been or will be taken.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the date and year first above written.

MOUNTAIN WATER DISTRICT

UTILITY MANAGEMENT GROUP, LLC

BY: *Shonda James*

BY: *Greg May*

IT'S: *Chairperson*

IT'S: *COO*

DATE: *2/2/2012*

DATE: *1-23-12*

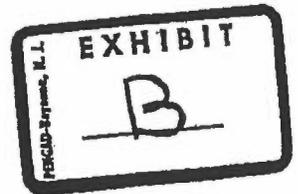
Duties and Responsibilities
Carrie Hatfield
Project Accountant



1. Process all R & M invoices and recurring invoices for Mountain Water District.
2. Entering data for construction projects when invoices are received.
3. Communicating with engineers and project administrators to maintain accurate records on construction projects.
4. Maintaining accounts payable database and invoice files for all construction projects.
5. Maintaining detail files for all construction projects.
6. Maintaining ledger of expenses for all construction projects.
7. Maintaining general ledger.
8. Prepare construction project payments to vendors as funds are received.
9. Prepare financial statements for the Districts CPA.
10. Maintaining reports and files for the annual audit and working and communicating with the auditors and the Districts CPA to assist in completion of the audit.
11. Prepare the District's Project Administrator and Commissioners payroll.
12. Maintaining and preparing of Districts payroll tax reports.
13. Maintaining fixed asset database.
14. Researching questioned general ledger entries for MWD.
15. Make adjusting entries requested by the Districts CPA.
16. Prepare quarterly payroll tax returns for the Mountain Water District.
17. Process monthly Sales Tax Report for MWD.
18. Open bank accounts for construction projects for MWD.
19. Communicate with MWD's CPA regarding financial statements and construction projects.
20. Communicating with funding agencies regarding the status of a construction project.
21. Process monthly School Tax for MWD.
22. Keep cash in the bank log for MWD.
23. Process all checks for the MWD.
24. Check all statements for MWD to keep invoices current.
25. Issue purchase orders for MWD:
26. Prepare list of 1099s for the CPA.
27. Prepare analysis and reports for the District's Administrator as requested.
28. Communicate with UMG for requested financial info.
29. Reconciliation of deposits to the accounts receivable reports.

Michael R. Spears, C.P.A., P.S.C.

Certified Public Accountant



August 24, 2011

To the Commissioners
Mountain Water District
Pikeville, KY 41501

The following is a partial list of services available from Michael R. Spears, CPA, PSC. We hope to better meet your expectations of service from our firm by clearly identifying the particular services to be provided and their frequency. Our services will cover the period August 1, 2011 through December 31, 2014.

You are responsible for making all management decisions and performing all management functions, and for designating an individual who possesses suitable skill, knowledge, or experience to oversee any bookkeeping services, tax services, or other services we provide. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

None of the services can be relied on to disclose errors, fraud, or illegal acts. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal act that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in you internal control as part of this engagement.

We have identified the services we expect to provide. Please review the information below:

1. Compiled Financial Statements, without footnotes disclosures, with supplemental information – Monthly
2. Review of the monthly bookkeeping and propose adjusting entries – Monthly
3. Prepare W-2's – Annually
4. Review Payroll Tax Returns – Monthly or Quarterly as required.
5. Assist in preparing Budgets – Annually
6. Prepare the PSC Returns – Annually
7. Assist the Auditors during their audit – Annually

We will compile, from information you provide, the indicated financial statements of Mountain Water District for the months August 31, 2011 thru December 31, 2014 and issue an accountants report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

You are responsible for:

1. The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
3. Preventing and detecting fraud.
4. Identifying and ensuring the company complies with the laws and regulation applicable to its activities.
5. The selection and application of accounting principles.
6. Making all financial records and related information available to us and for the accuracy and completeness of that information

We will conduct our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Accordingly, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate evidence through inspection, observation, confirmation, or the examination of source documents (for example cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly we will not express an opinion or provide any assurance regarding the financial statements being compiled.

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Michael R. Spears, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be \$2,200.00 monthly for the services listed except the PSC annual reports and \$2,500 annually for the preparation of the PSC annual reports. All other services not listed will be billed at standard hourly rates of personnel assigned. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

August 24, 2011

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely

Michael R. Spears, CPA

Acknowledged:
Mountain Water District

Chairperson

Date

**Agreement for Operations,
Maintenance and Management Services**

THIS AGREEMENT is entered into this 27th day of March, 2014, effective the 1st day of January, 2014, by and between:

Mountain Water District, with its principal address at 6332 Highway, P.O. Box 3157, Pikeville, Kentucky 41502 (hereinafter "DISTRICT")

AND

UTILITY MANAGEMENT GROUP LLC, with its principal address at 500 Summit Drive, P.O. Box 663, Corbin, Kentucky 40702 (hereinafter "UMG").

WHEREAS, DISTRICT owns and provides for the operation of water, wastewater and related treatment, collection and distribution facilities described on Appendix B; and

WHEREAS, DISTRICT desires to employ the services of UMG in the operation, maintenance and management of these facilities and UMG desires to perform such services for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements

1. **GENERAL**

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently or hereinafter acquired or owned by DISTRICT shall remain the exclusive property of DISTRICT unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.
- 1.4 Neither this Agreement, nor any of the rights or obligations hereunder, may be assigned by UMG without the prior written consent of the DISTRICT.
- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed effectively given

when delivered, if delivered personally or by courier mail service, i.e., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage prepaid, if mailed certified or registered U.S. mail, return receipt required; or received by the party for which notice is intended if given in any other manner.

- 1.6 This Agreement, including its Appendices, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "UMG" and "DISTRICT" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of UMG to DISTRICT is that of independent contractor and nothing in this Agreement shall create the relationship of partnership or joint venture. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services and nothing herein is intended to imply that UMG is to supply professional engineering services to DISTRICT unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party, the party determined not to be in default or in breach of the Agreement shall be entitled to its cost and reasonable attorney fees which are directly attributed to such litigation in addition to other relief to which it may be entitled. If both sides are found to have defaulted or be in breach each will pay their own cost, and attorney fees.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).

- 1.11 This agreement sets forth the entire agreement between the parties and fully supersedes all prior and/or verbal agreements or understanding between the parties which pertain to the subject matter hereof. However, the DISTRICT shall remain liable for any outstanding debt and any other accrued liabilities due UMG, except as otherwise provided in Section 7.6.
- 1.12 This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same documents.

2.1 **UMG's SERVICES - GENERAL**

- 2.1 UMG will staff the Project with employees who have met appropriate licensing and certification requirements of the Commonwealth of Kentucky. UMG warrants that it will maintain the necessary licensed and certified personnel as may be required by the Commonwealth of Kentucky for operation of the Project.
- 2.2 UMG shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and/or wastewater process control, operations, maintenance, safety, and supervisory skills.
- 2.3 UMG shall develop and/or supply and utilize computerized programs for maintenance, process monitoring and financial control. In the event this agreement is terminated for any reason, UMG shall provide the DISTRICT within thirty (30) days of notice all computerized programs, codes, records, maps, instruction manuals, and any other items necessary for DISTRICT to execute a complete transfer of their records and the operating systems necessary to access and maintain the same. The DISTRICT agrees to apply and pay for any and all software licenses necessary to transfer the same to the DISTRICT.
- 2.4 Within forty-five (45) days after the Commencement Date, UMG will provide a physical inventory of DISTRICT's vehicles, equipment and tools in use at the Project and a general statement as to the condition of each vehicle or piece of equipment. In the event this Agreement is terminated for any reason, UMG will provide to the DISTRICT, a physical inventory of DISTRICT's vehicles and equipment, and a general statement as to the condition of each vehicle and piece of equipment within ninety (90) days of the end of the contract. If UMG fails to do so, then the DISTRICT may take its own inventory.

- 2.5 Within forty five (45) days after the Commencement Date, UMG will provide DISTRICT with a physical inventory of chemicals and other consumables on hand when UMG begins services under this Agreement. Such chemicals and consumables will be made available to UMG in connection with its performance under this Agreement. UMG will provide DISTRICT with the same quantity of chemicals or equivalent upon termination of this Agreement. If UMG fails to do so, then the DISTRICT may take its own inventory.
- 2.6 UMG shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by DISTRICT and shall assist DISTRICT in enforcing existing equipment warranties and guarantees. UMG shall keep a record of all such warranties for the DISTRICT.
- 2.7 On or before October 1st of each year UMG shall provide the DISTRICT an annual schedule for preventive maintenance, along with an estimated budget for the DISTRICT owned equipment. They shall report to the DISTRICT on a monthly basis what preventive maintenance is being performed on DISTRICT owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by the DISTRICT. Such a maintenance program shall include documentation of corrective and preventive maintenance.
- 2.8 UMG shall operate, maintain and/or monitor the Project on a 24 hour per day, seven-day per week schedule.
- 2.9 Visits may be made at a reasonable time by DISTRICT's employees, board members or designated DISTRICT's representative. UMG shall provide keys for the Project to the DISTRICT's Administrator. The Administrator shall sign a receipt for any keys received. All visitors to the Project shall comply with UMG's operating and safety procedures.
- 2.10 UMG shall provide a 24 hour/day 7 days per week customer service phone number.
- 2.11 UMG will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to DISTRICT regarding the need, if any, for DISTRICT to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to UMG's

operations hereunder and with federal regulations promulgated pursuant to the Americans With Disability Act ("ADA").

- 2.12 UMG may modify the process and/or facilities to achieve the objectives of this Agreement; provided, however, no modification shall be made without DISTRICT's prior written approval.
- 2.13 In any emergency affecting the safety of persons or property, UMG may act without written amendment or change order, at UMG's discretion, to prevent threatened damage, injury or loss. UMG shall be compensated by DISTRICT for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include UMG's reasonable costs for the emergency. Such cost and the basis for which they were incurred shall be detailed to the Board in any request for additional compensation.
- 2.14 As required by law, permit or court order, UMG will prepare plant performance reports and submit them to DISTRICT for signature and transmittal to appropriate authorities on a timely basis.
- 2.15 UMG will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements or judicial and regulatory orders and decrees.
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- 2.16 UMG will provide for the collection, hauling and disposal of solid waste, screening, grit, sludge and scum ("Waste") to DISTRICT's existing or approved disposal sites. It shall be the sole right and responsibility of DISTRICT to designate, approve or select disposal sites to be used by UMG for DISTRICT's Waste. All Waste and/or byproduct treated and/or generated during UMG's performance of services is not and will not be considered property of UMG.
- 2.17 UMG shall provide all the administrative and financial functions necessary to effectively operate the business affairs of the DISTRICT, except as designated by the DISTRICT. Those exceptions are those duties assigned to the DISTRICT's Administrator, financial officer and CPA. UMG shall submit a monthly report to the DISTRICT that illustrates in summary, how much of the current month and year to date invoices submitted by UMG to the DISTRICT, are related to water services and how much are related to waste water services. The summary shall also report

the direct operating costs for water services and waste water services on a monthly and year to date basis.

