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**RECEIVED**

**JAN 07 2020**

**PUBLIC SERVICE  
COMMISSION**

January 7, 2020

***Via Hand-Delivery***

Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: In the Matter of: *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* - Case No. 2019-00268

Dear Ms. Pinson:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten copies of Knott County Water and Sewer District's ("KCWSD") Responses to Commission Staff's Second Request for Information. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Mark David Goss

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF KNOTT COUNTY WATER AND )  
SEWER DISTRICT FOR AN ALTERNATIVE RATE ) CASE NO. 2019-00268  
ADJUSTMENT )**

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**KNOTT COUNTY WATER AND SEWER DISTRICT'S RESPONSE TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION ISSUED  
DECEMBER 20, 2019**

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**Filed: January 7, 2020**





Witnesses: Jared Salmons and Kyle Smith

**Knott County Water and Sewer District  
Case No. 2019-00268  
Commission Staff's Second Request for Information  
Issued December 20, 2019**

1. Provide copies of minutes of all meetings of Knott District's Board of Commissioners that occurred from January 1, 2015, to the present date.

**Response:** Please see attached.

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, January 21, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Claims List**
  - d. Financial Report**
  - e. Manager's Report**
  - f. Other New Business**
  - g. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, January 21, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:03 P.M. All KCWSD Board members attended the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Mr. Tackett, Board members; Mr. Turner, Interim Plant Manager; Mr. Campbell, CFO; Matthew Catron, Clerk; Kyle Smith, CFO; and one resident from the Dry Creek area.

**Recognizing Media:** Sharon Hall was present, representing *Troublesome Creek Times*.

**Approval of Minutes:** Mr. Slone made a motion to approve the minutes from the previous month's meeting. Mr. Smith seconded the motion to approve the minutes. The Board agreed to approve the minutes from the previous month.

**New Business:**

*Public Comments:*

No public comments were made during the meeting.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Hickory Hills and the Red Fox AML project. Mr. Turner stated that the Hickory Hills project had already begun construction and that ground had been broken with that project. Mr. Turner also discussed the Red Fox AML project and stated that the plans were still with the Kentucky Division of Water for approval and expected to have them back within the coming days. Mr. Hamilton asked if anyone had heard anything from CSX about the Rte. 7 project. Mr. Turner said that he had not heard anything from CSX about it. Mr. Turner discussed some pay requests for the design and title search for the Big Branch relocation. Mr. Campbell asked if they were still waiting on getting a right-of-way settled and Mr. Turner said they had received a permit which would be forwarded on to the State and to RMJ Engineering. Mr. Turner also gave a report on an invoice for the final repairs to Pippa Passes, which would be using coal severance funds. He stated that there were three separate invoices for three separate repairs. Mr. Turner also had an invoice for the Red Fox AML project and added that it completed payment for the design of the project. The last invoice was for AML and was for the Carr Creek multi-site project. The invoice was for payment for advertising for the project.

Mr. Childers questioned the fee from the Herald Leader for advertising. Mrs. Hall was present representing the Troublesome Creek Times and she stated that the Troublesome Creek Times should be the newspaper for this area. Mr. Campbell added that it had to be the newspaper with

Mr. Campbell said in October the District added the Hwy. 582 line and retrofit for the water plant.

*Manager's Report*

Mr. Turner provided the Manager's Report, stating that the plant pumped 52,759,000 gallons of water, purchased 85,000 gallons, for a total of 52,844,000. There were 8,643,932 sold to residents and 27,848,400 was sold to wholesale customers, which made a total of 36,492,332. Mr. Turner noted that water loss was up this month to 12,195,668, which accounted for 22%, due to a line breaks that occurred during the previous month. Mr. Turner stated that the line breaks that occurred during this month would be on next month's report and added that the numbers would be higher because of the breaks that occurred. Mr. Smith asked about ways to prevent such a high amount of water being loss, but Mr. Turner said that so much water is lost so quickly and the lines have to be flushed afterwards to get the air out of the lines. The Pippa Passes sewer system billed for \$1,879.65 and Ball Creek billed for \$868.00. The hours pumped was 542.9 hours, which Mr. Turner stated was a little below average. Overtime hours was 182.5 hours, which Mr. Turner correlated with the amount of water loss due to the line breaks. Mr. Turner warned that next month's numbers would be higher. This month there were 15 line breaks, which did not include service lines. 126 work orders were done, the District received 4 new customers, did 5 disconnects, which Mr. Turner stated was due to a lack of manpower, and 7 adjustments for the month. Mr. Turner added that the number of disconnects would be much higher during the next month.

Wholesale customers: Letcher Co. purchased 13.99 million gallons, City of Hindman purchased 7.2 million gallons, City of Vicco purchased 5.8 million gallons, and Phoenix Development purchased 0.757 million gallons.

Mr. Turner mentioned the hydrant repair training that he, members of Hindman City, and some other members of the District attended and stated that it was a great success. Mr. Turner thanked the City of Prestonsburg for providing the training and how helpful it would be.

Mr. Turner also stated that a draft of the employee handbook was complete. Mr. Turner said he had hard copies and would provide them to all members of the Board for review.

Mr. Turner provided the Board with a resolution from FEMA for the Board to approve Mr. Turner as the applicant's agent to obtain the funds from FEMA. Mr. Childers made a motion to give Mr. Turner the authorization to be the applicant's agent. The motion was seconded by Mr. Slone. The resolution was signed by Mr. Turner and co-signed by Ms. Allen.

Mr. Turner mentioned about the possibility of getting the District set up to receive online payments from customers. Mr. Turner added that this would be a big help to the District as well as to customers.

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, February 18, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Claims List**
  - d. Financial Report**
  - e. Manager's Report**
  - f. Other New Business**
  - g. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, February 18, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:12 P.M. All KCWSD Board members attended the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Mr. Turner, Interim Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Matthew Catron, Clerk; and Larry King, Assistant County Judge.

**Recognizing Media:** No media members were present.

**Approval of Minutes:** Mr. Slone motioned to approve the minutes from the previous meeting. Mr. Smith seconded the motion and the motion carried.

**New Business:**

*Public Comments:*

No public comments were made during the meeting.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Hickory Hills and the Red Fox AML project. Mr. Turner stated that the line was in the ground for the Hickory Hills project and they are currently awaiting for the structure for the pump station to be built. Mr. Turner said everything is on schedule and estimated that the project should be completed in about seven weeks. Mr. Turner gave an update on the Red Fox AML project and said the Division of Water still has the plans for the project and KCWSD is awaiting their approval. Mr. Turner also gave a report on the Route 7 branch line and said AML is working on the MOA for it. CSX has made a visit to review the railroad crossings and had made some adjustments. Mr. Turner felt that CSX would make their final approval when they came back for their next visit.

*Claims List*

Mr. D. Smith asked about an expense due to hauling and spreading gravel. Mr. Turner stated that it was due to a line break that had occurred on Soft Shell, and the gravel was used to make the ground sturdier due to the ground being muddy and sippy from the water that had come out of the line. Mr. Turner thanked Mr. King and the county for supplying the gravel to fix the road. Mr. D. Smith asked about some residents that had asked prior about getting water on Stella Conley Lane and asked about an update on the situation. Mr. Turner said they looked in to it, but only one person wanted water and it was going to be a big project. Mr. Turner added that a pump station would have been needed to supply the water as well. Mr. Slone motioned to approve the claims list. Mr. Smith seconded the motion and the motion carried.

*Financial Report*

CFO, Mr. K. Smith, gave an update with the financial report. Mr. D. Smith wanted clarification about how the Financial Report is set up and what is included as far as with the revenue that is received. Mr. K. Smith said that any revenue that is received and any deposits that are made is included in the Financial Report. Mr. D. Smith wanted the report to be clearer in showing the amount of money that is being received and what the total amount of bills are to know how much money KCWSD has to work with. Mr. Slone agreed and wanted the report to show the outstanding debts that have not been paid. Mr. Slone asked what outstanding debts were present at the time of the meeting and Mr. K. Smith stated that \$153,896.13 was owed in outstanding debts. Mr. K. Smith said the amount was all bills that are due both past due bills as well as bills that had been received been received earlier in the day. Mr. D. Smith wanted a clear number in the report showing the revenue that is being received and relating that to the District's budget to understand the financial status of the District. Mr. Tackett mentioned the District's budget and said the budget was probably under the assumption that the District would be receiving regular monthly payments from the City of Vicco and the City of Hindman. Mr. Slone added that when looking at income statements from previous months on an accrual basis it would show that money was lost; however, from a cash flow standpoint it shows that more money is coming in and can be misleading. Mr. Slone wanted to find a way to present to the board the amount of bills that have yet to be paid. Mr. D. Smith wanted to know how much of the outstanding debt amount was owed at the end of 2014. Mr. Turner added that most bills began becoming past due in November when both the City of Hindman and City of Vicco no longer sent in regular payments. Mr. D. Smith said to itemized summary of the outstanding expenses along with the current budget, and to send an email around to the board members so everyone knows where the District was financially at the end of 2014. Mr. D. Smith wanted to get a better idea of what was being carried over from 2014 into 2015 to be in compliance with their expenses. Mr. Slone added that if the previous billings from October 2014 were reviewed, the debt owed could be linked to when the City of Hindman and City of Vicco quit paying their water bill, and Mr. Turner, Mr. Tackett, and Mr. D. Smith agreed.

*Manager's Report*

Mr. Turner provided the Manager's Report, stating that the plant pumped 57 million gallons of water and purchased 170 million gallons. 10 million gallons was sold to residents and 3 million gallons was sold to wholesale customers. Mr. Turner added that the water loss for the month was at 9.4 million gallons, which accounted for 16.2%. The District's crew worked 538 hours, 204.25 hours in overtime. Mr. Turner said the high number in overtime hours was due to line breaks that occurred during the month. Mr. Turner added that Mr. K. Smith is putting together an overtime report to provide data for changes that can help with this in the future. Mr. D. Smith asked about precautions that were being taken by the District with the really cold weather that has been forecasted. Mr. Turner said the District has been moving water through dead end lines, and making frequent checks at the various pump stations to verify that all heaters are working. Mr. Turner said the main focus of the service crew during the really cold weather will be to make sure that all heaters are working at the various pump stations, and that all pump stations are

operating correctly to prevent the water from freezing off or destroying any part of the pump station. Mr. Turner said the District had propane and kerosene heaters to use in case of any emergencies that occur. Mr. Turner said there was 16 line breaks, 138 work orders, received 3 new customers, had 48 disconnects, 40 of which came in and paid on their bill, and had 3 adjustments during the month. Mr. Turner added that the water bills would probably be late this month due to the weather and the crew not being able to get out to read the meters. Mr. Turner said the penalty date would be moved if the bills were sent out late. Mr. Turner said the credit card and online bill payment process should start within the next week. Mr. Turner added that he had spoken to a contractor about the ductal line on Highway 582, and said they had changed the process with the earth anchors they use and are going to go back and fix them at their expense. Mr. Turner said they were going to be more precise in making inspections with poly and ductal lines to make sure the kickers and earth anchors are poured to prevent any problems in the future. Mr. Turner said the FEMA process was complete and payment should be received within the next week. Mr. Turner talked about the Letcher County master meter quitting, which Mr. Turner said they discovered on February 12<sup>th</sup>. Mr. Turner said when they found out the problem only 4 million gallons had went through meter. Mr. Turner said a new meter had been ordered and should be received within the week, and he said Letcher County is going to allow KCWSD to use the previous 3 months to create an average bill for them. Mr. Turner talked about fire department deductions for the City of Hindman and said they will be done on an annual basis. Mr. Turner presented that during the year 2014 the City of Hindman's fire department used 28,000 gallons of water, which Mr. Turner said equaled \$84 and had been deducted from Hindman's account. Mr. Turner talked about collections and said not including wholesale customers, the District collected \$1,200 more than was billed for the month due to customers paying on arrears on their accounts.

#### *Other New Business*

Mr. Tackett mentioned that a Carr Creek Commission meeting was scheduled for earlier in the day, but a committee member was not able to attend due to the weather. Mr. Tackett brought up a possible date to reschedule the meeting and everyone agreed on rescheduling the meeting for Wednesday, March 4<sup>th</sup> at 5:30pm.

**Closed Session – Personnel and Legal Issues:** Mr. Childers made a motion for the Board to go into closed session. Mr. D. Smith seconded the motion and it carried. The closed session began at 7:14 P.M. and was called back into open session by Chairman Childers at 8:11 P.M.

Mr. Smith made a motion to give Chairman Childers the right to sign any and all documents pertaining to the lawsuit with the City of Vicco and the Perry Co. Fiscal Court settlement documents. Mr. Slone seconded the motion and it carried.

**Adjournment:** Mr. Slone made a motion to adjourn the meeting and the motion carried. The meeting adjourned at 8:15 P.M.