- 2.18 UMG shall consult with the DISTRICT's Commissioners prior to replacement of the Project Manager.
- 2.19 UMG shall comply with all of the DISTRICT's policies and procedures in operating the DISTRICT, and UMG's Project Manager shall certify monthly to the DISTRICT's Board that all operations and activities under their control have been in compliance with the Board's policies and procedures.

UMG shall submit to the DISTRICT monthly, all reports of project activities in accordance with the DISTRICT's policies and formats.

- 2.20 UMG shall provide for monthly meter reading and billing. All amounts billed and received on behalf of DISTRICT are the property of DISTRICT and shall be promptly deposited into a bank account designated by the DISTRICT. Customer Service offices shall be maintained at locations approved by the DISTRICT.
- 2.21 UMG shall provide its reasonable business efforts in controlling unaccounted for water loss. A monthly report of system accounted for/unaccounted for water loss shall be submitted to the DISTRICT.
- 2.22 UMG shall comply with all applicable federal, state and local laws, regulations and rules as they may be applicable to the operation of the DISTRICT's water and waste water systems and the DISTRICT's operations.
- 2.23 UMG will seek sources of government grants and loans for consideration by the DISTRICT. The DISTRICT must approve in advance all application for such funding.
- 2.24 To protect the DISTRICT and allow for continuity of service UMG will post a surety bond or other surety in the amount of \$1,000,000 to ensure faithful performance of its contract obligations. Such surety shall be released upon termination of this Agreement and compliance by UMG with its obligations hereunder.
- 2.25 Notwithstanding anything herein to the contrary, UMG agrees to replace the DISTRICT's capital assets (excluding real property and improvements thereon) that are not an integral part of the DISTRICT's water/sewer production, treatment, and distribution and/or collection systems. If UMG determines that replacement of

capital assets is not essential for their continuing performance under this agreement, they shall notify the DISTRICT that they do not wish to replace an asset, with an explanation as to why. If the DISTRICT agrees, the asset will be removed from the DISTRICT's asset list. If the DISTRICT does not agree, UMG will be required to replace the asset. UMG shall submit to the DISTRICT at the November DISTRICT meeting a capital budget request for the next calendar year for approval by the DISTRICT. UMG may make subsequent request for a capital asset by petitioning the DISTRICT.

For those capital assets that cost less than \$1,500, UMG will purchase and pay for the same. For those that cost more than \$1,500, they may also be purchased and paid for by UMG or at UMG's option may be financed in the DISTRICT's name, subject to prior approval by the DISTRICT, and all such loan payments shall be made by UMG as long as this contract remains in effect. At the end of the contract term, or upon early termination, if there are any outstanding loans that have been approved by the DISTRICT, which are due and owing, the DISTRICT agrees to pay the balance of the same.

All assets acquired under this paragraph, except as hereinafter provided, will be titled in the DISTRICT's name. Any capital assets that UMG acquires, at its discretion, that is not replacements of the DISTRICT's assets, and/or which are not solely dedicated for use at the DISTRICT's project, shall be titled in the name of UMG and paid for by UMG.

Notwithstanding the above, any individual tool purchased for UMG's use in the operation of the DISTRICT that cost more than \$250 shall be paid for by the DISTRICT, and charged to its repair and maintenance budget. Any tool purchased for UMG's use in the operation of the DISTRICT that cost less than \$250 shall be paid for by UMG. All such tools shall be the property of the DISTRICT.

- 2.26 Routine repair and maintenance of any real property utilized by UMG in the performance of its duties under this contract will be done and paid for by UMG. If such improvements require financing, it will be done pursuant to the capital acquisition procedure outline above. This excludes any major renovation or expansion directed by the DISTRICT, which will be paid by the DISTRICT.

- 2.27 UMG will submit to the DISTRICT by no later than October 1st of each year, a repair and maintenance budget and capital budget for the next fiscal year. It shall include any item already under contract, but not yet paid. The R&M Budget shall include an allowance for any unforeseen repairs based on the DISTRICT's actual experience for such items over the last three (3) years.
- 2.28 UMG shall submit a monthly accounting to the DISTRICT detailing all repair and maintenance expenditures, including a brief explanation of the work done and why it was necessary.
- 2.29 All purchases made by UMG using the DISTRICT's Tax Identification Number shall only be for those items utilized in the operation of the DISTRICT. UMG shall not co-mingle, store or have delivered, parts, materials, chemicals or supplies used for any other customer on the DISTRICT's property, nor will the DISTRICT's parts, materials, chemicals and supplies be stored on any other customer's property without the express prior written consent of the DISTRICT.

3. **UMG'S SCOPE OF SERVICES - WASTEWATER**

- 3.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT's wastewater systems.
- 3.2 Within the design capacity and capabilities of the Waste Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that effluent discharged from the Plant(s) outfalls meets the requirements specified in Appendix C-1.
- 3.3 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT detailing all expenditures incurred, along with a brief explanation of the work done and why it was necessary
- 3.4 UMG will pay all Costs incurred in normal wastewater utility operations. Any cost determined to be abnormal, for which additional compensation is sought, shall be submitted to the DISTRICT for approval along with an explanation of why it was determined to be abnormal.

4. **UMG'S SCOPE OF SERVICES - WATER**

- 4.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT's drinking water treatment system.

- 4.2 Within the design capacity and capabilities of the Water Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that water produced from the Plant(s) meets the requirements specified in Appendix C-2.
- 4.3 UMG shall operate the water treatment plant(s), pump station(s), and provide for all laboratory testing requirements.
- 4.4 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT.
- 4.5 UMG will pay all Costs incurred in normal Water operations. Any cost determined to be abnormal, for which additional compensation is sought, will be submitted to the DISTRICT for approval along with an explanation of why it was determined to be abnormal.
- 4.6 UMG will perform all maintenance and repairs for the project, and submit a monthly accounting to the DISTRICT detailing all expenditures incurred, along with a brief explanation of the work done and why it was necessary.

5. **UMG's SCOPE OF SERVICES - WASTEWATER COLLECTION SYSTEM AND WATER DISTRIBUTION SYSTEM**

- 5.1 This Article shall apply to UMG's services for the DISTRICT's ~~wastewater collection system and potable water distribution system.~~
- 5.2 The scope of UMG's services for the Maintenance and Repair of the collection system and the distribution system are set forth in Appendices C-3 and C-4, respectively.
- 5.3 UMG shall provide for all daily operation and maintenance functions such as line Repairs, customer connections, line and tank maintenance, meter replacement, leak detection, line flushing, valve exercise, system inspection, line locations, and emergency call-outs, etc.

6. **DISTRICTS DUTIES**

- 6.1 The DISTRICT shall fund all necessary Capital Expenditures, except as otherwise provided herein. Such funding shall be provided either (i) in advance from the DISTRICT to UMG if the

DISTRICT requests that UMG contract for such Capital Expenditure or (ii) the DISTRICT shall contract for such Capital Expenditure directly. Priorities shall be given to safety and the ADA related expenses described in Section 2.12. Any loss, damage, or injury resulting from the DISTRICT's failure to provide capital as reasonably required by UMG shall be the sole responsibility of the DISTRICT provided that UMG has timely notified the DISTRICT of the need for the capital expenditure and has provided sufficient lead time for acquisition and utilization of the same. Otherwise any such loss damage or injury shall be the sole responsibility of UMG.

- 6.2 The DISTRICT shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to DISTRICT and are not transferred to UMG under this Agreement. UMG shall keep in force all Project warranties, guarantees, easements and license transferred to them under this Agreement.
- 6.3 The DISTRICT shall pay all ad valorem, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon UMG's net income and/or payroll taxes for UMG employees.

In the event UMG is required to pay any sales tax or use taxes on the value of the services provided by UMG hereunder such payments shall be reimbursed by the DISTRICT unless the DISTRICT furnishes a valid and properly executed exemption certificate relieving the DISTRICT and UMG of the obligation for such taxes. ~~Any items purchased by the DISTRICT to save sales tax for a purchase UMG is required to make on behalf of the DISTRICT, shall be reimbursed by UMG within fifteen (15) days from the date of invoice to UMG. UMG shall make all such invoices on behalf of the DISTRICT to UMG on the next business date after the DISTRICT has made any purchase referenced above.~~

- 6.4 The DISTRICT shall provide UMG with full use of any and all pieces of DISTRICT's heavy equipment that are available so that UMG may discharge its obligations under this Agreement in the most cost-effective manner.
- 6.5 DISTRICT shall provide all registration and licenses for DISTRICT's vehicles used in connection with the Project.
- 6.6 DISTRICT shall provide for UMG's exclusive use of all vehicles and equipment presently in full time use at the Project except as may be otherwise designated from time to time by Agreement.

- 6.7 DISTRICT shall provide for UMG access to all easements, right-of-ways, and access to discharge UMG's obligation under this Agreement.
- 6.8 The DISTRICT may hire an Administrator to assist the DISTRICT in the oversight of its operations and business affairs. The Administrator's office shall be located in the DISTRICT headquarters and the Administrator shall have full access to all of the DISTRICT's operating and financial records.
- UMG agrees to provide administrative assistance to the Administrator, which shall not exceed fifteen (15) hours per week.
- 6.9 DISTRICT shall promptly review and consider any request by UMG for any additional Capital Expenditures or Costs incurred by UMG.
- 6.10 The DISTRICT will be responsible for the purchase of all capital assets (additions and replacements) that are an integral part of the DISTRICT's Water/Sewer production, treatment, distribution and/or collection systems.

7. COMPENSATION

- 7.1 UMG's compensation under this Agreement shall consist of an Annual Fee as set forth herein. The Annual Fee for 2014 shall be \$7,680,850 (\$640,070.83 per month), to be effective January 1, 2014. ~~That portion of the increased fee for 2014, due from~~ January 1, 2014, until the first full bi-monthly payment made under this agreement shall be spread over the balance of payments for the 2014 term. The annual fee for 2015 and 2016, shall be \$7,757,660 (\$646,471.66 per month).
- 7.2 UMG shall provide the DISTRICT a summarized expenditure report monthly, and an annual detailed report on or before April 1st of each year. Such reports shall allocate expenses between water and sewer operations.
- 7.3 In the event the DISTRICT should make application to PSC for a rate increase in any of its services, UMG agrees to provide the DISTRICT a copy of any and all necessary information required by the PSC for such application.

If the DISTRICT elects to verify any information which is required by the PSC, or to conduct rate study, UMG agrees to allow the

DISTRICT's duly authorized agents' access to its records to verify the information provided by UMG.

- 7.4 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement Year, UMG will rebate the entire difference to the DISTRICT in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, the DISTRICT shall pay the excess to UMG (to the extent UMG has paid the same) in accordance with Section 8.2. UMG will notify the DISTRICT when actual Maintenance and Repair expenditures equal eighty percent (80%) of the Maintenance and Repair Limit in each Agreement Year throughout the term.
- 7.5 Any additional expenses, reasonably incurred by UMG, including overtime wages as a result of severe weather, a natural disaster or other unplanned events outside of the normal course of operations, will be invoiced by UMG to the DISTRICT for reimbursement in accordance with Section 8.2.

Any additional expense, reasonably incurred by UMG as set forth in the above paragraph, for which the DISTRICT is eligible for reimbursement by a third party (i.e., FEMA), UMG agrees to defer payment from the DISTRICT for such expenses until the DISTRICT receives approval for reimbursement from the third party.

The DISTRICT agrees to pay UMG interest on any expenses paid by UMG described in the above paragraph at the then prime rate of interest charged by ~~Community Trust Bank of Pikeville, Kentucky.~~ Interest would start to accrue six months after the third party has approved the DISTRICT's application for reimbursement and run on the outstanding balance until paid in full. Approval shall be defined as that date when the third party accepts the DISTRICT's application for reimbursement. If they DISTRICT's application does not receive final approval, or final approval is delayed due to UMG's failure to properly process the application or the information therein correctly, then the time table for starting the accrual of interest will not start until the necessary corrections are approved.

- 7.6 UMG agrees to forgive \$118,932 of the District's R & M overage due UMG upon execution of this agreement.

8. **PAYMENT OF COMPENSATION**

- 8.1 One twenty-fourth (1/24) of the Annual Fee for each Agreement Year shall be due and payable on the 1st and the 15th of each month during such Agreement Year for service provided in accordance to Articles 7.1 of this Agreement.
- 8.2 All other compensation to UMG is due upon receipt of UMG's invoice and payable within fifteen (15) days, except as provided in Article 7.6. Any and all request for additional compensation will be supported by a detailed cost analysis evidenced by appropriate invoices to be attached to the request.
- 8.3 DISTRICT shall pay interest at an annual rate equal to the DISTRICT's designated financial institution's prime rate on payments not paid and received by UMG within thirty (30) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

9. **SCOPE CHANGES**

- 9.1 A Change in Scope of services shall occur when and as UMG's Costs of providing services under this Agreement significantly change as a result of one of the following:
 - 9.1.1 Any change in Project operations, personnel qualifications or staffing or other cost which is mandated or otherwise required, by a change in law, rule or regulation or an action or forbearance of any governmental body having jurisdiction to order, dictate or require such change.
 - 9.1.2 The DISTRICT's request of UMG and UMG's consent to provide additional services beyond what is provided in this agreement and routine growth of current services.
- 9.2 For Changes in Scope described in Sections 9.1.1 and 9.1.2, the Annual Fee shall be increased (or decreased) in an amount equal to UMG's additional (or reduced) Cost associated with the Change in Scope.

10. **INDEMNITY AND LIABILITY INSURANCE**

- 10.1 UMG agrees to indemnify and hold DISTRICT harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and

against all liability, losses and damage of any nature whatever that DISTRICT shall or may at any time sustain arising from the operation of this Agreement other than those arising from the DISTRICT's negligence or willful misconduct.

- 10.2 DISTRICT agrees to indemnify and hold UMG harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and against all liability, losses and damage of any nature whatever that UMG shall or may at any time sustain as a result of DISTRICT's negligence or willful misconduct.
- 10.3 UMG shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Commencement Date, of the effluent quality requirements provided for in Appendices C-1 and C-2 that are a result of UMG's negligence. DISTRICT will assist UMG in contesting any such fines in administrative proceedings and/or in court prior to any payment by UMG. UMG shall pay the cost of any such contest.
- 10.4 UMG shall be liable for all fines or civil penalties imposed by any regulatory or enforcement agencies on DISTRICT and/or UMG that are not a result of DISTRICT's negligence or are otherwise directly related to the operation of the Project and shall indemnify and hold DISTRICT harmless from the payment of any such fines and/or penalties.
- 10.5 Indemnity agreements provided for in this Agreement shall survive the termination of the Agreement.
- 10.6 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix E. Each party shall provide the other party with satisfactory proof of insurance.

11. **TERM, TERMINATION AND DEFAULT**

- 11.1 The term of this Agreement shall be three (3) years-commencing on January 1, 2014, and ending on December 31, 2016. Each period during the term commencing January 1 and ending the following December 31 shall be referred to as an "Agreement Year." Either party shall have the right, without cause, to terminate this Agreement at the end of the second Agreement Year. Notice of termination shall be given in writing no less than one hundred eighty (180) days in advance of the effective date of termination, and notice cannot be given prior to January 1, 2016.

- 11.2 A party may terminate this Agreement only for a material breach of the Agreement by the other party, except as provided in Section 11.1 only after giving written notice of breach; and, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.
- 11.3 In the event this agreement is terminated by the DISTRICT prior to the DISTRICT's payoff of UMG'S loan dated April 1, 2009, which is being forgiven over time, the DISTRICT agrees to pay UMG the unamortized balance of the note as of the date of termination as set out in Appendix E.
- 11.4 Upon notice of termination by DISTRICT, or the contract is not renewed, UMG shall assist DISTRICT in assuming or transferring operation of the Project, for a period up to six (6) months from the date of notice of termination or non-renewal. UMG's compensation for such services shall be its costs not otherwise uncured in operation of the Project. If additional Cost is incurred by UMG at request of DISTRICT, DISTRICT shall pay UMG such Cost within thirty (30) days receipt of invoice.
- 11.5 Upon termination of this Agreement and all renewals and extensions of it, UMG will return the Project to DISTRICT in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by UMG for use in the operation or maintenance of the Project shall remain the property of UMG upon termination of this Agreement unless the property was directly paid for by DISTRICT or DISTRICT specifically reimbursed UMG for the cost incurred to purchase the property or this Agreement provides to the contrary. This provision is subordinated to the terms set out in Section 2.25.

12. **DISPUTES AND FORCE MAJEURE**

- 12.1 In the event activities by employee groups or unions unrelated to UMG cause a disruption in UMG's ability to perform at the Project, DISTRICT, with UMG's assistance or UMG at its own option, may seek appropriate injunctive court orders. During any such disruption, UMG shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 12.2 Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

MOUNTAIN WATER DISTRICT

By: Rhonda James

Name: Rhonda James

Title: Chair person

Date: 3-2-2014

UTILITY MANAGEMENT GROUP, LLC.

By: Greg May

Name: GREG MAY

Title: COO

Date: 3-27-14



November 5, 2014

Roy Sawyer
 Mountain Water District
 6332 Zebulon Highway
 Pikeville, KY 41501

Dear Mr. Sawyer:

This letter is a follow up to our earlier conversation regarding an information request from the Public Service Commission. For the years 2005, 2006, and 2007 I do not have expense information for the Mountain Water District project that is categorized into separate water and sewer cost centers. I have consolidated financials but no departmentalized detail for those three years.

In 2008, Utility Management Group implemented a new accounting system that compartmentalized expenses both by project and by departments within each project (ie: water, sewer, customer services, administration, etc.). Consequently I am able to provide you expense information for water and sewer beginning in 2008. A copy of the expense information for the years 2008 through 2014 has been provided to you. The information for the current year, 2014 is year to date data from January 1, 2014 through June 30, 2014.

Please let me know if you need any additional information.

Sincerely,

Robert L. Meyer, Controller

MOUNTAIN WATER DISTRICT
SUMMARY OF WATER & SEWER EXPENSES 2008 - 2014

	WATER	SEWER	TOTAL
2014			
Direct Operating Expenses	1,942,453	414,830	2,357,283
Admin. & Overhead Expenses	839,401	179,262	1,018,663
Repair & Maintenance	202,951	153,970	356,921
TOTAL EXPENSES	2,984,805	748,062	3,732,867

2013			
Direct Operating Expenses	3,825,979	786,648	4,612,627
Admin. & Overhead Expenses	1,856,191	381,646	2,237,837
Repair & Maintenance	398,644	275,161	673,805
TOTAL EXPENSES	6,080,814	1,443,455	7,524,269

2012			
Direct Operating Expenses	3,694,256	847,994	4,542,250
Admin. & Overhead Expenses	1,776,706	407,832	2,184,538
Repair & Maintenance	393,938	255,836	649,774
TOTAL EXPENSES	5,864,900	1,511,662	7,376,562

2011			
Direct Operating Expenses	3,789,433	868,347	4,657,780
Admin. & Overhead Expenses	1,862,704	426,838	2,289,542
Repair & Maintenance	480,722	292,388	773,110
TOTAL EXPENSES	6,132,859	1,587,573	7,720,432

2010			
Direct Operating Expenses	3,551,823	720,545	4,272,368
Admin. & Overhead Expenses	1,864,028	378,148	2,242,176
Repair & Maintenance	288,927	112,476	401,403
TOTAL EXPENSES	5,704,778	1,211,169	6,915,947

2009			
Direct Operating Expenses	3,563,194	601,358	4,164,552
Admin. & Overhead Expenses	2,062,855	348,088	2,410,943
Repair & Maintenance	420,553	213,254	633,807
TOTAL EXPENSES	6,046,602	1,162,700	7,209,302

2008			
Direct Operating Expenses	3,327,961	481,859	3,809,820
Admin. & Overhead Expenses	2,312,156	334,780	2,646,936
Repair & Maintenance	512,884	59,316	572,200
TOTAL EXPENSES	6,153,001	875,955	7,028,956

**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/2014 through 6/30/2014

OPERATIONS EXPENSES:												
	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS	
P/R & Admin	\$64,723	\$138,916	\$203,639		\$699,377	\$78,105	\$777,482	\$6,991	\$346,446	\$246,701	\$600,138	\$1,581,259
Dir Operations	\$90,893	\$57,049	\$147,942		\$573,630	\$57,417	\$631,047	-\$4,369	\$58,085	\$502	\$54,218	\$833,207
Corp / OH Exp			\$0			\$0			\$364,307		\$364,307	\$364,307
Subtotal	\$155,616	\$195,965	\$351,581	\$1,273,007	\$135,522	\$1,408,529	\$2,622	\$768,838	\$247,203	\$1,018,663	\$2,778,773	
Electric			\$63,249			\$533,924				\$0	\$597,173	
Total All Direct			\$414,830			\$1,942,453				\$1,018,663	\$3,375,946	

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$414,830	17.6%
Direct Water	\$1,942,453	82.4%
Total Direct:	\$2,357,283	100.0%

SHARED OPER. COSTS ALLOCATION:												
			\$179,262			\$839,401					-\$1,018,663	
TOTAL OPERATIONS COSTS:			\$594,092			\$2,781,854						\$3,375,946
% TO TOTAL			17.6%			82.4%						

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:		\$153,970				\$202,951						
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**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/2013 through 12/31/2013 (Calendar Year 2013)

OPERATIONS EXPENSES:

	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS
P/R & Admin	\$146,863	\$257,103	\$403,966	\$1,440,273	\$195,122	\$1,635,395	\$14,999	\$741,962	\$521,967	\$1,278,928	\$3,318,289
Dir Operations	\$171,071	\$100,690	\$271,761	\$1,125,365	\$117,537	\$1,242,902		\$166,300	\$1,844	\$168,144	\$1,682,807
Corp / OH Exp			\$0			\$0		\$790,765		\$790,765	\$790,765
Subtotal	\$317,934	\$357,793	\$675,727	\$2,565,638	\$312,659	\$2,878,297	\$14,999	\$1,699,027	\$523,811	\$2,237,837	\$5,791,861
Electric			\$110,921			\$947,682				\$0	\$1,058,603
Total All Direct			\$786,648			\$3,825,979				\$2,237,837	\$6,850,464