**Approval of Minutes:**

James O. Childers  
James O. Childers, Chairman

3/18/15  
Date

Dale Hamilton  
Dale Hamilton, Vice-Chairman

3/18/15  
Date

Delores Allen  
Delores Allen, Secretary/Treasurer

3-18-15  
Date

David Smith  
David Smith

3/18/15  
Date

Jerry W. Slone  
Jerry W. Slone

3/18/15  
Date

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, March 18, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Claims List**
  - d. Financial Report**
  - e. Manager's Report**
  - f. Other New Business**
  - g. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, March 18, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:01 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Mr. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Matthew Catron, Clerk; Avery Shrum, Magistrate; and Annette with KRADD.

**Recognizing Media:** Sharon Hall, *Troublesome Creek Times*.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the previous month's minutes. Mr. Slone seconded the motion and the motion carried.

**New Business:**

***Public Comments:***

Mr. Shrum spoke with the board about a group of residents in the Sassafras and Yellow Creek communities in Knott County that receive water through the City of Vicco, but reside in Knott County. Mr. Shrum said the residents in his district has expressed concerns about the cost of their water. Mr. Shrum said they used water that was pumped and processed by the KCWSD, but they pay \$25.57 for the first 2,000 gallons of water they use while other Knott County residents pay \$18.80 for the first 2,000 gallons. Mr. Shrum added that for every additional thousand gallons these residents pay \$9.00 while KCWSD customers pay \$5.00. Mr. Shrum said the residents asked that he come and speak on their behalf for them wanting to be put on the Knott County system, if possible. Mr. Shrum said he had contacted the County Attorney and Fiscal Court and they recommended he come before the board to see what could be decided. Mr. Turner said the Red Oak-Vicco-Sassafras project MOA reads that the people of Knott County would be a part of the KCWSD and the residents of Perry County would be customers of the City of Vicco. Mr. Turner added that the issue is that for the residents in Sassafras and Red Oak there was already an existing waterline that was property of the City of Vicco. Mr. Turner said they tied on to the waterline that was already in place. Mr. Shrum said he had been in contact with the County Attorney who said the Knott Co. Judge could contact the Perry Co. Judge to see if Knott County resident's rates could be lowered. Mr. Childers agreed that would be the best plan of action and wanted the KCWSD attorney, Mr. Tackett, to look at the MOA and see what the KCWSD could legally do in the matter, but assured Mr. Shrum that the board would check it out and look in to it to help the residents of Knott County.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Hickory Hills and the Red Fox AML project. Mr. Turner said all line was in the ground for the Hickory Hills project, but they are still waiting for the pump station equipment to arrive and for the pump station to be built due to recent bad weather. Mr. Turner gave an update on the Red Fox AML project and said the plans were still with the Division of Water. Mr. Turner said there had been some mud slides due to the recent weather that has prevented some of the progress with the Hickory Hills project that was due to some excavating that was taking place above where the slide occurred. Mr. D. Smith asked if anything from the emergency repairs, access overtime, and potential water loss could be recovered through FEMA, but Mr. Turner said he was not sure at this time and it would depend on what FEMA would accept. Mr. D. Smith made a motion to pay the contractor's claims, which was seconded by Ms. Allen and the motion carried.

*Claims List*

Ms. Allen questioned about the person who had been paid to clean the office building and Mr. Turner stated that all cleaning was now being done in-house by KCWSD employees to cut costs of hiring an outside agency to complete any cleaning duties. Mr. Slone made a motion to approve the claims list. Mr. D. Smith seconded the motion and the motion carried.

*Financial Report*

CFO, Mr. K. Smith, gave an update with the financial report. Mr. Childers asked what a bank fee was on the Financial Report. Mr. K. Smith stated that it was on a Whitaker Bank account. Mr. K. Smith said when the account was closed out it had to maintain a certain balance and the \$10.00 shown on the report was a fine because of that. Mr. K. Smith said there was also a Bank of Hindman account that fell under \$200.00, which accounted for another fine that was listed on the financial report. There were no other questions about the financial report and Mr. Childers made a motion to approve the financial report. Mr. D. Smith made a motion to approve the report. Mr. Slone seconded the motion and the motion carried.

*Manager's Report*

Mr. Turner provided the Manager's Report. Mr. Turner said the report would reflect some of the catastrophic events with the recent winter weather, but added that some would also be included on next month's report. Mr. Turner reported that the plant pumped 63.3 million gallons, purchased 803,000 gallons, sold 13.051 million gallons to residents, and sold 35.32 million gallons to wholesale customers. Mr. Turner reported that the water loss for the month was 10,175,000 gallons, which was 15.9%. The Pippa Passes waste water plant billed \$1,883.56 for the month and Troublesome Creek brought in \$896. The plant pumped 534.9 hours. Mr. Turner added that the District was given permission by the Division of Water and the Corps. of Engineers for emergency withdrawal, which allowed the District to pump at full capacity if needed. Mr. Turner said overtime hours doubled due to the demand with the plant needing to run continuously for a period of time as well as the service workers working overtime. Mr. D. Smith wanted Mr. K. Smith to look at the economics of whether it would be better to hire a part-time employee to combat the high number of overtime hours that are accumulated on average.

Mr. Turner said there were 14 main line breaks, but added that the total number was hard to calculate when adding in smaller lines and meter bottoms that were busted. Mr. Turner said 142 work orders were completed and estimated that there were probably 50 more that were done that were not logged due to emergency situations that the crew had to respond to suddenly. Mr. Turner said the District added 5 new customers last month, which he said was a little less than average. He added that the District was not able to do disconnections due to the bad weather and the man power needed to keep equipment working and water supplied to customers. Mr. Turner also stated that he pushed the due date for bills back towards the end of the month due to the weather and stated that disconnects would be done after the due date on the bills. Mr. Turner added that 4 adjustments were done during the month. Mr. Turner said the FEMA project was almost completed. He said that part of the payment had been received, but that the State still owed some money for a previous flood that had occurred. Mr. Turner said FEMA pays 70% of the total and the State pays 20%. Mr. Childers asked for clarification that the District was still waiting on the 20% owed by the State and Mr. Turner said that was correct, but added that it should be received any day. Mr. Turner said the Letcher County master meter has been replaced and the new meter was put in at the end of the meter reading cycle.

#### *Other New Business*

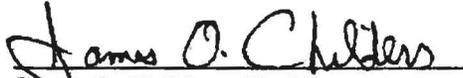
Mr. Tackett mentioned that the Carr Creek Commission met a week and a half ago. Mr. Tackett said the Commission voted on all of the resolutions and appointed someone to execute the letter to the Corps. of Engineers. Mr. Tackett said they would get a letter together to be signed and said the process should be started within the next couple of days. Mr. Childers asked about the work truck that Prestonsburg City Utilities had that the District was interested in purchasing. Mr. Turner said it should be ready by the middle of the following week. Mr. Turner said he had went and inspected the truck. He said it had some rust on the top of the tool box and had 120,000 miles on it, but Mr. Turner said overall it was in good condition and he recommended purchasing the truck. Mr. Childers made a motion to purchase the truck from Prestonsburg City Utilities. Mr. Slone made a motion to purchase the truck and the motion was seconded by Mr. D. Smith. The motion carried. Mr. K. Smith mentioned that the District wanted to get Ross & Co. to perform an audit for the District. Mr. Slone made a motion to use Ross & Co. for the audit. The motion was seconded by Mr. D. Smith and the motion carried.

**Closed Session – Personnel and Legal Issues:** Mr. Childers made a motion for the Board to go into closed session. Mr. D. Smith seconded the motion and it carried. The closed session began at 6:40 P.M. and was called back into open session by Chairman Childers at 7:50 P.M.

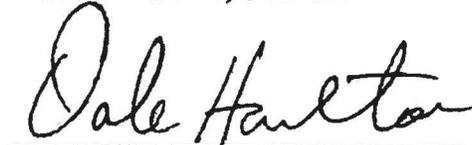
Mr. D. Smith made a motion to give Chairman Childers the necessary authority to enter in to a wholesale water agreement with Perry County, which would include a resolution to the issues with the City of Vicco. Mr. Slone seconded the motion and the motion carried. Mr. D. Smith also made a motion based on the recommendation of the board to change the title of Mr. Turner from Interim Manager to Manager to be effective immediately. The motion was seconded by Mr. Slone and the motion carried.

**Adjournment:** Mr. D. Smith made a motion to adjourn the meeting. Mr. Slone seconded the motion and the motion carried. The meeting adjourned at 8:15 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

4-15-15  
Date

  
Dale Hamilton, Vice-Chairman

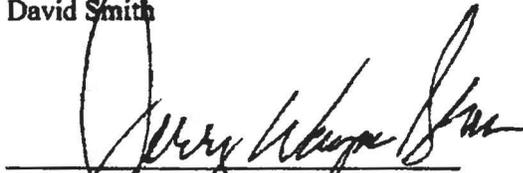
4-15-15  
Date

  
Delores Allen, Secretary/Treasurer

4-15-15  
Date

  
David Smith

4/15/15  
Date

  
Jerry W. Slone

4/15/15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, April 15, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:00 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Mr. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Matthew Catron, Clerk; Avery Shrum, Magistrate; Ron Johnson, Johnson Engineering; Jared Salmons, Johnson Engineering; and Mark Meade, Assistant Director with AML.

**Recognizing Media:** Sharon Hall, *Troublesome Creek Times*.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the previous month's minutes. Mr. Slone seconded the motion and the motion carried.

**New Business:**

*Public Comments:*

No public comments

*Capital Project Updates and Contractor Claims:*

Ron Johnson with Johnson Engineering gave a report on the progress with the Hickory Hills project. Mr. Johnson said the line is in the ground and they have been waiting on some components for the pump station. Mr. Johnson said they should be pumping water by the next board meeting. Mr. Johnson said the generator for the pump station is on backorder, which has caused a delay with the progress of the project. Mr. Johnson also talked about the Red Fox project and said that the plans had been approved by the Division of Water a couple of weeks ago. Mr. Johnson said they got an exemption for the flood plain section from the Division of Water and they were waiting on getting an exemption from the Corps. of Engineers, which Mr. Johnson expected to get back within the next week. Mr. Johnson said the process was taking longer than expected and they are preparing bid documents while they are waiting for the process to be completed. Mr. Johnson said as soon as they get the ATP back the project will be ready to go to bid. Mr. Johnson added that the project getting started would be contingent on AML and how quickly they can process the information that is sent to them. Mr. Johnson also commented on the Pippa Passes Sanitary Collection project. Mr. Johnson said they had \$16,000 extra money and they are bringing the contractor back to lay some extra line when the weather dries up. Mr. Hamilton asked about an update with the Route 7 project. Mr. Johnson said that Mark with AML would give an answer to his question. Mr. Johnson did say that they had received the CSX approval a long time ago and said he has been calling and emailing to attempt to get in touch with CSX. Mr. Johnson added that he thought CSX was finished with their part, but it was just a

matter of getting in touch with them. Mr. Johnson also said that the Division of Water was completed with their part of the project. Mr. Johnson said once the MOA is executed, they are basically done and should be able to get the project out to bid by the summer or fall. Mr. Johnson said he felt confident the project would go to construction in 2015 if there were no problems with what AML had to present at the meeting. Mr. Meade with the Abandoned Mine Lands (AML) talked about water lines being a part of AML, but not being the only part of AML. Mr. Meade also said they had to work with high priority cases, such as landslides, which causes other things to get bumped down the list and makes the overall process slower. Mr. Meade said both AML and the Office of Surface Mining (OSM) both had only a certain number of employees that could get work done, and that AML has submitted projects to OSM as far back as July 2014 that they still have not heard a response about. Mr. Meade said that there was a meeting planned between AML and OSM and it would be brought up about dealing with the amount of time it is taking to get projects approved. Chairman Childers entertained a motion to approve two contractor claims. A motion was made by Ms. Allen and was seconded by Mr. D. Smith. The motion carried.

#### *Claims List*

Mr. D. Smith asked about the increase in chemical costs for the month. Mr. Turner explained that it was due to the lake water being muddy from the rain. Chairman Childers entertained a motion to approve the bills on the claims list to be paid. Mr. D. Smith made a motion, which was seconded by Mr. Slone. The motion carried.

#### *Financial Report*

Mr. D. Smith asked about the status with the District with paying off past debt. Mr. K. Smith said it was doing better, but still had not received a payment from Perry Co. Water & Sewer. Mr. K. Smith said the District was not in any worse shape with the debt, but was not necessarily doing any better either. Mr. K. Smith said the situation with Perry Co. was resolved and the check is expected to arrive any day.