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$786,648	17.1%
Direct Water	\$3,825,979	82.9%
Total Direct:	\$4,612,627	100.0%

SHARED OPER. COSTS ALLOCATION:	\$381,646			\$1,856,191						-\$2,237,837	
TOTAL OPERATIONS COSTS:		\$1,168,294				\$5,682,170					\$6,850,464
% TO TOTAL		17.1%				82.9%					

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:		\$275,161				\$398,644	TOTAL R&M EXPENSES ACTUALLY INVOICED TO UMG FOR 2013				\$ 673,805
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**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/11 through 12/31/11

OPERATIONS EXPENSES:

	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS
P/R & Admin	\$154,271	\$249,746	\$404,017	\$1,400,090	\$211,657	\$1,611,747	\$17,232	\$862,522	\$564,300	\$1,444,054	\$3,459,818
Dir Operations	\$201,533	\$132,838	\$334,371	\$1,088,701	\$140,440	\$1,229,141	-\$7,700	\$18,242	\$1,498	\$12,040	\$1,575,552
Corp / OH Exp			\$0			\$0		\$820,744		\$820,744	\$820,744
Electric		\$129,959	\$129,959	\$948,545		\$948,545		\$12,704		\$12,704	\$1,091,208
Total Direct Exp	\$355,804	\$512,543	\$868,347	\$3,437,336	\$352,097	\$3,789,433	\$9,532	\$1,714,212	\$565,798	\$2,289,542	\$6,947,322

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$868,347	18.6%
Direct Water	\$3,789,433	81.4%
Total Direct:	\$4,657,780	100.0%
SHARED OPER. COSTS ALLOCATION:	\$426,838	
TOTAL OPERATIONS COSTS:	\$1,295,185	
% TO TOTAL	18.6%	

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:	\$292,388	\$480,772
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**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/10 through 12/31/10

OPERATIONS EXPENSES:

	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS
P/R & Admin	\$181,587	\$164,507	\$346,094	\$1,381,250	\$200,373	\$1,581,623	\$10,185	\$1,003,940	\$556,999	\$1,571,124	\$3,498,841
Dir Operations	\$195,916	\$178,535	\$374,451	\$1,692,631	\$277,569	\$1,970,200		\$20,699	\$1,497	\$22,196	\$2,366,847
Corp / OH Exp			\$0			\$0		\$648,856		\$648,856	\$648,856
Total Direct Exp	\$377,503	\$343,042	\$720,545	\$3,073,881	\$477,942	\$3,551,823	\$10,185	\$1,673,495	\$558,496	\$2,242,176	\$6,514,544

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$720,545	16.9%
Direct Water	\$3,551,823	83.1%
Total Direct:	\$4,272,368	100.0%
SHARED OPER. COSTS ALLOCATION:	\$378,148	\$1,864,028
TOTAL OPERATIONS COSTS:	\$1,098,693	\$5,415,851
% TO TOTAL	16.9%	83.1%

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:	\$112,476	\$185,955	\$102,972 R&M Flood expenses	\$401,403
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**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/2009 through 12/31/2009

OPERATIONS EXPENSES:

	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS
P/R & Admin	\$68,165	\$205,406	\$273,571	\$1,424,010	\$229,633	\$1,653,643	\$8,868	\$988,517	\$560,515	\$1,557,900	\$3,485,114
Dir Operations	\$177,817	\$149,970	\$327,787	\$1,776,710	\$133,437	\$1,910,147	\$7,988	\$11,257	\$1,839	\$21,084	\$2,259,018
Corp / OH Exp			\$0	-\$596		-\$596		\$831,959		\$831,959	\$831,363
Total Direct Exp	\$245,982	\$355,376	\$601,358	\$3,200,124	\$363,070	\$3,563,194	\$16,856	\$1,831,733	\$562,354	\$2,410,943	\$6,575,495

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$601,358	14.4%
Direct Water	\$3,563,194	85.6%
Total Direct:	\$4,164,552	100.0%

SHARED OPER. COSTS ALLOCATION:	\$348,138			\$2,062,805						-\$2,410,943	
TOTAL OPERATIONS COSTS:		\$949,496				\$5,625,999					\$6,575,495
% TO TOTAL		14.4%				85.6%					

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:		\$213,254			\$420,553
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**MOUNTAIN WATER DISTRICT
ALLOCATION OF WATER & SEWER DIRECT OPERATIONS EXPENSES**

1/1/2008 through 12/31/2008

OPERATIONS EXPENSES:

	WW Coll.	WWT	DIRECT SEWER TOTAL	Trans / Distr	WTP	DIRECT WATER TOTAL	Gen Adm	ADM	Cust Svc	TOTAL SHARED COSTS	TOTAL PROJECT COSTS
P/R & Admin		\$180,701	\$180,701	\$1,397,082	\$218,005	\$1,615,087	\$8,544	\$1,113,993	\$557,404	\$1,679,941	\$3,475,729
Dir Operations	\$154,575	\$146,583	\$301,158	\$1,432,157	\$280,717	\$1,712,874	\$500	\$13,265	\$1,571	\$15,336	\$2,029,368
Corp / OH Exp			\$0			\$0		\$951,659		\$951,659	\$951,659
Total Direct Exp	\$154,575	\$327,284	\$481,859	\$2,829,239	\$498,722	\$3,327,961	\$9,044	\$2,078,917	\$558,975	\$2,646,936	\$6,456,756

ALLOCATION OF SHARED OPERATIONS COSTS:

	YTD Costs	% To Total
Direct Sewer	\$481,859	12.6%
Direct Water	\$3,327,961	87.4%
Total Direct:	\$3,809,820	100.0%

SHARED OPER. COSTS ALLOCATION:	\$334,780	\$2,312,156	-\$2,646,936
TOTAL OPERATIONS COSTS:	\$816,639	\$5,640,117	\$6,456,756
% TO TOTAL	12.6%	87.4%	

REPAIR & MAINTENANCE EXPENSES

TOTAL R&M EXPENSES:	\$59,316	\$512,884
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PSC Request No 4

See separate volume for item 4 due to size of response.

Request no. 5

The district has no non-regulated business activities.

PSC Request No 6 (a)

MOUNTAIN WATER DISTRICT

CONSTRUCTION PROJECT SUMMARY - WATER ONLY

6/30/2014

WATER CONSTRUCTION IN PROGRESS (GL ACCT # 1050-00)

PROJECT	PHASE	BALANCE @ 06/30/13	ADDITIONS JUL TO DEC 2013	ADDITIONS JAN TO JUN 2014	DELETIONS	BALANCE @ 06/30/14	FUNDING
Various Short Lines	1,300,000	-	-	-	-	-	KIA Coal Severance KIA Coal Severance
Tank Rehab Southern Corrosion		640,609.34	34,823.58			675,432.92	KIA Coal Severance
BAD FORK		20,243.44	211,153.57	214,354.45		445,751.46	AML FUNDING
Majesterial District 2			5,801.22	22,736.86		28,538.08	Coal Severance
Jonican Water	808,846.00	169,732.80	415,074.62	267,527.44		852,334.86	KIA Coal Severance
Jonican Water				48,575.64		48,575.64	HB365
WATER TREATMENT	UPGRADE PROJEC	-				-	RD INTERIM FINAN
RUSSELL FORK WTP		222,456.00	44,174.87			266,630.87	CTB LINE OF CREC
Tap Fees		-	56,725.40	58,579.55	115,304.95	-	1-Jul Local
FLOOD PROJECT 2007		-				-	RD LOAN
Taps		-				-	
AUTOMATED METER REAL RD LOAN		-				-	
In-House Projects		481,107.54	243,855.49	171,319.73	46,913.30	849,369.46	RD loan
Capitalized interest Regions Bank WTP		-				-	
TOTAL ACCOUNT 1050-00		1,534,149.12	1,011,608.75	783,093.67	162,218.25	3,166,633.29	
					GL	3,225,213.47	
						(58,580.18)	

MOUNTAIN DISTRICT

WATER PROJECTS
IN-HOUSE CONSTRUCTION PROJECTS BY FUNDING SOURCES
YEAR END 06/30/14

PROJECT NAME	6/30/2013	PAID JULY DEC	PAID JAN JUN	TOTAL	COMPLETED fy June 2014	C-I-P 6/30/2014	Date	FUNDING	RRC IN 2007	RRC 08	RRC IN 2009	RRC IN 2010	RRC IN 2011	RRC in 2012	RRC in 2013	RRC IN 2014	2013 ADV FOR CONST
VARIOUS PCFC LINES	-	-	-	-	-	-											
2009 PCFC AND FIRE HYDRANTS	-	-	-	-	-	-											
2010 PCFC AND FIRE HYDRANTS	-	-	-	-	-	-											
2010 PCFC VARIOUS SHORT LINES	-	35,092.10	-	35,092.10	-	-	3/13	50,000.00				50,000.00					50,000.00
AJE PCFC FOR RED ROBIN	-	-	-	-	-	-		100,000.00				100,000.00					100,000.00
KIA / COAL SEVERENCE		35,092.10		35,092.10								150,000.00					150,000.00
Telemetry	202,207.10	-	-	202,207.10	-	202,207.10											
LIMIT TAPS	-	-	-	-	-	-	4/4	210,000.00			77,389.21	63,567.35	34,090.62	24,952.82			
Water Treatment Plant Upgrade	-	-	-	-	-	-		400,000.00			201,508.15	180,181.83	13,181.91	2,302.00	2,826.11		200,000.00
	202,207.10	-	-	202,207.10	-	202,207.10											
Various Water & Sewer Projects	-	-	-	-	-	-					278,897.36	243,749.18	47,272.53	27,254.82	2,826.11		200,000.00
KIA / LEONID MOORE																	
VARIOUS WATER LINES	-	-	-	-	-	-											
WATER TREATMENT EXPANSION	-	10,322.10	89,677.90	100,000.00	-	100,000.00	5/8								10,322.10	89,677.90	100,000.00
	-	10,322.10	89,677.90	100,000.00	-	100,000.00									3,517.93		
PRIVATE PROJECTS																	
CITY OF JENKINS CONNECTOR	-	-	-	-	-	-											
UPPER BEEFHOE	-	-	-	-	-	-											
Little Fork Project After completion	-	-	-	-	-	-											
TECO RELOCATION OF PENNY RD.	11,832.23	-	-	11,832.23	-	11,832.23	na	56,700.00		56,700.00							
CAM Mixing	-	-	-	-	-	-											
	11,832.23	-	-	11,832.23	-	11,832.23											56,700.00
KDOT PROJECTS																	
119 RELOCATION	210,008.21	109,662.78	19,263.70	338,934.69	-	338,934.69											
McVEIGH/HUDDY	-	47,897.90	33,652.81	81,550.71	-	81,550.71											
DESKINS CURVE	-	38,044.31	-	38,044.31	-	38,044.31											
MILLARD CURVE	12,983.00	-	-	12,983.00	-	12,983.00											
CABIN KNOLL	-	-	22,080.32	22,080.32	-	22,080.32											
DRAFFIN RELOCATION	44,077.00	2,836.30	-	46,913.30	46,913.30	46,913.30	7/6										
SCOTT FORK	-	-	6,645.00	6,645.00	-	6,645.00											
TOTALS	287,088.21	198,441.29	81,841.83	547,151.33	46,913.30	500,238.03									46,913.30	6,645.00	44,077.00
	481,107.54	243,855.49	171,319.73	896,282.76	46,913.30	814,277.36		266,700.00	-	56,700.00	278,897.36	393,749.18	47,272.53	54,509.64	482,175.54	171,319.73	869,373.10

**Water Division
Question# 6 A
Project Description**

Water Projects

Tank Rehab Southern Corrosion
Bad Fork
Majesterial Dist. 2
Jonican Water
Russell Fork WTP (Line Of Credit)
Telemetry
Various Waterline
Penny Rd.(TECO)
KDOT/119 Relocation (Stone)
KDOT/McVeigh/Huddy
KDOT/Deskins
KDOT/Millard
KDOT/Cabin Knoll
KDOT/Scott Fork



Drinking Water Project Profile

Legal Applicant: Mountain Water District		
Project Title: MWD System Wide Tank Rehabilitation		
Project Number: WX21195017	View Map	Submitted By: BSADD
Funding Status: Partially Funded		Primary County: Pike
Project Status: Approved		Planning Unit: Pike
Project Schedule: 0-2 Years		Multi-County: No
E-Clearinghouse SAI: KY201202230183		ECH Status: Endorse With Condition
Applicant Entity Type: Water District (KRS 74)		ADD WMC Contact: Tracy Wireman
Date Approved (AWMPC): 12-10-2011		

Project Description:**MWD-system wide tank rehabilitation**

CONTRACTOR AGREEMENT CONSISTS OF INSPECTION, MINOR REPAIRS, CLEANOUT, SANDBLASTING INTERIOR & EXTERIOR PAINTING OF THE DISTRICT'S LARGER WATER STORAGE TANKS.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

Insuring the storage facility for water remains in compliance with current standards

Project Alternatives:

Alternate A:

Build new tanks

Alternate B:

Do nothing**Legal Applicant:**Entity Type: **Water District (KRS 74)**PSC Group ID: **25605**Entity Name: **Mountain Water District**Web URL: **www.mountainwaterdistrictky.com**Office EMail: **gpotter@umgllc.net**Office Phone: **606-631-9162**

Toll Free:

Fax: **606-631-3087**Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**Auth Official: **Rhonda James**Contact Title: **District Administrator**Auth Official Title: **Chair Person**Contact EMail: **rsawyers@mtwater.org**Auth Official EMail: **rbjames6@msn.com**Contact Phone: **606-631-9162**Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**Date Last Modified: **05.30.2014**



Commonwealth of Kentucky

PURCHASE ORDER

IMPORTANT

Show Doc ID number on all packages, invoices and correspondence.

Doc Description: BAD FORK/HARLESS CREEK WSD/WSP 30AG PIKE CO	
Doc ID No: PO2 128 1300000964 1	Procurement Folder: 2603641
Procurement Type: MOA/PSC Exception	
Administered By: BETH WILSON	Cited Authority: KRS45A.690(1)(D)11
Telephone: 502-564-2141	Issued By: BETH WILSON

COMPLIANCE	MOUNTAIN WATER DIST
	PO BOX 3157
	PIKEVILLE KY 41502-3157
	US

Effective From: 2012-09-01 **Effective To:** 2014-08-30

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	BAD FORK/HARLESS CREEK PIKE CO 30AG		0.00		0.00000	700,000.00	700,000.00

Extended Description:

This Memorandum of Agreement MOA will provide funding in the amount of \$700,000.00 Thousand Dollars from the 30th Annual Grant for the Design and Construction of a waterline extension project to serve the residents of the Bad Fork and Harless Creek areas located near the community of Marrowbone in Pike County Ky. The project will be constructed in Pike County, and operated by Mountain Water District. The entire project will involve the following: Construction of Approximately Bad Fork 10000 Linear Feet of Line, and 18 Meters. Harless Creek 550 Linear Feet of 4 PE Pipe, 5 water meters. If additional information is needed please refer to the Bad Fork and Harless Creek Design Plans for further details. Design and Construction will be arranged so that bids are received to maximize the amount of waterlines laid and meters set.

BILL TO	257749	SHIP TO	257749
	DIVISION OF AML - FRANKFORT		DIVISION OF AML - FRANKFORT
	2521 OLD LAWRENCEBURG RD		2521 OLD LAWRENCEBURG RD
	FRANKFORT KY 40601		FRANKFORT KY 40601
US	US		

Total Order Amount: 700,000.00



Drinking Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **2nd Magisterial District Water Line Extensions**
 Project Number: **WX21195025** [View Map](#)
 Funding Status: **Fully Funded**
 Project Status: **Approved**
 Project Schedule: **0-2 Years**
 E-Clearinghouse SA#: **KY201403190254**
 Applicant Entity Type: **Water District (KRS 74)**
 Date Approved (AWMPC): **01-24-2014**

Submitted By: **BSADD**
 Primary County: **Pike**
 Planning Unit: **Pike**
 Multi-County: **No**
 ECH Status: **Endorse With Condition**
 ADD WMC Contact: **Tracy Wiroman**

Project Description:

The project consist of the extension of potable water service to several areas throughout the Magisterial District #2 in Pike County, Ky. The water line extensions will serve customers in the following locations:

Tunnel Road (at Virgie)
 Tunnel Street (at Virgie)
 Right Fork of Marshall's Branch
 Chimney Branch
 Little Road of Long Fork
 Burke Tackett Road

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

The project promotes public health by providing a more reliable and safe water supply to customers in the 2nd Magisterial District. The water line extensions will provide a potable water supply to the residents who are not currently served by the Mountain Water District System.

Project Alternatives:

Alternate A:

Provide potable water to the potential customers by transporting large containers.

Alternate B:

Customers will have to drill new wells.

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25605**

Entity Name: **Mountain Water District**

Web URL: **www.mountainwaterdistrictky.com**

Office EMail: **gpotter@umgllc.net**

Office Phone: **606-631-9162**

Toll Free:

Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**

Auth Official: **Rhonda James**

Contact Title: **District Administrator**

Auth Official Title: **Chair Person**

Contact EMail: **rsawyers@mtwater.org**

Auth Official EMail: **rbjames6@msn.com**

Contact Phone: **606-631-9162**

Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.30.2014**



Drinking Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD - Ridgeline Road Water Supply Project Section 2 Jonican**
 Project Number: **WX21195638** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Over Funded** Primary County: **Pike**
 Project Status: **Under Construction** Planning Unit: **Pike**
 Project Schedule: **11-20 Years** Multi-County: **No**
 E-Clearinghouse SAI: **KY201210251139** ECH Status: **Endorse With Condition**
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **09-06-2002**

Project Description:

Ridgeline road waterline projects consists of 3 sections this section is for the Jonican area. Section 2 Jonican – approximately 29,000 L.F. of 6" and 4" D.I. Main waterline, one (1) 6" pressure reducing valve station, one (1) 4" pressure reducing valve station \$808,406.

Need for Project:

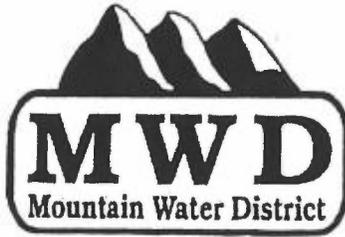
Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act: Increasing the customer base will result in lower water cost and better service for all customers and establish the base for future expansions.

Project Alternatives:

- Alternate A:
System maintained well sources
- Alternate B:
Build cistern

Legal Applicant:

Entity Type: Water District (KRS 74)	PSC Group ID: 25605
Entity Name: Mountain Water District	
Web URL: www.mountainwaterdistrictky.com	
Office EMail: gpottor@umglic.net	
Office Phone: 606-631-9162	Toll Free: Fax: 606-631-3087
Mail Address Line 1: PO Box 3157	Phys Address Line 1:
Mail Address Line 2:	Phys Address Line 2:
Mail City, State, Zip: Pikeville, KY 41502	Phys City, State, Zip:
Contact: Roy Sawyers	Auth Official: Rhonda James
Contact Title: District Administrator	Auth Official Title: Chair Person
Contact EMail: rsawyers@mtwater.org	Auth Official EMail: rbjames6@msn.com
Contact Phone: 606-631-9162	Auth Official Phone: 606-432-6307
Contact Cell:	Auth Official Cell:
Data Source: Kentucky Infrastructure Authority	Date Last Modified: 05/30/2014



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

September 04, 2012

RE: Mountain Water District Financing
Russell Fork Water Treatment Plant Improvements

To Whom It May Concern:

The Mountain Water District's Russell Fork Water Treatment Plant is in need of improvements for compliance purposes as well as necessary repairs and upgrades due to its age and continually changing technological advances. The District has taken quotes/bids for the needed improvements and materials and the costs are as follows:

2 New Complete Sand Pumps and Appurtenances	\$35,991.80
Variable Frequency Drive	\$27,474.25
Filter Media Replacement	\$74,544.50
SCADA Controls System Upgrades	\$36,206.00
Repair Dehumidifier/Compressor Unit	\$46,321.74
2 Polymer Pumps	\$ 7,365.06
2 Chlorine Pumps	\$ 2,513.90
1 Fluoride Pump	\$ 821.10
1 Transfer Pump	\$ 7,110.45
1 Polymer Mixing Unit	Pending Quote
Lamella Tubes	\$ 5,500.00
Inline Mixer	\$ 702.00
TOTAL	\$244,550.80

At their regular meeting that was held on August 29, 2012, the Board of Commissioners of the Mountain Water District authorized a loan in the amount of two hundred and seventy-five thousand dollars (\$275,000.00) to be procured for these repairs, which may include some necessary items not listed above as repairs are completed and additional needs may be discovered. The District has been awarded Coal Severance Tax funding for the purpose of repaying debt which will be used to repay this loan when the funding from the Department of Local Government is received. The Board anticipates the receipt of the funds in the Fall of 2012 or the Spring of 2013.

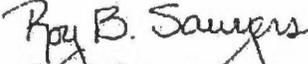
The District requests the term of the loan to be as follows:

- Six (6) month construction period
- Two (2) year term note based on proceeds of the loan
- Interest rates for the six (6) month construction period and the two (2) year term note
- Firm commitment to loan the money and closing within two weeks after acceptance of the terms
- Respond by September 14, 2012, via letter or email

Please find attached our audits for the last two years, 2011 Financials, and 2012 July Financials year to date.

Therefore, the Mountain Water District Board of Commissioners respectfully requests your consideration in the financing of these improvements to their water treatment plant in the amount of two hundred and seventy-five thousand dollars (\$275,000.00). If you have any questions, please call me at 606-631-9162, ext. 309, or email rsawyers@mtwater.org.