#### *Manager's Report*

Mr. Turner provided the Manager's Report. Mr. Turner reported that during the last month, the District produced 50,047,000 gallons of water and purchased 33,000 gallons. Mr. Turner said the District sold 6,469,201 gallons to residential customers and 21,646,200 to wholesale customers, which Mr. Turner noted that the total numbers were down due to there being a short billing period. Pippa Passes Sewer billed for \$1,865 and Troublesome Creek billed for \$868. The water treatment plant pumped 559.6 hours, which Mr. Turner said lagged in between months. Mr. Turner noted that overtime hours were down significantly this month, going down from 186 hours to 147 hours. Mr. Turner reported that there were 8 line breaks, 158 work orders, 6 new customers, 64 disconnections, and 11 adjustments. Mr. D. Smith asked about the increase in the water loss for the month, which Mr. Turner explained was due to the increase number of meter bottoms and setters busting. Mr. Turner also said there were some main line breaks during this time, but said the bulk of the water loss was due to leaks. Mr. Turner reported that the preliminary FEMA process is complete and the estimated cost that will be claimed at this

point is \$26,000, which Mr. Turner said covers parts and materials. Mr. D. Smith asked about the loss water, but Mr. Turner said FEMA would not allow the District to claim it. Mr. Turner also talked about a mudslide that occurred on the plant tank road behind the treatment plant. Mr. Turner said it was a significant slide and FEMA has said that they will cover it. Mr. Turner said he is weighing the options between using FEMA or insurance to cover the cost of the mudslide. Chairman Childers asked if the road was completely impassable, which Mr. Turner responded that it was. Mr. Johnson said he felt the ditches and cross drains were working, but said there had been too much water due to the rain. Mr. Johnson said he viewed it as an act of God and thought that insurance would cover it. Mr. Johnson said he would have to look at it for a while to see what would be the best way to fix it. Mr. Turner said the hill looked good where the water line is and it was not impacted by the slide. Mr. Johnson said nothing would be able to be done to try to fix it until the weather dried up. Mr. Turner said he would weigh their options and talk about it more at the next meeting. Mr. Turner also reported that the District has been using the new service truck from Prestonsburg Utilities and it has been working well. Mr. Turner also mentioned the Ball Creek Waste Water Treatment Plant and the possibility that \$6,000 worth of electronic parts may need to be replaced. Mr. Turner said it is suspected that some of these parts have went bad, but they will not know the extent of the repairs until Aqua Aerobics looks at the project. Mr. Turner hoped to replace the parts by the next day. Mr. Turner also stated that the District is now accepting payments by phone, online on the District's website, and in the office by credit card or an electronic check. Mr. Turner also said that the District now had a website that customers could use to pay their bills, find helpful statistics about water usage, and be alerted to any boil water advisories.

#### *Other New Business*

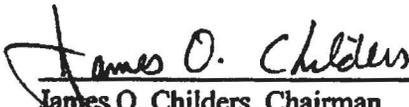
Mark Meade with AML presented that he had good news and bad news. Mr. Meade stated that the good news was that he had the memorandum of agreement that will provide funding for the construction of the Knott County Branch Lines Project, which Mr. Meade stated would provide \$1,500,000 for the project. Mr. Meade stated that the performance period for the project would run from April 1, 2015 to June 30, 2017. Mr. Johnson said the budget would cover the entire project. Mr. Meade spoke to the board about an A133 audit requirement, which he stated was the bad news that he had to present. Mr. Meade said during an AML audit the auditor wanted them to keep better track of the requirements for the A133 audits for any sub-recipient that receives more than \$500,000 of federal money in a given year. Mr. Meade said the last audit that was received from Knott Co. Water and Sewer was 2008. Mr. Meade said in 2012 an audit was conducted, but an audit needed to be done for 2009, 2010, and 2011. Mr. Meade said that Knott Co. Water and Sewer needed to enter in to an agreement with a CPA firm to conduct the audits needed to fulfill the obligation of the A133 audit. Mr. Meade said he would need a type of written agreement that KCWSD has entered into a contractual obligation to conduct the three years of missing audits. Mr. Meade said this was not something that AML wanted the District to do, but was something that had to be done for the federal level of the process. Mr. Tackett asked if the yearly audits that the District had been conducting could be used. Mr. Meade stated that due to the District receiving more than \$500,000 it would have to be an audit that is A133 compliant. Mr. Meade said it is a federal requirement that is closely monitored at the federal

level to ensure that it has been done. Chairman Childers spoke on behalf of the board and said he understood where the money is coming from and that the board would do everything within their power to do what is being asked. Chairman Childers expressed his disappointment due to the added cost from the audits with the District trying to get everything back in order from previous setbacks, but spoke on behalf of the board that they understood why the audit needed to be done and would do everything they could to comply with their request.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. D. Smith made a motion to go in to closed session, which was seconded by Ms. Allen. The closed session began at 6:43 P.M. and ended at 7:03 P.M.

**Adjournment:** Mr. D. Smith made a motion to adjourn the meeting. Mr. Slone seconded the motion and the motion carried. The meeting adjourned at 7:03 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

5-20-15  
Date

  
Dale Hamilton, Vice-Chairman

5-20-15  
Date

  
David Smith

5-20-15  
Date

  
Jerry W. Slone

5/20/15  
Date



5/20/15

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, May 20, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:09 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Mr. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Matthew Catron, Clerk; Avery Shrum, Magistrate; Calvin Waddles, Magistrate.

**Recognizing Media:** Sharon Hall, *Troublesome Creek Times*.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the previous month's minutes. Mr. Slone seconded the motion and the motion carried.

**New Business:**

***Public Comments:***

Magistrate Avery Shrum asked about the current status of the Red Fox project. Mr. Turner said he had talked with someone with Johnson Engineering earlier in the day and they said they are waiting on an ATP from AML, which has caused the project to be at a standstill at present time. Mr. Turner said he was not given an estimated time for when the project would begin and was not able to provide an estimation for when the project could begin at this time. Mr. Shrum also wanted to follow up on the situation with the Sassafras and Red Oak residents that were living in Knott County, but receiving water from the City of Vicco. Mr. Tackett said at the previous time the matter had been discussed it had been determined that due to the situation with the City of Vicco being close to being resolved, it would be seen as being counterproductive to ask Vicco about taking away a means they would view for being able to pay their debt to the District. Mr. Tackett suggested, if the Board enquired, to make an inquiry to Perry County to see if they would be willing to work something out for the customer's living in Knott County. Mr. Waddles asked if customers came up with a petition if it would help with the matter. Mr. Tackett said a petition was people expressing their desire in a collective way, but he did not feel it would help with the situation. Mr. Turner said most of the project was funded by AML and the MOA read that the residents of Knott County would become part of the Knott Co. Water and Sewer District. Mr. Turner said the biggest reason he could see for these customers being given to the City of Vicco was because they were already sewer customers of the City of Vicco. Mr. Childers asked if the matter had been discussed at the fiscal court meeting. Mr. Shrum said it had, but that was back when he had previously brought it before the board. Mr. Childers said he was under the impression that the County Judge in Knott County was going to talk with the County Judge in Perry County to try to resolve it. Mr. King said the Judge's office thought the board was handling discussions with Perry County and the Judge did not want to get involved if the board

was previously trying to resolve it. Magistrate, Calvin Waddles, asked about the status of the Route 7 project and brought up another issue with Pump Station Hollow being without water. Mr. Turner said the Route 7 project had an MOA executed the previous week, which AML currently has. Mr. Turner said they are currently waiting for a response from AML, but said they are doing environmental studies and archeological impact studies to get the process moving along. Mr. Turner said the information would be sent to AML and AML would do an ATP. Mr. Waddles asked what the timeframe would be for getting water to these areas. Mr. Turner stated that the situation was similar to the Red Fox project in that it was out of their control at this time. Mr. Waddles asked about the permits for the railroad and Mr. Turner replied that they should be completed by the end of May. Mr. Turner said the holdup currently was with AML and needing to get an ATP back. Mr. Waddles asked about areas where a railroad did not have to be crossed and Mr. Turner said that he felt they would be able to begin laying what line they can to be time sufficient once the ATP comes back even if the CSX permits are not completed.

*Capital Project Updates and Contractor Claims:*

Mr. Turner presented the final design for the Red Fox project and payout minus the retainage on the Hickory Hills project. Mr. Turner said the pump station with the Hickory Hills project was completed and almost all of the equipment was in place. He said the control panel needed was currently at the water plant and the generator for the pump station is on backorder. Mr. Turner anticipated that they should be pumping water by the next meeting. Mr. Turner said the Route 7 MOA had been signed and mentioned that the Red Fox project had already been covered during Public Comments discussions. Mr. Waddles asked about some of the roads in the Route 7 project that have recently been repaved. He asked if once the lines were put in if the contractor would fix the road. Mr. Turner said he was under the impression that the contractor is supposed to return the road to the state it was in before they started working. Mr. Turner added that as long as they are made aware of any repairs that need to be made before the end of the MOA, the contractors are good to go back and fix anything that needs to be done. The board agreed that it would be specified in the contract that the contractor would return the road to the state it was in before they began laying the water line and that all locations would be properly inspected to ensure it was done. Mr. Slone made a motion to approve the Contractor Claims. Mr. D. Smith seconded and the motion carried.

*Claims List*

Mr. D. Smith asked for a clarification about an item on the claims list. Mr. K. Smith said it was due to the District making a payment with the debit card. Mr. D. Smith asked about having a tracking column to keep track of the monthly chemical cost. Mr. Slone asked if attorney fees were present on the claims list. Mr. K. Smith said Calvin R. Tackett was listed, but he had not received a bill from Mark David Goss during the time the list covered. Mr. Childers entertained a motion to pay the bills on the list. Mr. Slone made a motion to pay the bills on the claims list. Mr. D. Smith seconded the motion and the motion carried.

*Financial Report*

Mr. K. Smith said Ross & Company have started the process of conducting the 2014 annual audit. He said they have requested some information that has been sent to them and they will be doing their onsite portion of the audit June 1<sup>st</sup> through June 5<sup>th</sup>. Mr. K. Smith said Ross & Company also had been selected to do the A133 audit requested by AML for 2009, 2010, and 2011 and they had been sent the engagement letters. Mr. K. Smith said the District is slowly chipping away at some of the outstanding debt. He said the District has not begun reaping the benefits from Perry County Water & Sewer and thought it would be a few months until they could begin paying on their arrearages. Mr. K. Smith explained a separate section of the report that he said was for money put aside for the Corps. of Engineer's monthly withdrawals and larger amounts that have to be paid out a couple times a year.

*Manager's Report*

Mr. Turner provided the Manager's Report. Mr. Turner reported that the District produced 49,650,000 gallons during the month, purchased 25,000 gallons from two wholesalers, sold 8,908,000 gallons to residential customers, and sold 27,016,000 to wholesale customers. Mr. Turner noted that these were more normal numbers for the District due to being back on regular billing cycles after the District had some longer and shorter billing cycles in previous months due to the winter months. Mr. Turner reported that the water loss for the month was 18.5%, which was significantly down from the previous month. The plant pumped 491.3 total hours during the month, which was also less than the previous month. Mr. Turner stated that overtime hours were down significantly and hoped to average around 100 hours a month, which he felt was a good number. Mr. Turner reported that there were 12 line breaks during the month, 164 work orders, 5 new customers, 48 disconnections, and 11 adjustments. Mr. Turner stated that the FEMA process has begun. Mr. Turner said he formally applied for FEMA assistance the previous week, and met with some people with FEMA earlier in the day to look at the mudslide that occurred behind the water plant. Mr. Turner said FEMA would cover the slip, stating that they would fix the road but everything below the road would have to be secured by the District. Mr. Turner said the District would have to pay for the construction initially, but FEMA would reimburse the District for 75% of the cost, the State would cover 13%, and the District would have to pay for the remaining 12%. Mr. Turner said the project would have to be bid out due to FEMA estimating that it would be more than \$50,000 to repair. Mr. D. Smith asked the timeframe it would take for FEMA to reimburse the District. Mr. Turner said the last time the District was reimbursed by FEMA it took about a year to receive the reimbursement. Mr. King said due to the time it would take to be reimbursed by FEMA that any prospective contractors would need to be made aware that they would not be paid for the project until the money was received from FEMA. Mr. Turner also talked about an item on the claims list for a calibration to the Letcher County master meter by CI Thornburg at the request of Letcher County Water & Sewer. Mr. Turner said he later discovered that the problem was that Letcher County had been resetting their totalizer on the wrong day. Mr. Turner said he had contacted them about it and let them know what the problem was. Mr. Turner said that Letcher County has agreed to split the cost of the recalibration with KCWSD. Mr. Turner said the Ball Creek Waste Water Treatment Plant has been repaired and is back to operating how it was before. Mr. Turner also talked about the Pippa

Passes Waste Water Treatment Plant which had a speed reducer go down, but it is back in operation at this time.

*Other New Business*

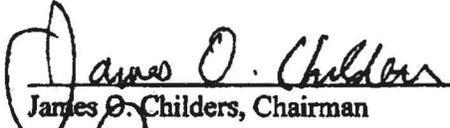
No new business.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. D. Smith made a motion to go in to closed session, which was seconded by Mrs. Slone. The closed session began at 6:54 P.M. and ended at 7:54 P.M.

Following closed session, Chairman Childers announced that there is a vacancy on the board to replace the vacant position of secretary of the board. Mr. D. Smith made a motion to appoint Jerry Slone as secretary and treasurer of the Knott County Water & Sewer District, which was seconded by Mr. King and the motion carried.