Sincerely,


Roy B. Sawyers
District Administrator

CC: Rhonda James, MWD Chairperson
Mike Spears, Spears Management
Grondall Potter, Project Manager, UMG



Drinking Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD - Telemetry**
 Project Number: **WX21195736** View Map
 Funding Status: **Over Funded** Submitted By: **BSADD**
 Project Status: **Constructed** Primary County: **Pike**
 Project Schedule: **Constructed** Planning Unit: **Pike**
 E-Clearinghouse SAI: **KY200901300067** Multi-County: **No**
 Applicant Entity Type: **Water District (KRS 74)** ECH Status: **Endorse**
 Date Approved (AWMPC): **06-13-2008** ADD WMC Contact: **Tracy Wireman**

Project Description:

Project consists of the upgrade and installation of telemetry to maintain and improve water service reliability throughout the county. Telemetry will allow the water system to be remotely monitored from a central location which will improve reliability and reduce cost by decreasing the need for actual trips to site locations.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

Telemetry will allow the water system to be remotely monitored from a central location which will improve reliability and reduce cost by decreasing the need for actual trips to site locations.

Project Alternatives:

Alternate A:

Do nothing

Alternate B:

Do nothing

Legal Applicant:

Entity Type: **Water District (KRS 74)** PSC Group ID: **25605**
 Entity Name: **Mountain Water District**
 Web URL: **www.mountainwaterdistrictky.com**
 Office EMail: **gpotter@umglc.net**
 Office Phone: **606-631-9162** Toll Free: Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157** Phys Address Line 1:

Mail Address Line 2: Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502** Phys City, State Zip:

Contact: **Roy Sawyers** Auth Official: **Rhonda James**
 Contact Title: **District Administrator** Auth Official Title: **Chair Person**
 Contact EMail: **rsawyers@mtwater.org** Auth Official EMail: **rbjames6@msn.com**
 Contact Phone: **606-631-9162** Auth Official Phone: **606-432-6307**
 Contact Cell: Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority** Date Last Modified: **05.30.2014**

KENTUCKY WATER PROJECT PROFILE

Areas indicated with (*) are required fields.

1.* Project Title (use title which will be identifiable by local community):

MWD - Various Water Line Extensions

2.* Project Description:

Provide a brief narrative denoting if project relates to source, distribution, treatment, storage or other)

This project will construct water lines in various locations throughout the county and will provide water service to residents currently without access to potable water.

* Project Descriptor: Various Water Line Extensions

* WRIS Project Number (PNUM): WX21195737

This number is assigned by an ADD through the respective Area Water Management Planning Council once the project profile is approved by the Council. This number ties each project to mapped/spatial information in the Water Resource Information System (WRIS). Project profiles without this number AND the required corresponding mapped/spatial information will NOT be accepted.

* Project County: Pike

* Is it a multi-county project: Yes No

* Project Submitted By: Big Sandy

* Select the PWSID# from the list below:

Available:

Selected:

0010082
0010702
0020388
0020956
0030007
0030239
0030660
0040015
0040020

0980575

3. Legal Applicant

* Legal Applicant: Pike County

Water Utility which will own proposed improvements: Mountain Water District
(if different from Legal Applicant)

* Organizational Structure: Water District



PIKE-LETCHER
LAND

August 29, 2008

Mountain Water District
P. O. Box 3157
Pikeville, KY 41502

RE: Water and Sewer Line relocation on Penny Road

Dear Mountain Water District,

Enclosed herewith please find Premier Elkhorn Coal Company check number 023571 in the amount of \$56,700.00. This check is for relocating water and sewer lines on Penny Road.

We would like to meet with you prior to any field excavation work being performed in order to confirm the actual area where the lines will be relocated. Please advise prior to starting the actual field work so we can mutually discuss and agree on the relocation area. We want to avoid the lines being placed in an inconvenient location.

Thank you for your help and cooperation. Please call Mike Stewart at (606) 639-7259 if you need further information. We look forward to hearing from you.

Very truly yours,

Pike Letcher Land Company

Don Hall, Manager

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov
August 31, 2012

Mr. Roy Sawyers
Mountain Water District
P. O. Box 3157
Pikeville, KY 41502

RE: Mountain Water District 3-Williamson Area
AI # 98304, APE20120001
PWSID # 0983726-12-001
KY 199 Water Line Relocation (12-298.40)
Pike County, KY

Dear Mr. Sawyers:

We have reviewed the plans and specifications for the above referenced project. The plans include the relocation of 110 linear feet of 4 inch D.I. and 2,080 linear feet of 8 inch D.I. water lines. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. William Wright at 502-564-8158 x4829.

Sincerely,

A handwritten signature in cursive script that reads "Mark Rasche".

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR:WW

Enclosures

C: Kenvirons, Inc
Pike County Health Department
Public Service Commission
Division of Plumbing



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

September 5, 2012

Mr. Roy Sawyers
Mountain Water District
P. O. Box 3157
Pikeville, KY 41502

RE: Mountain Water District 3-Williamson Area
AI # 98304, APE20120002
PWSID # 0983726-12-002
KY 199 Waterline Relocation (12-1076.00)
Pike County, KY

Dear Mr. Sawyers:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 40 linear feet of 3-inch PVC and 1,090 linear feet of 8 inch (DI, PE, and PVC) water line relocation. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. William Wright at 502-564-8158 x4829.

Sincerely,

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR:WW

Enclosures

C: Kenvirons, Inc.
Pike County Health Department
Public Service Commission
Division of Plumbing

Kentucky Commonwealth of Kentucky

PURCHASE ORDER

IMPORTANT
 Show Doc ID number on all packages, invoices and correspondence.

Doc Description: Pike County, 12-281.00	
Doc ID No: PO2 625 1500000915 1	Procurement Folder:
Procurement Type:	
Administered By:	Cited Authority:
Telephone:	Issued By:
Doc Description: Deskins Branch Curve Relocation	
Doc ID No: PO2 625 1500000915 1	Procurement Folder: 3492207
Procurement Type: MOA/PSC Exception	
Administered By: Dean Loy	Cited Authority: KRS177.035
Telephone: 502-782-4943	Issued By: Danielle Greene

C O N T R A C T O R	MOUNTAIN WATER DIST	
	PO BOX 3157	
	PIKEVILLE	KY 41502-3157
	US	

8/1/14

Effective From: 2010-12-05 Effective To: 2018-06-30

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	Pike County, 12-281.00 Deskins Branch Curve Relocation		0.00		0.00000	617,138.50	617,138.50

Extended Description

Install 3,270 feet of 8 inch PVC water main, 800 feet of 8 inch class 200 PE water main, 4,920 feet of 8 inch class 350 Ductile Iron Water Main, Two (2) each 8 inch gate valves, five (5) each 8 inch tapping sleeves, 240 feet of 16 inch steel encasement (Open cut), 1,245 feet of 3/4 or 1 inch service line, ten (10) reconnects to existing service lines, Four (4) each test meter assemblies, one (1) cut and cap 2 inch line, five (5) cut and cap 8 inch water line, six (6) each flushing hydrant assemblies, 30 feet of 16 inch steel encasement (road bore), two (2) each 1 inch corporation stops and appurtenances.

B I L L T O	319217		S H I P T O	429506	
	KYTC DIST 12 - PIKEVILLE DISTRICT OFFICE			KYTC DIV OF RIGHT OF WAY UTIL	
	109 LORAIN ST			200 MERO STREET	
	PIKEVILLE	KY 41501		FRANKFORT	KY 40622
	US			US	

Total Order Amount: 617,138.50

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 15, 2013

Mr. Roy Sawyers, District Administrator
Mountain Water District #1
P. O. Box 3157
Pikeville, KY 41502

RE: **Mountain Water District #1 - Marrowbone
Area AI # 3672, APE20130001
PWSID # 0980575-13-001
Millard Curve Waterline Relocation Permit
Pike County, KY**

Dear Mr. Sawyers:

We have reviewed the plans and specifications for the above referenced project. **The plans include the construction of approximately 2,200 LF of 10-inch DIP.** This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. Mortaza Tabayeh at 502-564-8158 extension 4826.

Sincerely,

A handwritten signature in black ink that reads "Mark Rasche".

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR: MT

Enclosures

C: Millard Corey Napier, Engineer
Pike County Health Department
Public Service Commission

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

June 18, 2014

Mr. Roy B Sawyers
Mountain Water District #1 - Marrowbone Area
P. O. Box 3157
Pikeville, KY 41502

RE: Mountain Water District #1 - Marrowbone Area
AI # 3672, APE20140003
PWSID # 0980575-14-003
Cabin Knoll Water Line Relocation Project
Pike County, KY

Dear Mr. Sawyers:

We have reviewed the plans and specifications for the above referenced project. **The plans include the construction of approximately 360 linear feet of 10-inch PVC water line relocation.** This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. William Wright at 502-564-3410 extension 4829.

Sincerely,

A handwritten signature in cursive script that reads "Mark Rasche".

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR:WW

Enclosures

C: Environmental Design Consultants, Inc.
Pike County Health Department
Public Service Commission (by e-mail only)
Division of Plumbing (by e-mail only)

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

July 9, 2014

Mr. Roy B Sawyers
Mountain Water District #1 - Marrowbone Area
P. O. Box 3157
Pikeville, KY 41502

RE: Mountain Water District #1 - Marrowbone
Area AI # 3672, APE20140004
PWSID # 0980575-14-004
Scott Fork Waterline Relocation Project
Pike County, KY

Dear Sawyers:

We have reviewed the plans and specifications for the above referenced project. **The plans include the construction of approximately 170 LF of 10-inch DI water line.** This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. Mortaza Tabayeh at 502-564-3410 extension 4826.

Sincerely,

A handwritten signature in cursive script that reads "Mark Rasche".