**Adjournment:** Mr. Slone made a motion to adjourn the meeting. Mr. D. Smith seconded the motion and the motion carried. The meeting adjourned at 7:55 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

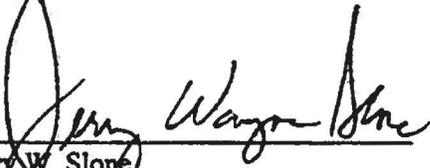
6-11-15  
Date

  
Dale Hamilton, Vice-Chairman

6-11-15  
Date

  
David Smith

6/11/15  
Date

  
Jerry W. Slone

6/11/15  
Date

  
Larry King

6-11-15  
Date

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, May 20, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Claims List**
  - d. Financial Report**
  - e. Manager's Report**
  - f. Other New Business**
  - g. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, June 11, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:03 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Mr. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; and Matthew Catron, Clerk, and addressed that this was a special called meeting and would take the place of the regular board meeting that had originally been scheduled for the next week.

**Recognizing Media:** Sharon Hall, *Troublesome Creek Times*.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

**New Business:**

*Public Comments:*

No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner presented an update on the Route 7 Branch Line project, and stated that it is still with AML as had been mentioned during the previous meeting. Mr. Turner said that the Red Fox project was in the same situation. Mr. Turner talked about the Hickory Hills project and said all equipment is in place. He stated that there was an issue with power, but that it has been worked out between AEP and the coal company that owns the property. Mr. Childers said he had spoken with Ron Johnson with Johnson Engineering, and he said that after AML implements the MOA for Red Fox it will be ready to go to bid. Mr. Childers added that they are waiting on the Route 7 MOA to be executed by AML, which they said had been designed but the District will have to submit all environmental paperwork and other approvals to get the authorization to proceed.

*Claims List*

Mr. Turner presented the final design for the Red Fox project tank site, which was reviewed by the Board. Mr. D. Smith made a motion to approve the Claims List with the stipulation that they would see the original budget proposal for the particular line item. Mr. Slone made a second and the motion carried. Mr. K. Smith said that the bulk of what needed to be discussed was with KACO, who provides insurance and worker's compensation for KCWSD employees, has \$50,000 that needs to be paid, which half of the amount must be paid by August 1, 2015. Mr. K. Smith said he had eight weeks until the deadline and was budgeting to save money each week to

make the \$25,000 payment by August 1<sup>st</sup>. Mr. K. Smith said after that amount is paid, the District would have to make three payments within the following three months to pay the rest of the amount. Mr. King asked how often that was up for bid to other interested parties and said that County was able to negotiate with KACO through bidding it out every year. Mr. King recommended rebidding to be able to save money in the future. Mr. D. Smith asked about the audit that was recently conducted by Ross & Co. and asked when it was anticipated to be completed. Mr. K. Smith said he was still communicating with Ross & Co., and they are still requesting some additional information to complete the audit but said they do not expect that it will be completed before the end of the month. Mr. Childers entertained a motion to approve paying the bills. Mr. Slone made a motion, which was seconded by Mr. King. The motion carried.

#### *Financial Report*

Mr. K. Smith said the District was in the red this month due to the large Claims List. Mr. D. Smith asked how expenses were lining up with the budget items. Mr. K. Smith said he had been working on a spreadsheet to help monitor the District's budgeted items. Mr. K. Smith said that at first glance and without talking with the former CFO, Eddie Campbell, he felt the budgeted revenue amount might be a little overstated. Mr. K. Smith said he should have everything put together before the next meeting to be reviewed. Mr. K. Smith said he would like to speak with Mr. Campbell to see what he was looking at to forecast the revenue. Mr. D. Smith said he wanted to know that they had a good budget going forward to prevent any sudden surprises.

#### *Manager's Report*

Mr. Turner provided the Manager's Report. Mr. Turner reported that the District sold 8.728 million gallons to residential customers, 27 million gallons to wholesale customers, pumped 517.9 hours, and had a low for the year in overtime hours with 94.5 hours for the month. There were 15 line breaks, 152 work orders, 9 new customers, 11 disconnects, and 12 adjustments were done for the month. Mr. Turner said the FEMA process was still moving along and he presented the Board with a resolution that needed to be signed. Mr. Turner said the Board would be designating himself as the applicant agent to go through with the FEMA process. Mr. Slone made a motion to name Mr. Turner as the applicant agent for the FEMA process, which was seconded by Mr. D. Smith and the motion carried.

#### *Other New Business*

No new business.

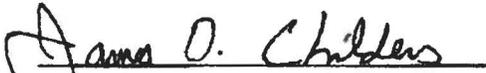
**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. Slone made a motion to go in to closed session, which was seconded by Mr. D. Smith. The closed session began at 6:25 P.M. and ended at 7:52 P.M.

Following closed session, Mr. Slone made a motion for the Board attorney, Randle Tackett, to enter in an official appearance in the case that involves litigation with the City of Hindman as co-council with Mark David Goss so that the two of them and their legal teams can work together to

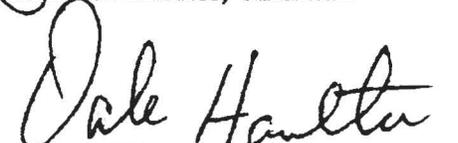
prepare the case to go to trial, and to receive a speedy and active resolution. The motion was seconded by Mr. Hamilton and the motion carried.

**Adjournment:** Mr. Slone made a motion to adjourn the meeting. Mr. D. Smith seconded the motion, and the motion carried. The meeting adjourned at 7:54 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

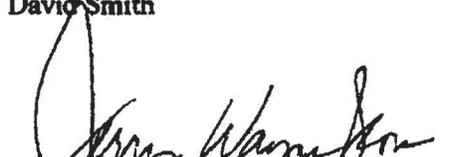
7-15-15  
Date

  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

  
David Smith

7/15/15  
Date

  
Jerry W. Slone

7/15/15  
Date

  
Larry King

7/15/15  
Date

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, June 11, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Claims List**
  - d. Financial Report**
  - e. Manager's Report**
  - f. Other New Business**
  - g. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, July 15, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:10 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; Kyle Smith, CFO; Randall Tackett, Attorney; Ron Johnson, Johnson Engineering; and Matthew Catron, Clerk. L.J. Turner, Plant Manager, was unable to attend the meeting due to line break that had occurred prior to the meeting.

**Recognizing Media:** Sharon Hall and Tommy Hall, *Troublesome Creek Times*.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

**New Business:**

***Public Comments:***  
No Public Comments.

***Capital Project Updates and Contractor Claims:***

Mr. Johnson with Johnson Engineering gave an update with the Capital Project Updates and Contractor Claims. Mr. Johnson said Hickory Hills is 100% complete, but the holdup is with AEP. Mr. Johnson spoke about the Red Fox project and said everything was sent in to AML. He said AML is going through the NEPA (National Environmental Protection Act) process. Mr. Johnson said the project is ready to go to bid and they have been looking at five different alternatives for a tank site for the project. Mr. Johnson said one possible alternative they thought they had worked out involved a family that is wanting a considerable amount of money to allow them to have access to the land. Mr. Johnson said he found another way to the tank site, but they would have to cut through a bunch of rock. Mr. Johnson said it would be a tough road to build, but they had the budget to do it. Mr. Johnson also said they would now have to cross a gas line on a steep slope, which added some risk to the project, but Mr. Johnson said they had an agreement from EQT Gas to be able to cross the gas line. Mr. Johnson said they usually do two contracts for the tank, the line, and the pumping, and he was going to put the road construction to the tank in the contract for the line. Mr. Johnson said the tank would be in a separate contract. Mr. Johnson said once they had AML approval, they would be ready to go to bid to contractors. Mr. Johnson also said that last week Mr. Turner had received the new MOA for the Route 7 Branch Line Project, which had been corrected and include all correct locations that were left off the previous MOA. Mr. Johnson said he thought he would have all approvals from CSX for the project the previous week, but he did not receive them. Mr. Johnson said he contacted someone

with CSX who said everything was approved, but they were waiting on a supervisor to sign off on the railroad boar crossing permits. He said they are ready to submit DOT's and the plans have been ready to send for 6-8 months. Mr. Johnson said all of this information would have to be sent to AML and AML would go through the same process they are currently in with the Red Fox Project. Mr. Johnson said he was not able to give a timeframe on how long it would take for the process to be complete. Mr. Johnson said he thought the project should be able to go to bid sometime this year. Mr. Johnson also talked about the Troublesome Creek Sewer Project and he said he felt that the District needed to have an application submitted in to PSC. Mr. Johnson said one of the conditions is that the Knott Co. Water & Sewer District would have to have ownership of the Ball Creek Sewer Plant before the final payout will be made with the CBG money that the county has. Chairman Childers wanted the District attorney, Mr. Tackett, to get together with the District's other attorney, Mark David Goss, to discuss the matter. Mr. Tackett said there is an open agreement where KCWSD operates it and pays the bills, but they do not own it. Mr. Tackett said they would eventually work towards getting a bill of sell, but they have not reached that step in the process yet. Mr. Johnson said that may be enough to where they would not need final approval from PSC, but he added that he was not sure. Mr. Tackett said they could send a copy of the contract and added that the reason they had not pursued step two in the process was because Mark David Goss was concerned with the debt that the District has, which Mr. Tackett said the District has come a long way in handling the debt. Mr. Johnson said for Mr. Tackett to converse with Mr. Goss about the situation and they would see how they need to approach DOG. Mr. Johnson also talked about having excess water at the plant and that Floyd, Perry, Letcher, and Breathitt counties all are in need of extra water. Mr. Johnson said he has been working with Perry County on finding ways to increase their water supply, and the quickest, easiest and most cost effective thing would be two potential interconnects to connect the KCWSD plant to the water plant in Hazard. Mr. Johnson said one way was to go through Vicco into Route 7 and the other would on Highway 80 at Jamestown, dropping down to Highway 476. Mr. Johnson said there was enough pumping capacity on the Vicco side to pump 500,000 gallons of water per day, and he said they would have to upgrade the pump on the Highway 80 side to get to 500,000 gallons per day. Mr. Johnson said the resolution was put together to get all interested parties involved and to help get funding. Mr. Johnson said he needed either a Letter of Intent or a resolution to take to the funding agency to get funding for the project. Mr. Johnson said there was two resolutions—one for the Hwy 80-476 interconnect and one for the Route 7 interconnect. Mr. Tackett asked about combining the two together in one resolution and Mr. Johnson said that was fine to do. Mr. Tackett said both drafts has it as a joint resolution between Knott Co. Water & Sewer and the City of Hazard. Mr. Johnson added that Perry Co. Water & Sewer is included in the resolution due to them owning the system for the Route 7 interconnect. Chairman Childers asked about the potential tie-in to supply water to Breathitt County once the interconnect with Perry County were completed. Mr. Johnson said Breathitt County's Judge Executive was aware of the project and it was up to them to decide if they wanted to do so. Mr. Johnson said all he needs for the project is a Letter of Intent showing that all parties involved agree to the project. Mr. Slone made a motion to authorize the Chairman to execute any document to accomplish the interconnect agreement once it is presented by the KCWSD attorney, Mr. Tackett. The motion was seconded by Mr. King and the motion carried.

### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said that there was a larger bill for the month for the electrician that the District contracts with due to them having to replace a power pole. Mr. Hamilton asked about a finance charge from Childers Oil and Mr. K. Smith said it was due to a late payment. Mr. King asked if Mr. K. Smith could talk to Childers Oil about the finance charge and see if they would agree to waive the fee due to the business that they get from the county. Mr. K. Smith said he would contact Childers Oil and see if they would agree to disregard the finance charge. Mr. D. Smith asked about a contractor that was hired to repair a line break and questioned by a contractor was hired to fix the line break and not employees with KCWSD. Chairman Childers made a motion to approve the Claims List. Mr. Slone made a motion to approve the Claims List. Mr. D. Smith added that the approval needed to be with the stipulation that the board would get an explanation of why the contractor was used to repair the line break on Highway 550. Chairman Childers asked that Mr. Turner send an email giving an explanation for using the contractor. Mr. Hamilton seconded the motion and the motion carried. Mr. D. Smith pointed out that they had passed over approving some information on the Pippa Passes sewer, Red Fox AML, and Bearville pump station on the Contractor's Claims. Mr. Johnson said the fee for Red Fox was his design fee, which he could have taken a long time ago but broke it apart in different payments. Mr. Johnson also said Pippa Passes is closed out and explained that there was \$15,000 of excess money that they used to have the contractor come back and some extra work. Chairman Childers entertained a motion to pay the Contractor's Claims. Mr. D. Smith made a motion, which was seconded by Mr. Slone. The motion carried.

### *Financial Report*

Mr. K. Smith gave an update on the Financial Report. Mr. K. Smith let the board know that \$10,000 had to be moved from the Special Projects account to the O & M account to pay some bills. Mr. K. Smith said the issue was due to a change with the health insurance changing the amount of time to pay on the insurance from 90 days to 60 days. Mr. K. Smith said it was a priority because if the insurance was terminated it would not be reinstated until the next year. Chairman Childers asked if the plan was to replace the money as soon as possible, and Mr. K. Smith said it was. Mr. Hamilton asked about what had previously been discussed at another meeting about checking with other insurance companies for cheaper rates. Mr. K. Smith said he did and KACo said if KCWSD chose to go that route, due to claims that the District has had in the past, they would possibly not reinstate or bid on KCWSD. Mr. D. Smith recommended getting a second opinion to see what the difference would be in what the current insurance company is billing and what another company would charge. Mr. D. Smith also wanted a notification process put in place in the future via email, in reference to the money being taken out of the Special Projects account, to inform the board that any financial move from one account to another was being done prior to the meeting.

### *Manager's Report*

No Manager's Report was presented due to Mr. Turner being absent from the meeting due to a line break.

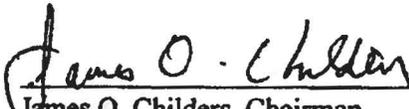
*Other New Business*

No new business.

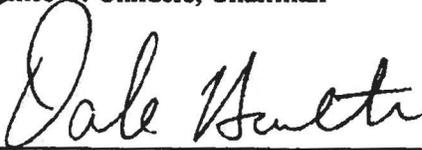
**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. D. Smith made a motion, which was seconded by Mr. Slone. The Board went in to closed session at 7:00 P.M. and the meeting was called back to order at 7:16 P.M.

**Adjournment:** Mr. Slone made a motion to adjourn the meeting. Mr. D. Smith seconded the motion, and the motion carried. The meeting adjourned at 7:16 P.M.

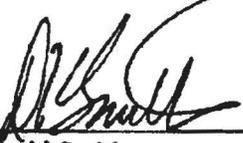
**Approval of Minutes:**

  
James O. Childers, Chairman

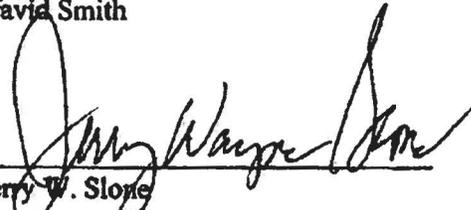
8-12-15  
Date

  
Dale Hamilton, Vice-Chairman

8-12-15  
Date

  
David Smith

8/12/15  
Date

  
Jerry W. Slone

8/12/15  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**Knott County Water and Sewer District**

**BOARD MEETING**

**Wednesday, July 15, 2015**

**6:00 PM**

**AGENDA**

- 1. Call to Order**
- 2. Recognize Audience**
- 3. Recognize Media**
- 4. Approval of Minutes of Previous Meeting**
- 5. New Business**
  - a. Public Comments**
  - b. Capital Project Updates and Contractor Claims**
  - c. Emergency & Backup Interconnection Resolutions**
  - d. Claims List**
  - e. Financial Report**
  - f. Manager's Report**
  - g. Other New Business**
  - h. Closed Session – Personnel and Legal Issues**
- 6. Adjournment**

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, August 12, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:05 P.M. All KCWSD Board members were present, except for Larry King.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Bob Ross, Auditor with Ross & Co.; Ron Johnson, Johnson Engineering; and Matthew Catron, Clerk.

**Recognizing Media:** No media was present at the meeting.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

***Public Comments:***  
No public comments.

***Auditor's Report:***  
Mr. Ross with the auditing company, Ross & Co., gave the auditor's report from the recent 2014 audit they had conducted. Mr. Ross thanked the board for allowing himself and his company to be involved with the audit. Mr. Ross said that his company does not focus on the little stuff when they do an audit, because you will find little stuff everywhere you go. He said they focus more on the big stuff that could go wrong and stated that his company did not find anything big while conducting the audit. Mr. Ross reviewed the highlights of the report with the board and went over what he felt was the most important part of the review called a clean opinion. Mr. Ross said they gave the Knott Co. Water & Sewer District a clean opinion for the audit for 2014. Mr. Ross reviewed a balance sheet with the board, which led to their clean opinion, showing that the District had current assets totaling \$886,427 with the largest of that amount coming from the accounts receivable, which totaled \$637,639. Mr. Ross mentioned that the majority of the \$637,639 was made up of money that was owed to the District from the City of Hindman and the City of Vicco. Mr. K. Smith added that the remainder of the \$637,639 was from the December bills that were in transitioning of being sent out. Mr. Ross added that these numbers looked really good. Mr. Ross mentioned that the District had total assets of \$40,969,813 and a total net position of \$39,871,893, which he said meant that if all the assets were sold for \$40 million, the District's total liabilities would be paid off at \$1,097,920, and the District would walk away with cash in hand totaling \$39,871,893 for the total net position, which Mr. Ross said was really good. Next, Mr. Ross reviewed the "Statement of Revenues, Expenses, and Changes in Net Position" portion of the report. Mr. Ross stated that the District had a Total Operating Revenue of \$2,121,299 and Total Operating Expenses of \$3,295,504. Mr. Ross noted that this may look bad,

but when you take the depreciation of \$1,453,194 away, the District made a profit of \$278,000. Mr. Ross said the depreciation is a deduction you get that becomes a write-off and does not involve the inflow of cash. Mr. Ross said in terms of the cash position, the District was in the positive with \$278,989. Mr. Ross also reviewed the section of the report about deposits. He discussed a portion talking about Custodial Credit Risk, which Mr. Ross said meant that the District's money in the bank should be collateralized in the event the bank ever went under and there was not enough money in the FDICA to cover the money that was lost. Mr. Ross said the bank was now getting collateral securities to fund the money that the District has in the bank, which was recommended by Ross & Co. in the audit and has been fixed by the District in response to their recommendation. Mr. Ross also reviewed the fixed assets in the report and he emphasized that the most important item on the page was the increases, which the subtotal for water operations for 2014 was \$9,485,112. Mr. Ross then talked about the "Schedule of Expenditures of Federal Awards" portion of the report, which he stated that the District had a total expenditure of federal awards of \$2,403,060, which included construction, upgrades, and funding for various projects. Mr. Ross also gave a review of the "Schedule of Findings and Questioned Costs" portion of the report, which he spoke highly of due to it only being two and a half pages. He noted the District Manager's Response in the report that read, "We have received proper documentation from the Bank of Hindman to execute a collateral security agreement for \$1,000,000", which Mr. Ross had mentioned earlier in the report and showed the board where it had been mentioned and had been fixed by the District. Mr. Ross also talked about a statement about payroll processing lacking an adequate segregation of accounting duties, which he stated has also been fixed by the District. The board attorney, Mr. Tackett, asked Mr. Ross about in past audits having comments about cash control and asked if there were any problems with that during this audits and Mr. Ross said they did not find any problems. Mr. Ross mentioned that due to the District being a small organization, the segregation of duties would be a problem but he understood that it is difficult for smaller organizations to hire more administrative staff to take on additional responsibilities. Chairman Childers thanked Mr. Ross for completing the audit in a timely manner and helping the District out. Mr. Johnson asked if the audit would meet the requirements for AML to go further with the Red Fox and Route 7 Branch Line projects. Mr. Turner said this was the District's normal yearly audit and not the A-133 audit that AML needed, but Mr. Turner and Mr. K. Smith said they are in the process of setting a time for Ross & Co. to conduct the A-133 audit. Mr. D. Smith asked a question where the report mentioned the phrase "significant deficiency" on internal control. Mr. Ross reviewed what Mr. D. Smith was asking and said that the District had corrected what was mentioned in the report. Mr. K. Smith said he was working on an Excel spreadsheet for each project to show where the funding is coming from. Mr. Slone asked a question about the balance sheet and the difference between unrestricted cash and restricted cash. Mr. Ross said unrestricted cash meant you could use it for anything that you wanted to use it for, and restricted cash meant that the amount had been set aside for a specific purpose. Mr. Ross said they were currently conducting seven school board audits, but said he thought auditors with his company should be able to make it back to conduct the other audits in a couple of weeks. Mr. K. Smith said he was under the impression someone would not be able to come back until the beginning of the following year. Mr. Ross said he would get in touch with the auditor Mr. K. Smith spoke with to see what they had going on.

Chairman Childers asked Mr. Johnson what this would do for the Red Fox and Route 7 projects. Mr. K. Smith said his understanding was they only had to present a contract to AML showing an agreement between KCWSD and an auditing company to move along with the project. Mr. Johnson said they have the MOA for Red Fox and the Branch Line projects, and said it would be fine to be able to get started on the project by the end of the year. Mr. Johnson said the only caveat to the issue would be due to it being federal money, and if the federal government says they need it tomorrow, then it would need to be done tomorrow.

*Capital Project Updates and Contractor Claims:*

Mr. Johnson gave an update on the Red Fox project. He said everything has been submitted and it has now moved along from AML to OSM for the environmental review. Mr. Johnson said a possible issue with the project will be the Northern, Long-eared Bat. He said in constructing the tank site, trees will have to be cut, but they are trying to get an MOA with the Dept. of Fish & Wildlife to pay for the impacts through a mitigation fund. Mr. Johnson said if it is during the Northern, Long-eared bat's mating season, which he stated was between April and the fall of the year, they would not be able to cut any trees. Mr. Johnson said the MOA with Fish & Wildlife is in the process and hoped that it would work out to help move along with the project. Mr. Johnson talked about relocating the road to Timberlands, which was through Kentucky River Properties, and he said they would have to update their archeological study due to the road being higher on the hillside. He said the environmental pieces are being done right now and they are working on getting someone to come do the new archeological study within the next couple of weeks. Mr. Turner gave an update on the situation with AEP and Hickory Hills. He said he talked with the local AEP rep. and the paperwork is on the administrator's desk to be signed for the company that handles the easements to sign the right-of-way and power line over to AEP, so the District will not have to run a new high line. Chairman Childers asked how they are getting water at Hickory Hills and Mr. Turner said they ran their own line running up the hill and they are the only customer in that area at the time. Mr. Johnson also gave an update on the Route 7 Branch Line projects. He said the MOA has been executed and CSX has issued permits, but one of them came back that it was too close to a bridge and they had to move it and resubmit it. Mr. Johnson also said there were fees involved with the permits, which Mr. Johnson said would be \$5,000 to \$6,000 per fee, but said that AML would pay the fees. Mr. D. Smith asked about \$37,000 in fees to CSX, but Mr. Johnson said that was money the District owed him to start the project and said the total amount with the fees added in would be around \$100,000. Mr. Johnson said the plan inspections have been approved and all but one bore has been approved, but it would not cause any type of hold up with the project. He said they would have to send all of their information to AML for them to do the environmental review, but he felt they would get to that point pretty quick. Mr. Johnson mentioned a change with the project, which he felt was a good change, mentioning that Floyd County needs additional water and the Floyd Co. Judge Executive, Ben Hale, has been requesting water from the Right Beaver area of Knott County. Mr. Johnson said the line was in place, but they just need a pump station, master meter, and a few other items. Mr. Johnson said he spoke with AML about funding the interconnect and they said they would do it. He said the plan is to include it in the Route 7 Branch Line contract and he informed the board that they would need to contact the Floyd Co. Judge Executive, Ben Hale,

to negotiate a contract to determine the wholesale agreement. Chairman Childers spoke up and said he thought it would potentially be a great thing. Mr. Johnson agreed and estimated that Floyd. Co. would probably use around 200 gallons per minute and said there was a lot of potential expansion with the project. Mr. Johnson also spoke about the Pippa Passes sewer plant and talked about mentioning during the last meeting that they had some extra money to use from the Corps of Engineers. Mr. Johnson said since the last meeting, the Corps of Engineers said they needed some of the money and they have had to reduce the pay for everyone involved in the project. Mr. Slone made a motion to approve the Capital Projects and Contractor Claims, which was seconded by Mr. D. Smith and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. D. Smith asked about the District's payments to the Corps of Engineers and if it is up to date, and Mr. K. Smith said it was. Mr. D. Smith made a motion to approve the Claims List. Mr. Hamilton seconded the motion and the motion carried.