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR: MT

Enclosures

C: Environmental Design Consultants, Inc.
Pike County Health Department
Public Service Commission (by e-mail only)
Division of Plumbing (by e-mail only)

PSC Request No 6 (b)

MOUNTAIN WATER DISTRICT

CONSTRUCTION PROJECT SUMMARY - SEWER ONLY

30-Jun-14

SEWER CONSTRUCTION IN PROGRESS (GL ACCT # 1057-17)

PROJECT	PHASE	BALANCE @ 06/30/13	ADDITIONS JUL TO DEC 2013	ADDITIONS JAN TO JUN 2014	DELETIONS	BALANCE @ 06/30/14	FUNDING
Phelps/ Buskirk	Smith Fork Ph. II	-				-	22-Feb COAL SEV
	Various Expenses	36,143.64				36,143.64	Old Local Accounts
	Plant Study	9,928.00				9,928.00	Local
	Sewer Plant Upgrade Majestic Alternative		73,531.20 48,910.00	20,551.17 8,200.00		94,082.37 57,110.00	COAL SEV COAL SEV
Shelby Valley Sewer Project	SV WW Ph III Sec II	-				-	ARRA Loan Grant
	SV WW Ph II	-				-	KIA COAL SEV
	PHASE III JUSTICEV	-				-	10-Apr COAL SEVERENCE
	Long Fork Sewer	-				-	COAL SEVERENCE
	Various expense	-				-	Old Local Accounts
	Shelby / Justiceville	-				-	local
Douglas Wastewater Treatment	Study	27,319.06	27,855.24			55,174.30	local
	Long fork Money			8,927.62		8,927.62	
HENRY CLAY	DESIGN	95,031.75				95,031.75	Corp of Engineers
	COAL SEV	43,000.00				43,000.00	COAL SEVERENCE
	Loacal	676.16				676.16	Operating
SEWER REHAB	COAL SEV	37,587.04	33,773.55	8,549.41		79,910.00	Coal Severance
SEWER TAP FEES		-	21,531.52	10,172.27	31,703.79	-	1-Jul
Shelby Valley 201 Plan	LOCAL	49,900.00				49,900.00	LOCAL
SMITH FORK	LGEDF	-				-	1-Jun LGEDF
BELFRY POND SEWER	COAL SEV	278,207.10	3,500.00			281,707.10	COAL SEV
In House Sewer Projects Capitalized Interest SHELBY Capitlized Interest Phelps Buskirk	IN HOUSE	1,818,532.12	17,947.80	193,713.43		2,030,193.35	
						-	
						-	LOCAL FISCAL COI
		<u>2,396,324.87</u>	<u>227,049.31</u>	<u>250,113.90</u>	<u>31,703.79</u>	<u>2,841,784.29</u>	

MOUNTAIN WATER DISTRICT

IN-HOUSE CONSTRUCTION PROJECTS BY FUNDING SOURCES - SEWER ONLY
YEAR END 6/30/14

PROJECT NAME	Bal @ 06/30/13	PAID JUL-DEC	PAID JAN-JUN	TOTAL	COMPLETED fy 6/30/14	C+P 06/30/2014	Date	FUNDING	RCD 05 & 06	RCD IM 2007	RCD IM 2008	RCD IM 2009	RCD IM 2010	RCD IM 2011	Rec'd In 2012	Rec'd In 2013	Rec'd In 2014	2014 e/c
PRIVATELY FINANCED PROJECTS																		
Big Creek - Sidney Coal																		
KIA LGEDF MONEY																		
FORREST HILLS PHASE I -B	658,000.00			658,000.00		658,000.00												
FORREST HILLS PHASE II	1,153,152.33	17,947.80	93,713.43	1,264,813.56		1,275,960.00		658,000.00		389,521.48	268,478.52							558,000.00
FORREST HILLS CS IN HOUSE			100,000.00	100,000.00		1,280,000.00		1,280,000.00		154,625.70	926,411.16	57,025.47				37,047.80	104,889.87	1,280,000.00
SEWER REHAB	7,379.79			7,379.79		100,000.00		10,000.00										100,000.00
TOTALS	1,818,532.12	17,947.80	193,713.43	2,030,193.35	0.00	2,041,369.79		1,948,000.00		544,147.18	1,194,889.68	57,025.47				37,047.80	204,889.87	2,038,000.00

**Sewer Division
Question # 6 B
Project Description**

Sewer Projects

Plant Study(Phelps)
Sewer Plant Upgrade(Phelps/Freeburn)
Majestic Alternative
Long Fork Sewer (Douglas WWTP)
Douglas Wastewater Treatment
Henry Clay
Sewer Rehab
Shelby Valley 201 Plan
Belfry Pond Sewer
Forest Hills Project



Clean Water Project Profile

CASE STUDY PERFORMED FOR THE PROJECT DESCRIPTION REFERENCED BELOW

Legal Applicant: **Mountain Water District**
 Project Title: **Phelps / Frooburn WWTP Upgrades Project**
 Project Number: **SX21195003** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Fully Funded** Primary County: **Pike**
 Project Status: **Approved** Planning Unit: **Pike**
 Project Schedule: **0-2 Years** MURI-County: **No**
 E-Clearinghouse SA#: **KY201303250266** ECH Status: **Endorse With Condition**
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **12-10-2010**

Project Description:

The project consists of plant upgrades to improve performance. These include the installation of a fine screen (6 mm screen perforations) with emergency bypass and a liquid chlorine disinfection system. A Prima Solutions Rotary Fan Press dewatering system will be installed and back-up blower would also be installed. New instrumentation would be installed which would include an Aqua SCADA control system allowing advance control of the plant from a remote location, as well as the flow meters and samplers.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

This project will provide compliant influent discharge

Project Alternatives:

Alternate A:

None

Alternate B:

None

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25605**

Entity Name: **Mountain Water District**

Web URL: **www.mountainwaterdistrictky.com**

Office EMail: **gpotter@umgllc.net**

Office Phone: **606-631-9162**

Toll Free:

Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**

Auth Official: **Rhonda James**

Contact Title: **District Administrator**

Auth Official Title: **Chair Person**

Contact EMail: **rsawyers@mtwater.org**

Auth Official EMail: **rbjames6@msn.com**

Contact Phone: **606-631-9162**

Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.30.2014**



Clean Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **Phelps / Freeburn WWTP Upgrades Project**
 Project Number: **SX21195003** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Fully Funded** Primary County: **Pike**
 Project Status: **Approved** Planning Unit: **Pike**
 Project Schedule: **0-2 Years** Multi-County: **No**
 E-Clearinghouse SAI: **KY201303250286** ECH Status: **Endorse With Condition**
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **12-10-2010**

Project Description:

The project consists of plant upgrades to improve performance. These include the installation of a fine screen (6 mm screen perforations) with emergency bypass and a liquid chlorine disinfection system. A Prime Solutions Rotary Fan Press dewatering system will be installed and back-up blower would also be installed. New instrumentation would be installed which would include an Aqua SCADA control system allowing advance control of the plant from a remote location, as well as the flow meters and samplers.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

This project will provide compliant influent discharge

Project Alternatives:

Alternate A:

None

Alternate B:

None

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25605**

Entity Name: **Mountain Water District**

Web URL: **www.mountainwaterdistrictky.com**

Office EMail: **gpotter@umgllc.net**

Office Phone: **606-631-9162**

Toll Free:

Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**

Auth Official: **Rhonda James**

Contact Title: **District Administrator**

Auth Official Title: **Chair Person**

Contact EMail: **rsawyers@mtwater.org**

Auth Official EMail: **rbjames6@msn.com**

Contact Phone: **606-631-9162**

Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.30.2014**



Clean Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD- Majestic Alternative Sewer Project**
 Project Number: **SX21195015** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Over Funded** Primary County: **Pike**
 Project Status: **Pending** Planning Unit: **Pike**
 Project Schedule: **0-2 Years** Multi-County: **No**
 E-Clearinghouse SAI: ECH Status:
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wiroman**
 Date Approved (AWMPC):

Project Description:

Installation of alternative sewer systems in areas of Pike County, Majestic area.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

Project will provide residents currently not served by public sewer system to be served, eliminating failing septic systems and straight pipes.

Project Alternatives:

Alternate A:

Leave un served

Alternate B:

repair septic systems

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25605**

Entity Name: **Mountain Water District**

Web URL: www.mountainwaterdistrictky.com

Office EMail: gpotter@umgllc.net

Office Phone: **606-631-9162**

Toll Free:

Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**

Auth Official: **Rhonda James**

Contact Title: **District Administrator**

Auth Official Title: **Chair Person**

Contact EMail: rsawyers@mtwater.org

Auth Official EMail: rbjames6@msn.com

Contact Phone: **606-631-9162**

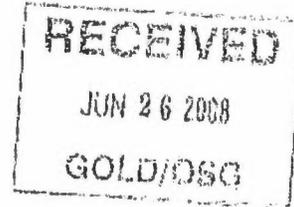
Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.30.2014**



MEMORANDUM OF AGREEMENT
between the
COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

and the

Mountain Water District, KENTUCKY

THIS MEMORANDUM OF AGREEMENT (hereinafter 'the Agreement') by and between the Commonwealth of Kentucky, Office of the Governor, Governor's Office for Local Development (hereinafter 'GOLD'), with address at 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601 and the Mountain Water District, Kentucky, with address of Post Office Box 3157 - Pikeville, KY 41502, (hereinafter 'the Recipient') is made and entered into as of the date last executed by the parties thereto as evidenced by the dates written below.

WHEREAS, the 2006 General Assembly enacted House Bill 380 authorizing the 'Parameters for County Flexibility' (Parameters) county grant program; and

WHEREAS, the Parameters program enhanced the KRS 42.4588 coal severance grant program administered by GOLD; and

WHEREAS, the Recipient has submitted an application for coal severance funds, with the application having been approved by GOLD, for the following project and in the following amount: **Mountain Water District - Long Fork Sanitary Sewer Line Extension** project (hereinafter 'the Project') and is to be funded in an amount not to exceed \$111,000.00 (ONE HUNDRED ELEVEN THOUSAND AND 00/100); and

WHEREAS, the Recipient has agreed to the terms and conditions enumerated herein and has further agreed to effectuate the completion of the Project in accordance with those terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, commitments, and conditions contained herein, GOLD and the Recipient agree as follows:

Project Number 869	Scope of Work	Type LGEDF Grant
Project Name Mountain Water District - Long Fork Sanitary Sewer Line Extension		
Funded Amount \$111,000.00	Document	
<p style="text-align: center;">Scope of Work</p> <p>FUNDS WILL BE USED TO COMPLETE A SEWER PROJECT IN THE LONG FORK AREA OF PIKE COUNTY. COSTS INCLUDE BUT ARE NOT LIMITED TO LEGAL, LAND, APPRAISALS, ENGINEERING, PLANNING AND ACTUAL CONSTRUCTION.</p> <div style="text-align: right; margin-top: 20px;">  </div>		



Clean Water Project Profile

Legal Applicant: Mountain Water District	Submitter By: BSADD
Project Title: Douglas WWTP Expansion	Primary County: Pike
Project Number: SX21195699 View Map	Planning Unit: Pike
Funding Status: Partially Funded	Multi-County: No
Project Status: Approved	ECH Status: Endorse With Condition
Project Schedule: 0-2 Years	ADD WMC Contact: Tracy Wireman
E-Clearinghouse SAL: KY201307010744	
Applicant Entity Type: Water District (KRS 74)	
Date Approved (AWMPC): 10-26-2009	

Project Description:

Mountain Water District seeks to fund and construct an expansion of the Douglas Wastewater Treatment Plant from an average daily flow of 200,000 GPD to 300,000 GPD with head works designed to expand to 400,000 GPD for future growth. The proposed expansion will allow the District to more efficiently serve existing customers and will provide reserve capacity for the continued expansion of the collection system. Additional CDBG funding is needed to compensate for less than anticipated coal severance funding and recent increases in equipment costs associated with wastewater treatment plants.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

The proposed expansion will allow the District to more efficiently serve existing customers and will provide reserve capacity for the continued expansion of the collection system. The project will enable the District to maintain compliance with changing EPA / KY-DOW regulations.

Project Alternatives:

Alternate A:

Expand Capacity to Ultimate 400,000 GPD – MBR in New Tankage

This alternate would construct a new membrane bioreactor basin on existing plant property and bypass the existing aeration basins. This would eliminate the need for supplemental filter systems and clarifiers.

Alternate B:

Expand Capacity to 300,000 GPD – MBR in Existing Tankage

This alternate would install membrane bioreactor (MBR) filters in the existing aeration basins. This would eliminate the need for supplemental filter systems as well as the need for clarifiers.