#### *Financial Report*

Mr. K. Smith gave an update on the Financial Report. Mr. D. Smith asked for clarification on an amount on the report and asked if it included depreciation. Mr. K. Smith said it did. Mr. D. Smith asked if all receivables included are current and Mr. K. Smith said they were recent as of the end of July.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner reported that the District had an average month. The District produced 53,475,000 gallons of water, purchased 209,000, sold 10,000,000 gallons to residential customers, and sold a little over 32,000,000 to wholesale customers, and water loss was at 12.2%. The plant pumped 510.5 hours for the month. There was 117.5 overtime hours, which Mr. Turner said was average for summer months. Mr. Turner provided the board with a graph covering overtime hours and said their target is around 100 overtime hours per month. The District had 6 line breaks, 160 work orders, and 54 disconnects. Chairman Childers asked if the truck purchased from Prestonsburg Utilities is in use, and Mr. Turner said it was. Mr. Turner also had some topics for discussion for the board. Mr. Turner spoke about a Perry County payment, which Mr. K. Smith elaborated more about. Mr. K. Smith said he has been speaking with a Benny Hamilton with Perry Co., and he indicated to him that they have applied for and anticipate receiving \$82,000 within the next couple of weeks. Mr. K. Smith said he was asked by Perry Co. to send invoices for July, August, and September, which would be around \$35,000. Mr. K. Smith said he was under the impression they would be sending more than the \$35,000, but he said he was not sure if the County Judge had other plans for the rest of the money or planned on sending more to pay off the arrearages on their bill. Chairman Childers said he talked with both the Perry County Judge Executive and Benny Hamilton earlier in the day, and he understood that Perry County would use all or most of the \$82,000 to pay on their water bill. Chairman Childers added that Perry County said they hoped to have their arrearages paid off by the end of the year, and both the Judge and Benny Hamilton said they expected to have the money in two to three weeks. The next item Mr. Turner discussed

was the City of Hindman billing adjustment. Mr. Turner explained that the PRV had malfunctioned and they had requested a 500,000 gallon adjustment. Mr. Turner said he took the same approach he takes when doing an adjustment for a residential customer and he made an adjustment based on Hindman's average bill for the past 4 months, which he stated was the only way to do it and be accurate. Mr. Turner said the District's adjustment using that method gave them a lower bill than what Hindman had requested, which adjusted \$2,811.30 from their account. Mr. Turner also discussed a billing error in Hindman's billing system on regards to how they are billing the District with the Perkins Madden master meter. Mr. Turner said he has spoken to Hindman Mayor, Tracy Niece, about the issue and he informed Mr. Turner that they found the problem and fixed it. Mr. Turner talked about the District inquiring with other insurance companies to get quotes for insurance coverage. Mr. Turner said the District received a letter from KACo explaining the District's premiums and explained that the District's assets and budgeted amount was increased. Mr. Turner said they had an insurance agent in Hazard who had declined to give a quote, and another agency, Hazard Insurance Agency, required needing some additional information from KACo. Chairman Childers said he had discussed it with Mr. Turner and felt it would be a bad idea to request any information from KACo. Mr. Turner also talked about a customer wanting to hook up to water in The Meadow Housing Development, and said the District would need to pay \$250 to run water line in the area to a customer with the potential of picking up new customers in the future. Chairman Childers felt that the person purchasing the lot should have the finances to purchase their own water line. Mr. Slone said he agreed. Mr. Turner also discussed FEMA and said all of the District's preliminary information is in. Mr. Turner said he submitted a preliminary engineering report, which he said AML completed for the District. Mr. Turner said the report should include everything FEMA will need to get the process started with fixing the mudslide behind the water plant. Mr. Turner also talked about the District having a procurement policy, which he said had been recommended by FEMA. Mr. Turner said the District has always followed the state's procurement policy, but said the District needed to adopt a procurement policy to have one put in place. Mr. Turner said he would email the policy to the board members and Chairman Childers said they would go over it at the next meeting. Mr. Turner also talked about the potential of picking up Phoenix Development with the Jamestown Waste Water Project to not only include their waste water but their regular water also. Mr. Turner said he has been in contact with Leroy Lackey, developer at Phoenix Development, to assess their situation to see if they have an asset or a liability. Mr. Turner said they are supposed to meet to look at some numbers to see what the situation is. Mr. Turner also mentioned the new employee handbook. Mr. D. Smith said he recommend that Mr. Tackett review the handbook. Mr. Slone also mentioned that the board make time to create a session where the board can meet and only focus on the handbook itself. Mr. Turner said he would send a copy of both the old and new handbook to Mr. Tackett to review. Mr. Turner also mentioned a safety manual that he has been working on that Mr. Tackett needs to review. Mr. D. Smith also asked that a copy of the manual be emailed to the board members. Mr. Turner asked about when to arrange the time to review the employee handbook. Mr. Slone said to include it in the regular agenda for the next meeting and the board agreed.

*Other New Business*

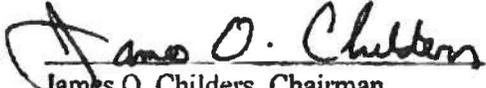
Mr. Turner talked about the Pippa Passes sewer plant, its numerous repairs, and that it has depreciated 15 years beyond its expected useful time of 30 years. Mr. Turner said they have had numerous breakdowns that has led to unsatisfactory performance by the standards of both the Knott Co. Water & Sewer District as well as the Division of Water. He asked for ideas to start a capital project to replace the sewer plant. Mr. Turner said \$18,000 had been spent to level up the clarifier, but explained that once one thing is fixed something else breaks down. Mr. Johnson said it was similar to a situation he saw a Vicco, but not as bad. He said the rakes that rake the sludge probably are not working properly and he said in order to clean it out effectively, it would probably cause further damage to the rest of the structure. Mr. Johnson said there was enough room beside the current sewer plant to build a new one in that space while the current operated until a new one could be built. Mr. Johnson said the District would need to put together a profile and a plan, and start applying for money, mentioning 531 Corps. of Engineer money, CBDG, and ARC money all as a possible options. Mr. Johnson estimated that it would cost a couple million dollars, and said they would want to complete the I & I project during the process which would bring the total amount to around \$2,500,000. Mr. Johnson said he could do the plan for the project and there would have to be a plan before anything else could be done with funding the project. Chairman Childers asked what the board had to do to get the process going toward completing a plan and finding the funding to get a new plan. Mr. D. Smith made a motion to create a long term and short term plan for the District to focus on the overall systematic operations of the water system with the proposed repairs for Pippa Passes sewer plant falling under the short term plan. Mr. Slone seconded the motion, and the motion carried. Mr. D. Smith suggested that Mr. Turner and Mr. Johnson get together and devise a plan for fixing the problems with the Pippa Passes sewer plant, and he stated that the long term plan would looking at the interconnects and other visions that the District has for the future. Mr. Johnson mentioned the new federal prison that will be built in Letcher County and if anyone has talked with Letcher County about the water needed for the prison. Mr. Turner said he has been in contact with someone with Letcher County Water & Sewer about the project, and is waiting to hear back with more information. Mr. Johnson also asked about the District talking with the Corps of Engineers about having access to more water out of the lake with the potential interconnects with Floyd County and Perry County. Mr. Tackett said the Corps has had their meetings to approve getting extra water from the lake, but no letter has been written. Mr. Tackett said he is in charge of creating the letter, but has not been able to write one due to his other legal obligations with the litigation with the City of Hindman. Mr. Johnson emphasized the importance of getting approval to get more water from the Corps due to the potential interconnect projects, and stated that if everything worked out with Floyd Co. they could be pumping them water by the middle of the next year. Mr. Johnson said the interconnect with Perry County would take longer due to there not being anymore AML money in this cycle and it would not be replenished until July of 2016. Mr. Hamilton spoke up about the Pippa Passes sewer plant and asked Mr. Johnson if it would be possible to connect it to the new sewer plant in Wayland. Mr. Johnson said it would be expensive, but it would be possible. Chairman Childers asked if it would be cheaper than building a new plant, and Mr. Johnson said it probably would not. Mr. Johnson added that when you factor everything in from the next 30 years it may be a better idea to do that rather than

building a new sewer plant. Mr. Turner asked if the project would be eligible for the money from the Corps of Engineers, and Mr. Johnson said it would. Mr. Johnson said that it would work out well for both parties, stating that the Wayland sewer plant needed more flow. Mr. Johnson said the sewer line would have to be laid opposite from the water line, stating that they would need to get some easements, which he felt would be a hold-up with the project. Mr. Johnson referenced an agreed order from the Division of Water about repairs that need to be made to the Pippa Passes sewer plant and said the District would need to have a short term and long term plan to present to the Division of Water of how they were going to fix the problems with the sewer plant. Mr. D. Smith asked how many violations KCWSD had at the sewer plant. Mr. Turner said they have five at this time, but there have been violations for as long as the plant has existed. He stated that the agreed order would protect them from having any further violations or fines. Mr. Turner said the District will have to have a plan of action to present to the Division of Water to show how they are going to fix the problem.

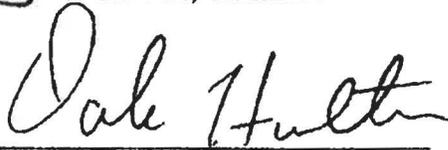
**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. D. Smith made a motion, which was seconded by Mr. Slone. The Board went in to closed session at 7:57 P.M. and the meeting was called back to order at 9:28 P.M.

**Adjournment:** Mr. D. Smith made a motion to adjourn the meeting. Mr. Slone seconded the motion, and the motion carried. The meeting adjourned at 9:28 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

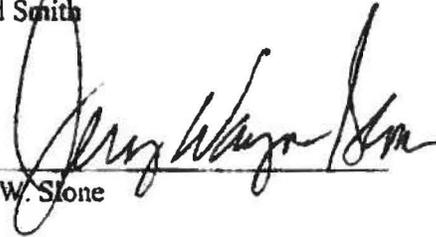
9-16-15  
Date

  
Dale Hamilton, Vice-Chairman

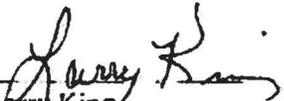
9-16-15  
Date

  
David Smith

9/16/15  
Date

  
Jerry W. Slone

9/16/15  
Date

  
Larry King

9-16-15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, September 16, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:00 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Benny Joe Jacobs, KCWSD Service Crew; Avery Shrum, KCWSD Service Crew; Tim Reed, KCWSD Service Crew; Roger Shrum, KCWSD Service Crew Supervisor; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Hamilton made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

***Public Comments:***  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Capital Projects and Contractor Claims. Mr. Turner gave an update with the Hickory Hills project and said they are still waiting on the power situation to get lined out, but said otherwise it is ready to go. Mr. Turner talked about the Red Fox project and said they are still waiting on the ATP from AML. Mr. Hamilton asked about the situation with the Northern Long-eared bat holding up the project. Mr. Turner said the MOA had been submitted to the Dept. of Fish & Wildlife and it will have to be sent back to KCWSD. Mr. Turner said he thought the fee was \$3,750 per acre, but he said he thought there was some other things that could cause the fee to be higher. Mr. Turner also gave an update on the AML Branch Lines project. Mr. Turner said 8 out of 9 CSX permits have been received back and have been approved with other permit being resubmitted. Mr. Turner said there would be an addition to the project for an interconnection with Southern Water. Mr. Turner said the project had been sent to the Division of Water for approval. Mr. Turner said once the ATP is received for the Red Fox project it will go to bid. Mr. Turner also gave an update on the situation with the Pippa Passes Waste Water Treatment Plant and he said Mr. Johnson with Johnson Engineering has been developing a preliminary engineering report for design of the Pippa Passes Waste Water Treatment Plant to get together the materials and equipment needed to figure out a budget and find funding for the project. Mr. Childers said there was not any funding for the project, but part of the process that Mr. Johnson was completing will create a project budget to be submitted to KRADD to be given an SH number to be filed with the KIAWRIS project so it will become a fundable project. Mr. Childers said he would then need to talk to a board that agrees to prioritize

projects with a seven county area and try to convince the board that this project would need to be number one on the list. Mr. Childers said he had been talking with Mr. Johnson and he felt there was some funding the District could get by early 2016 or the third or fourth quarter of 2016. Mr. Childers emphasized the urgency of the project and said he would do all within his power to try to get the project moved up the list. Mr. Turner talked about some pay requests, which he said was for the tank site design with the Red Fox project and the Rt. 7 Branch Line project engineering cost. Mr. Childers said they would look over the pay requests and suggested to move on to the Claims List. Mr. Childers entertained a motion to approve the Contractor Claims. Mr. Slone made a motion, which was seconded by Mr. D. Smith and the motion carried.

#### *Claims List*

Mr. Slone made a motion to approve the Claims List, which was seconded by Mr. Hamilton. The motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said that the billing for August looked like it would be one of the lowest of the year. Mr. D. Smith asks why the drop occurred. Mr. Turner said it fluctuates throughout the year, but said the usage for this August was consistent with the usage during this time last year. Mr. K. Smith mentioned that the District received a payment from Perry Co. Water & Sewer towards their arrearages, which he said allowed the District to get caught up on old Claims List items. Mr. Childers asked what the remaining balance was on Perry Co.'s account. Mr. K. Smith said he was not sure of the exact amount, but estimated that it was around \$200,000. Mr. Turner then said that the exact amount was \$214,503. Mr. D. Smith asked about an accrued expense column, which Mr. K. Smith said was the expenses that the District had incurred during the month of August.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner reported that the District had produced 53,683,000 gallons, purchased 223,000, sold 10.296 million gallons to residential customers, and sold 3.2 million gallons to wholesale customers. Mr. Turner reported that the water loss for the month was 11.6%, pumped 509 hours, 100 overtime hours, 6 line breaks, 115 work orders, and 21 new customers. Mr. Turner said the District did 49 disconnections and 44 were reconnected. Mr. Turner talked about being contacted by Southern Water about needing additional water. Mr. Turner said a 2-inch master meter was installed at the intersection of Rt. 7 and Hwy 899 to sell water to Southern Water. Mr. Turner said the set-up was temporary, but it is enough to carry out the process at this time. Mr. Turner said he had been speaking with the KCWDS attorney, Mr. Tackett, about payment and the District used \$3.00 per 1,000 gallon charge. Mr. Tackett suggested that they be under contract if Mr. Turner felt there would continue to be more water use by Southern in the future. Mr. Turner said the PSC has approved KCWSD's wholesale agreement with Perry Co. Water & Sewer. He also talked about a surplus vehicle sale that would be taking place the following week in Frankfort with the auctioning off of used state vehicles, which he stated included 30 four-wheel drive pickup trucks. Mr. Turner said the District needed one more four-wheel drive vehicle to replace the last remaining rear-wheel

drive vehicle the District currently has, taking the place of the van the District has been using which Mr. Turner felt would probably cover the cost of the truck when it is sold. Mr. Turner said he would have to go to the viewing to find out what the prices of the vehicles would be. Mr. Slone asked if Mr. Turner had any idea how much one of the trucks would cost. Mr. Turner said he tried to get them to tell him, but he said he could only assume that it would be around \$5,000. Mr. Slone asked Mr. K. Smith from a financial standpoint how the District would fair with purchasing a new vehicle. Mr. K. Smith said given the estimated range that Mr. Turner estimated, he felt the District would be okay purchasing a vehicle within that price range. Mr. Turner said he anticipates recovering about 75% of the cost once the van is sold. Mr. Slone made a motion to authorize Mr. Turner to purchase one vehicle from the state vehicle auction in an amount not to exceed \$7,500. Mr. Hamilton seconded the motion and the motion carried. Mr. Turner gave an update about trying to improve the PRV's in the District's water system. Mr. Turner said he has been looking at some models that have 1,000 gallon per minute relief that he believes will put the District where it needs to be. Mr. Turner said he found a 500 gallon per minute model, but said it would not work. He mentioned that the District may have to look at a 1,500 gallon per minute model, but said he felt the 1,000 gallon model would work.

#### *Other New Business*

Annett Napier with KRADD presented a resolution between Knott Co. Water & Sewer, Perry Co. Water & Sewer, and the City of Hazard for the emergency and backup interconnection of water systems on Highway 7. She said the Perry Co. Fiscal Court received a CDBG grant along with some other funding and as part of that grant DOG is requiring KRADD to pass the resolution and an inner local agreement to formalize the agreement for KCWSD to sell the water to Perry Co. Mrs. Napier asked KCWSD attorney, Mr. Tackett, to elaborate on the resolution stating that he would be more familiar with the project. Mr. Tackett said there were two different projects, one being a joint resolution for an emergency backup interconnection on Highway 7. Mr. Tackett some slight changes had been made to it and it had been signed and sent to the City of Hazard where it currently remains. Mr. Tackett said the other resolution was for an inner local agreement on Fort Branch. Mrs. Napier said they received a 2015 CDBG grant and as a result of the project they would be running water to Fort Branch, and intend to purchase water from KCWSD to serve 51 customers in that area. Mrs. Napier said water lines would be installed as part of the grant and 5 of the customers involved in the project would be turned over to the City of Hazard. Mrs. Napier presented the resolution for the inner local agreement stating that Perry Co. would purchase the water from KCWSD and would construct and operate the lines, and DOG is requiring that the inner local agreement be signed before they can release the funding for the project. Mr. Tackett said he did not see any problem with the Chairman signing the agreement at this time, because the project only had to identify a source of water but Mr. Tackett said he would like to add a statement on the contract that it would be subject to future negotiation. Mr. Tackett said the Chairman's signature was just a sense of commitment to sell water. Mr. Slone made a motion to give the Chairman the authority to enter in to the agreement at a time that the Chairman deemed appropriate in conjunction with approval from the KCWSD attorney. Mr. D. Smith seconded the motion and the motion carried.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion for the Board to go into closed session. Mr. Slone made a motion, which was seconded by Mr. King. The Board went in to closed session at 6:46 P.M. and the meeting was called back to order at 8:47 P.M.

**Adjournment:** Mr. Slone made a motion to authorize Mr. Turner to settle an agreement with the Division of Water concerning the penalties related to the Pippa Passes Waste Water Treatment Plant. The motion was seconded by Mr. D. Smith and the motion carried. Mr. Slone also made a motion to authorize Mr. Turner to enter in to an MOA with the Dept. of Fish & Wildlife in connection with the management of the property with the Red Fox project as it relates to preserving the habitat for the Northern Long-eared bat in order to expedite the project. Mr. D. Smith seconded the motion and the motion carried. Mr. Benny Joe Jacobs spoke to the board on behalf of the KCWSD Service Crew to ask about a raise in the hourly salary. Chairman Childers said the board will take their concern in addition to other serious issues that the board is facing. Chairman Childers said there may not be a raise across the board for all staff, and explained that the pay scale differs between staff and noted that some staff seems underpaid and others are not underpaid. Chairman Childers said the board will look at making some adjustments when the funds become available to do so, and stated that the board understood this matter was a concern and they are taking it seriously. Chairman Childers entertained a motion to adjourn. Mr. Slone made a motion to adjourn the meeting, which was seconded by Mr. D. Smith and the motion carried. The meeting adjourned at 9:28 P.M.

**Approval of Minutes:**

James O. Childers  
James O. Childers, Chairman

10/21/15  
Date

Dale Hamilton  
Dale Hamilton, Vice-Chairman

10/21/15  
Date

David Smith  
David Smith

10/21/15  
Date

Jerry W. Stone  
Jerry W. Stone

10/21/15  
Date

Larry King  
Larry King

10/21/15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, October 21, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:06 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; Stuart Smith, customer from the Pippa Passes area; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

***Public Comments:***

Stuart Smith, a KCWSD customer from Caney, spoke to the board and said he was customer currently on the old water line. Mr. Smith brought a sample of his water, which he stated had rock, dirt, and rust in it that was causing problems with his plumbing. Mr. Smith said he has to shut off his toilets after flushing them due to the debris in the water causing them to continuously run. Mr. Smith said the new line runs close to where his meter is and asked if he would be able to be moved from the old line to the new line. Mr. Turner said that he had discussed the matter with the District's Distribution Supervisor about possibly switching the customers in that area over to the new line. Mr. Smith asked about the safety and health risks that the old line poses, and stated that he had heard it was an asbestos line. Chairman Childers asked if there was any asbestos line in the area. Mr. Johnson said he was not aware of any, but guessed that it was part of the old Caney water system that had been put in. Mr. Turner said it was common for the infrastructure of a water system to use asbestos lines. Mr. Johnson added that 40 years ago concrete asbestos line was commonly used. Mr. Turner added that they have a plan in place and are looking at abandoning the old line all together. Chairman Childers asked how many customers were on the old line, and Mr. Turner said there were 6-8 hook-ups on the line that would be effected. Mr. Smith asked about his close proximity to the new line and asked how quickly he could be switched. Mr. Turner said it probably could be done by the end of the following week. Mr. Smith thanked Mr. Turner and the board for their help.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Capital Projects and Contractor Claims. Mr. Turner said he had some pay requests, which the board reviewed. Chairman Childers entertained a motion to approve the Contractor Claims. Mr. Slone made a motion to approve the Contractor Claims, which was seconded by Mr. Hamilton and the motion carried. Mr. Johnson gave a Capital Project Update. Mr. Johnson said he had some good news and said they would be advertising to

bid for the Red Fox Project the following day. Mr. Johnson said they received the ATP at the end of the previous week. Mr. Johnson said November 11<sup>th</sup> would be when they would close the bids, and would come back to the next board meeting to approve a contractor and award a contract. Mr. Johnson said due to the holiday season and the contractor having to order supplies, it would probably be after the first of the year when they would be able to get started. Mr. Johnson said it would be a 270 day contract for the line and the tank would be a separate contract. Mr. Johnson said the road construction and the tank pad to build the tank on would be included in the first contract. Mr. Johnson said the second contract would be the tank only, which he stated would be a 180 day contract. Mr. Johnson said it would be a \$4,000,000 plus project and he expected some good contractors to bid on it. Mr. Johnson said people living along the main line would get water sooner than people that lived along the branch lines, due to the construction of the branch lines and pump stations. Mr. King asked for clarification that the project would be done with two separate contracts. Mr. Johnson said they always used two contracts due to the line construction and tank construction being two different areas of expertise with different contractors. Mr. Johnson said the tank would be 250,000 gallons, but is designed to be a 500,000 gallon tank depending on future plans with Letcher County. Mr. Johnson also gave an update on the Route 7 Branch Line Project. He said they received the final piece from the Division of Water flood plain clearance, which he said was the final part of the environmental process that needed to be done to be sent on to AML. Mr. Johnson said the goal was to have everything submitted by the following week. Mr. Hamilton asked about the time frame involved. Mr. Johnson said AML is supposed to have the information for 30 days, but it can take longer. He said AML does their part and then sends it on to the federal level for approval and it has another 30 days at the federal level. Mr. Johnson said he did not have a specific time frame and it depended on once everything was cleared with AML and with the federal side of the process. Mr. King asked about the railroad crossings involved with project, and Mr. Johnson said there was still one outstanding bore. Mr. Johnson said it had been resubmitted, and they had received a comment letter from CSX the previous week and he was still awaiting getting a final word from CSX. Mr. Johnson said there would be a hefty fee involved that would have to be paid to CSX. Mr. Turner added that the fee would be \$27,000. Mr. Johnson was confident that they would get the permit they needed and said it was currently going up the chain of command within CSX for approval. Mr. Johnson said there was no non-disturbed land with the Route 7 project and he anticipated that it should be quicker than the Red Fox Project was in getting approval to start the project. Mr. Johnson also said he had good news concerning the Hickory Hills project and said the electricity should be close to being hooked up to the pump station. Mr. Turner stated that the electricity had been hooked up earlier in the day. Chairman Childers entertained a motion to approve paying the fee to CSX for the Route 7 Branch Lines Project. Mr. Slone made a motion, which was seconded by Mr. D. Smith. The motion carried. Mr. Johnson also presented a Preliminary Engineering Report (PER) for the Pippa Passes Waste Water Treatment Plant. Mr. Johnson said it had been sent in to KIA a few weeks ago to get an SX number assigned to it, which he said would make it a project that could be fundable. Mr. Johnson asked Chairman Childers about the KIA meeting he had attended, and he said the project has been put on the list. Mr. Johnson said the total number on the report was high, but said that was good because looking ahead a few years when the project would be

approved you would need the extra money for any potential increase in the supplies that would be needed. Mr. Johnson said the good news is that they had more property than they originally thought, and they had plenty of room to build a new plant and abandon the existing plant. Mr. Johnson said at this point you chase funding, and added that he had a meeting set up with Hal Rogers' office to discuss funding next year. Mr. Johnson said it was important to get the first piece of money to start the project, then other people would get onboard. Chairman Childers spoke about participating in an informal conference with Mr. Johnson, Mr. Turner, along with some other individuals and members of the Public Service Commission to discuss the transfer application of the Ball Creek Sewer Treatment Plant to KCWSD. Chairman Childers said the meeting went well and said he came away feeling that the meeting was worth their time.

Chairman Childers added that there was a few things that they needed to be done, stating that in the contract it stated the KCWSD would keep the Troublesome Creek Environmental Authority (TEA) funded by paying their bills up to \$7,500. Mr. Johnson said it was a stipend at this point and they would rather see a purchase agreement. Mr. Johnson said they preferred to call it purchase money rather than calling it a stipend. Chairman Childers said that PSC would require an additional piece of paper from them that would require board approval. Chairman Childers said once the application is approved they would have to take another look at the sewer rates, which he said may be part of the conditions attached to it. Mr. Johnson said the PSC approval was so important due to there being \$1,000,000 in CBDG money available that is contingent on the approval. Mr. Johnson said if they were able to get the CBDG money, the Highway 80 project should be able to bid sometime early next year. Mr. King mentioned to Mr. Johnson about getting some funding for some branch lines. Mr. Johnson said it depended on where the lines were at and if there was pre-law mining, because Mr. Johnson said if there was no pre-law mining they would not be able to get AML funding. Mr. Johnson said the Ball Creek area is all post-law mining, but said there would be some areas in the Carr Creek and Beaver areas that could be pre-law mining. Mr. Turner said he would do the application to submit to AML and he asked that anyone mention any areas they want to check on and he will pass the information on to AML. Mr. Johnson said there would be a time when the District would need to do a wholesale agreement with Floyd County. He asked about where the District was with the Carr Creek Water Commission in withdrawing more water from the lake. Mr. Turner said the KCWSD attorney has been attempting to contact Kenneth Mefford about it, but Mr. Turner said they may have to seek other avenues to try to get in touch with him. Mr. Johnson said there was the potential for some future wholesale agreements and he did not want to be put in the position to have an agreement but not be able to produce the water. Mr. Johnson said he knew Kenneth Mefford and would try to see if he could get in touch with him.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there was an addition to the list that was not included in the list that had been sent to the board members. Mr. K. Smith said he included a payment to Keith Bevin who had done some waste water consulting with the District. Mr. K. Smith said it was a large Claims List, but the majority of it was for the Corps. of Engineers, which was an annual amount that is allocated for throughout the year. Chairman Childers asked if the amount had been set aside to pay the Corps. of Engineers, and Mr. K. Smith