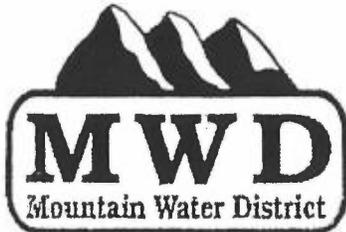
MBR plants are sensitive to and easily fouled by suspended matter. In general, very fine screens are required for an MBR plant. Particles must be removed down to the 1 to 3 mm opening size. This will generate more trash to be hauled to the landfill th

Legal Applicant:

Entity Type: Water District (KRS 74)	PSC Group ID: 25605
Entity Name: Mountain Water District	
Web URL: www.mountainwaterdistrictky.com	
Office EMail: gpotter@umgllc.net	
Office Phone: 606-631-9162	Toll Free: Fax: 606-631-3087

Mail Address Line 1: PO Box 3157	Phys Address Line 1:
Mail Address Line 2:	Phys Address Line 2:
Mail City, State Zip: Pikeville, KY 41502	Phys City, State Zip:

Contact: Roy Sawyers	Auth Official: Rhonda James
Contact Title: District Administrator	Auth Official Title: Chair Person
Contact EMail: rsawyers@mtwater.org	Auth Official EMail: rbjames6@msn.com
Contact Phone: 606-631-9162	Auth Official Phone: 606-432-6307
Contact Cell:	Auth Official Cell:
Data Source: Kentucky Infrastructure Authority	Date Last Modified: 05/30/2014



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX (606) 631-3087

December 14, 2001

Eastern Kentucky PRIDE Office
2292 South Highway 27
Somerset, KY 42501

RE: **Henry Clay Wastewater Project Section 531**
PRIDE Application

Dear Sir or Madam:

Mountain Water District is pleased to submit 3 copies of the aforementioned grant application. This application addresses all required criteria proposed by the Environmental Protection Agency, the PRIDE program and the US Army Corps of Engineers.

We are requesting that you consider our proposal under your Section 531 project review criteria. If selected, we would use the funds as part of a \$1,105,859.61 innovative sewer treatment project. The project proposes to construct a collection system that will feed into a large leach field. The surface above the leach field will then be developed into a community softball field and small park area.

Mountain Water District has successfully constructed several projects, similar in scope to this project. We appreciate your consideration for potential funding of this project and look forward to working with your organization.

If you have any questions, or need any further information, please contact our funding specialist, Peggy Rasnick-Justice, Summit Engineering, Inc., 131 Summit Drive, Pikeville, KY 41501 or by calling at your convenience (606) 432-1447 ext. 360 or Betsie Carroll at the same address and telephone number, extension 320.

Sincerely,

Will Brown,
Superintendent

Enclosures

CC: File



Clean Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD- Rehabilitation of Lift Stations**
 Project Number: **SX21195016** [View Map](#)
 Funding Status: **Over Funded**
 Project Status: **Under Construction**
 Project Schedule: **0-2 Years**
 E-Clearinghouse SAI: **KY201202230184**
 Applicant Entity Type: **Water District (KRS 74)**
 Date Approved (AWMPC): **12-10-2011**

Submitted By: **BSADD**
 Primary County: **Pike**
 Planning Unit: **Pike**
 Multi-County: **No**
 ECH Status: **Endorse With Condition**
 ADD WMC Contact: **Tracy Wireman**

Project Description:

rehabilitation of sewer lift stations and manholes within mountain water districts existing sewer infrastructure.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

This Infrastructure is subjected to age and corrosive effects due to the nature of the waste water environment and is reaching it's operation life expectancy.

Project Alternatives:

Alternate A:

Total redesign, replacement of infrastructure

Alternate B:

Status quo/repair as needing

Legal Applicant:

Entity Type: **Water District (KRS 74)** PSC Group ID: **25605**
 Entity Name: **Mountain Water District**
 Web URL: **www.mountainwaterdistrictky.com**
 Office EMail: **gpottor@umgllc.net**
 Office Phone: **606-631-9162** Toll Free: Fax: **606-631-3087**

Mail Address Line 1: **PO Box 3157** Phys Address Line 1:
 Mail Address Line 2: Phys Address Line 2:
 Mail City, State Zip: **Pikeville, KY 41502** Phys City, State Zip:

Contact: **Roy Sawyers** Auth Official: **Rhonda James**
 Contact Title: **District Administrator** Auth Official Title: **Chair Person**
 Contact EMail: **rsawyers@mtwater.org** Auth Official EMail: **rbjames6@msn.com**
 Contact Phone: **606-631-9162** Auth Official Phone: **606-432-6307**
 Contact Cell: Auth Official Cell:
 Data Source: **Kentucky Infrastructure Authority** Date Last Modified: **05.10.2014**

Steven L. Beshear
Governor



Leonard K. Peters
Secretary

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
200 Fair Oaks Lane, 4th Floor
Frankfort, Kentucky 40601
Phone: (502) 564-3410
water.ky.gov

October 15, 2014

Mr. Roy Sawyers
Mountain Water District
PO Box 3157
Pikeville, Kentucky 41502

Re: **Regional Facilities Plan for
Lower Shelby Area
Mountain Water District
Pike County, Kentucky
AID: 3539; PLN20140001**

Dear Mr. Sawyers:

The facilities plan and environmental document titled *Mountain Water District Lower Shelby 201 Facilities Plan* dated January 2013 has been reviewed by this Division and found to conform with the requirements contained in administrative regulation 401 KAR 5:006.

Approval of the Facilities Plan is hereby given based on the attached State Planning and Environmental Assessment Report (SPEAR) issued by this Department on September 11, 2014, which has undergone review by the Kentucky State Clearinghouse (State Application Identifier #KY20140910-0969). This approval is subject to any conditions and mitigative measures in Section F of the SPEAR or in the State Clearinghouse review comments.

If you have any questions, please contact us at (502) 564-3410.

Sincerely,

A handwritten signature in cursive script that reads "Cindy McDonald".

Cindy McDonald, Supervisor
Wastewater Planning Section
Water Infrastructure Branch

Attachments

cc: Summit Engineering



Clean Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD - Belfry-Pond Sewer Project**
 Project Number: **SX21195692** [View Map](#)
 Funding Status: **Partially Funded**
 Project Status: **Approved**
 Project Schedule: **0-2 Years**
 E-Clearinghouse SAI: **KY201410011039**
 Applicant Entity Type: **Water District (KRS 74)**
 Data Approved (AWMPC): **06-13-2008**

Submitted By: **BSADD**
 Primary County: **Pike**
 Planning Unit: **Pike**
 Multi-County: **No**
 ECH Status:
 ADD WMC Contact: **Tracy Wireman**

Project Description:

Mountain Water District seeks to fund and construct a new waste water treatment plant and collection system in the Belfry area of Pike County. The proposed MBR treatment plant will be located at Pegs Branch and will have a capacity of 300,000 GPD. Collection will be HDPE and lines included 13,625 LF of 2", 2,168 LF of 3", 9,880 LF of 6", and 12,972 LF of 8" and 20,321 LF of 1.25". Extensions will extend along U.S. 119 north and south of the plant to serve the greater Pond Creek area. This includes a new 500 GPD lift station near Toler and service connections to Southside Elementary, along with 290 grinder pumps, Belfry Middle School, and 256 additional businesses and residences from Forest Hills to Murphy Bottom in Belfry. Existing lines feeding into the Williamson, West Virginia WWTP will ultimately be redirected to the proposed plant.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

Most of the project area currently has no public sewer system. This project seeks to improve the quality of life, as well as surface water quality, in the Pond Creek and Tug Fork watersheds by providing an alternative for wastewater disposal to those who currently rely on other disposal methods such as privately owned package plants, septic tanks, or straight pipes. While privately owned package plants and septic tanks can provide adequate treatment, it is often the case that owners tend to neglect these treatment systems over time. This tendency increases the likelihood that these facilities will eventually fail and begin to directly discharge untreated wastewaters to the environment. When untreated wastewater is released into the environment, it becomes a public health hazard and a significant threat to aquatic ecosystems.

Project Alternatives:

Alternate A:

This alternate would construct a force main from the existing Forest Hills lift station to a new 100,000 GPD wastewater treatment plant at Pegs Branch near Belfry. This includes a new lift station near Toler and service connections to Southside Elementary and Belfry Middle School. No residential service connections are included, as the line from Forest Hills to Belfry would be transmission only.

Alternate B:

This alternate would construct a force main from the existing Forest Hills lift station to a new 400,000 GPD wastewater treatment plant at Pegs Branch near Belfry.

Legal Applicant:

Entity Type: **Water District (KRS 74)** PSC Group ID: **25605**
 Entity Name: **Mountain Water District**
 Web URL: **www.mountainwaterdistrictky.com**
 Office EMail: **gpotter@umgllc.net**
 Office Phone: **606-631-9162** Toll Free: **Fax: 606-631-3087**

Mail Address Line 1: **PO Box 3157**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers** Auth Official: **Rhonda James**
 Contact Title: **District Administrator** Auth Official Title: **Chair Person**
 Contact EMail: **rsawyers@mtwater.org** Auth Official EMail: **rbjames6@msn.com**
 Contact Phone: **606-631-9162** Auth Official Phone: **606-432-6307**
 Contact Cell: Auth Official Cell:
 Data Source: **Kentucky Infrastructure Authority** Data Last Modified: **05.30.2014**



Clean Water Project Profile

Legal Applicant: **Mountain Water District**
 Project Title: **MWD-FOREST HILLS SEWER PROJECT**
 Project Number: **SX21195621** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Partially Funded** Primary County: **Pike**
 Project Status: **Constructed** Planning Unit: **Pike**
 Project Schedule: **Constructed** Multi-County: **No**
 E-Clearinghouse SAI: **KY200509201011** ECH Status: **Endorse With Condition**
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **12-18-2003**

Project Description:

THIS PROJECT CONSISTS OF SEWER LINE EXTENSIONS FOR THE FOREST HILLS SECTION OF PIKE COUNTY. THE PROJECT WILL BRING SEWER SERVICE TO 132 HOUSEHOLDS AND COST APPROXIMATELY \$1,170,000.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

INCREASING THE CUSTOMER BASE WILL RESULT IN LOWER SEWER COST AND BETTER SERVICE FOR ALL CUSTOMERS AND ESTABLISH THE BASE FOR FUTURE EXTENSIONS.

Project Alternatives:

Alternate A:

BUILD NEW SEWER.

Alternate B:

BUILD PACKAGE TREATMENT PLANT.

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25605**

Entity Name: **Mountain Water District**

Web URL: **www.mountainwaterdistrictky.com**

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Mail City, State Zip: **Pikeville, KY 41502**

Phys City, State Zip:

Contact: **Roy Sawyers**

Auth Official: **Rhonda James**

Contact Title: **District Administrator**

Auth Official Title: **Chair Person**

Contact EMail: **rsawyers@mtwater.org**

Auth Official EMail: **rbjames6@msn.com**

Contact Phone: **606-631-9162**

Auth Official Phone: **606-432-6307**

Contact Cell:

Auth Official Cell:

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.30.2014**