said that the entire amount was not set aside due to it being estimated each year. Chairman Childers asked how much the District was off from paying the full amount. Mr. K. Smith said they had \$52,000 set aside to pay the Corps. of Engineers and they were \$27,000 shy of the total amount. Mr. K. Smith said also included was the 65% that had to be paid to Ross & Co. for the on-site work they completed for the three years they were auditing. Chairman Childers entertained a motion to approve the Claims List. Mr. Slone made a motion to approve the Claims List, which was seconded by Mr. King and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the biggest thing to pay attention to was the customer payment being higher than normal due to the partial payment made by Perry Co. Water & Sewer toward their arrearages. Mr. K. Smith showed the board a budget report he had put together. He said the District was off 11% on total revenue, which he said he was reluctant to bother because if Perry Co. paid off their arrearages it would put the District in line with the budgeted amount. Mr. K. Smith said overall the expenses were 5% more than what they had budgeted for. Mr. D. Smith asked if the budget was a nine month budget or if it was a budget for the entire year. Mr. K. Smith said the Year-To-Date column was a nine month budget up through September.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner showed an overtime report that had been put together. He showed that there were 94 hours during the previous month, which he said was the lowest for the year and hoped to continue with that trend. Mr. Turner reported that the District had produced 51,986,000 gallons, purchased 225,000 gallons, sold 10,236,000 gallons to residents, and sold 26,079,000 gallons to wholesale customers. Mr. Turner reported that the water loss for the month was up from last month at 19.6%. Mr. Turner said they found several leaks and the service crew was currently in the Rock Fork area looking for another leak. Mr. Turner said the plant operated 486.4 total hours during the previous month, and power consumption was 237,123 kilowatt hours, which was 45,000 under the average usage. There was 94 overtime hours for the month, 11 line breaks, 76 work orders, 21 new customers, 7 disconnections, which Mr. Turner emphasized was big for the District in being up to date and getting customers paying water bills regularly, and 6 of those were reconnected. Mr. Turner gave an update with his topics of discussion. Mr. Turner said he had to resubmit the FEMA work book to get the funding for disaster that happened in February and March. Mr. Turner said the person who wrote the work book made a mistake and it was kicked back out, which caused it to have to be resubmitted. Mr. Turner said they were also in the process of submitting the work book for the flooding during the summer. Mr. Turner also said there was another work book that needed to be written up for the mudslide that occurred on the hill behind the water plant. Mr. Turner said the project was written up for a little over \$200,000. Mr. Turner said if the work book is approved, the process will work by there being a pot of money and they will have to do draws on it. Mr. Turner also discussed Big Branch BPS repairs, which he said he thought may exceed \$5,000. Mr. Turner said there were some repairs that needed to be done to the pump

station and wanted the board to be aware of it due to changes on the next Claims List. Chairman Childers mentioned the ditch that had been washed out during the summer on Big Branch. Mr. Turner said the District had recently been putting more dirt over the area to help cover the line, and added that FEMA is going to reimburse them for hauling the fill to the site. Mr. Turner said the State said they were going to come in and put rock in the ditch. Mr. Hamilton asked about the two customer that needed assistance with their property. Mr. Turner said one project had been complete at Pete Noble's residence, which he said was done for under \$1,000. Mr. Turner asked Mr. King about Ronald Childers' property in Lower Mill Creek. Mr. King said he had looked at it and said it was hard to tell if flooding had caused it, but thought it could have possibly been caused by flooding. Mr. King said he knew that area was hit hard by flooding. Mr. Turner reminded the board going to a state vehicle surplus sale the previous month, which he said did not work out due to the prices. Mr. Turner said he spoke with Eddie Campbell with Prestonsburg City Utilities about a 2007 2500 Chevrolet truck with 120,000 miles on it that he is asking \$7,500 for. Chairman Childers entertained a motion to purchase the truck from Prestonsburg City Utilities. Mr. Slone made a motion, which was seconded by Mr. D. Smith and the motion carried. Mr. Turner said the truck would be used to replace the van the District had been using and the van would be sold after the truck is purchased. Chairman Childers made a motion to enter in to closed session. Mr. Hamilton made a motion to go in to closed session, and the motion carried.

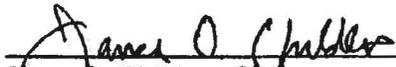
*Other New Business*

No other new business.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to enter in to closed session. Mr. Hamilton made a motion to go in to closed session, and the motion carried. The Board went in to closed session at 7:10 P.M. and the meeting was called back to order at 8:57 P.M.

**Adjournment:** Mr. Slone made a motion to give the Vice Chairman, Dale Hamilton, the authority to sign the documents to be prepared by the attorney that will satisfy the Public Service Commission in connection with the wording as it relates to the purchase of the sewer plant in agreement with the Troublesome Creek Environmental Authority (TEA). Mr. D. Smith seconded the motion and the motion carried. The meeting adjourned at 8:58 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

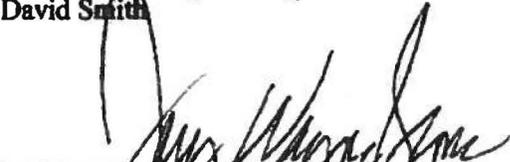
2-17-16  
Date

  
Dale Hamilton, Vice-Chairman

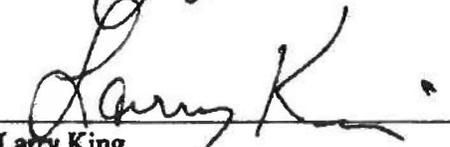
2-17-16  
Date

  
David Smith

2-17-16  
Date

  
Jerry W. Stone

10/28/15  
Date

  
Larry King

10/28/15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, October 28<sup>th</sup>, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:02 P.M. All KCWSD Board members were present. Chairman Childers acknowledged that the meeting was a special called board meeting.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, Attorney; Scott Alexander, Perry Co. Judge Executive; Kent Campbell, Perry Co. Resident; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Minutes had been approved at the previous meeting.

*Other New Business*

Perry Co. Judge Executive, Scott Alexander, was present at the meeting to make a proposal to the board of how he planned to pay for the remaining arrearages on Perry Co. Water & Sewer's bill that had been left over from the City of Vicco account. Mr. Alexander thanked the board and the District for working with him in trying to get Perry County's account up to date. Mr. Alexander said he had applied for a loan through KIA and has a deal in place to pay a one-time, lump sum payment of \$158,000 to pay the debt off at once. Mr. Alexander opened up the floor for discussion from the board. Chairman Childers asked about some insight from Mr. Alexander about the reason for the meeting. Mr. Alexander said he has to go in front of the KIA on November 5<sup>th</sup>, but said they had to have everything together and ready prior to that and Mr. Alexander said he had to contact them after the meeting to give them a definite answer. Mr. Alexander said the KIA was not willing to negotiate the amount and have already expressed to him that the \$158,000 is the most they are willing to give to help with the situation. Mr. K. Smith asked about the time frame for the approval of the loan. Mr. Alexander said he felt that if it was approved on November 5<sup>th</sup>, he hoped to have the money within a month or so from that date. Mr. Tackett suggested that the board ask payment for January payments resume due to things slowing down at the State level due to the holidays. Mr. Alexander said he felt that the KIA understood the urgency of the situation and that they would work quickly to resolve the matter. Chairman Childers brought up another situation concerning about 70 residents that are customers of Perry Co. Water & Sewer, but reside in Knott County. Chairman Childers talked about the rate change between the two water districts and seeing if it is possible for the Knott County residents to be changed to the Knott County Water & Sewer District rate. Chairman Childers asked Mr. Alexander to explain to the members of the board what was going on with the situation. Mr. Alexander explained that once the system is financially stable he would be glad to meet again to discuss the matter. Mr. Alexander suggested that with the \$5.00 difference

with the rates that Perry Co. have a \$350 deduction from their bill. Mr. Alexander said he had to look at the water district long term and said he is perfectly open to coming back together at a later time to discuss the situation when they are in a better financial situation. He added that 6-12 months down the road he was open to meeting again once they get everything in place that they are trying to do. Mr. King asked for clarification about how the Knott County Water & Sewer District owned the lines that are used by the residents involved in the situation due to wording in the MOA. Mr. Turner said the AML MOA does state that the customers that reside in Knott County will be Knott County customers. Chairman Childers said the decisions that were made previously were made by previous administrations with both the City of Vicco and KCWSD, and no one involved currently with KCWSD was aware of the wording in the MOA. Mr. Hamilton commended Mr. Alexander for his hard work in getting Perry Co. Water & Sewer as close as he has with paying off their debt. Mr. Alexander said he felt the water system was vital to the local economy and he wanted to get it fixed as soon as possible. Mr. Tackett reviewed the MOA and read an insert from the document, stating the Knott County portion of the system will be owned and operated by Knott County with a master meter set at the county line, and the Perry County portion of the system will be owned by Vicco. Chairman Childers asked if a master meter was set in that location and Mr. Turner said it was set at the top of Red Oak mountain. Mr. Tackett said there was not signatures on the agreement and said it appeared to be more like an outline.

**Closed Session – Personnel and Legal Issues:** The board went in to closed session at 6:17 P.M. to discuss the offer from Perry County Water & Sewer and came out of closed session at 6:43 P.M.

**Adjournment:** Mr. Slone made a motion for the District to accept Judge Alexander's offer of \$158,000 in full settlement of the arrearages from prior service on the condition that all parties agree to act in good faith to complete the transaction no later than December 31st, 2015, and on the condition that if the transaction is not completed by December 31st, 2015, commencing in January 2016, Perry Co. will continue to make scheduled payments toward the arrearages until the transaction is completed with no offset against the \$158,000 for the amounts of the regular payments. Mr. Slone also made the motion that the District accept Judge Alexander's offer to also continue upon the good faith and representation that both parties within six months will have an opportunity to come to some sort of amicable arrangement with customers that are located in Knott County but are served by Perry County. Mr. Slone said he also wanted to include in the motion that they would authorize the Chairman to execute a letter representing the board's approval of the motion, and to provide the letter to Judge Alexander before the close of the meeting. Chairman Childers asked Mr. Tackett if he had any questions. Mr. Tackett asked Mr. Alexander if he would mind paying any wind down costs, such as having to release a lean, and Mr. Alexander said that would be fine. Mr. D. Smith seconded the motion and the motion carried. Chairman Childers entertained a motion to go back in to closed session. Mr. S. Smith made a motion, which was seconded by Mr. Slone and the motion carried. The board went back in to closed session at 6:49 P.M.

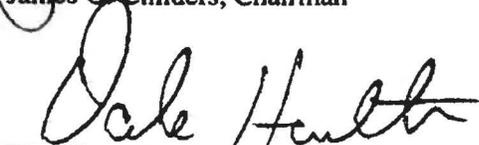
**Closed Session – Personnel and Legal Issues:** The board went in to closed session at 6:49 P.M and came back out of closed session at 8:34 P.M.

**Adjournment:** Mr. Slone made a motion to authorize Mr. Tackett to continue to negotiate with the City of Hindman by making the appropriate counter offers and to continue to pursue the case aggressively under the court order by attending the mediation that is set for this coming Monday, and he further included in the motion to authorize the Chairman to attend the mediation as the designated District representative and that he be authorized to make the necessary judgements on that day in accordance with his discretion. Mr. D. Smith seconded the motion and the motion carried. Mr. Slone made a motion to adjourn, which was seconded by Mr. Hamilton. The meeting ended at 8:36 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

11-18-15  
Date

  
Dale Hamilton, Vice-Chairman

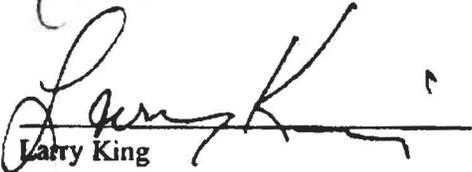
11-18-15  
Date

  
David Smith

11/18/15  
Date

  
Jerry W. Slone

11/18/15  
Date

  
Larry King

11-18-15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, November 18, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:04 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; Randle Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Mr. D. Smith asked Chairman Childers if the board was approving minutes for the regular scheduled meeting and the special called meeting during the previous month, and Chairman Childers said they were. Mr. D. Smith made a motion to approve the minutes from the previous meeting and special called meeting, which was seconded by Mr. Slone. The motion carried.

*Public Comments:*  
No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said they had two Contractor Claims, which were for the Red Fox AML Project design and one for the Carr Creek multi-site, which Mr. Turner explained was the Route 7 Branch Lines Project and Hickory Hills. Mr. Hamilton asked Mr. Johnson about any updates with the Route 7 Branch Lines Project. Mr. Johnson said everything has been submitted to AML for them to do their environmental clearances, and it would then be sent to OSM to get an Authorization to Proceed (ATP). Mr. Turner said there had been a pre-construction meeting earlier in the day concerning the Red Fox Project. Mr. Turner said there would be two separate contracts, Contract 26 and Contract 26-A, which he stated had to be two separate contracts because the line and the tank site road were on one contract and the tank site was on Contract 26-A. Mr. Turner said this was due to tank site contractor's not laying water line to keep the tank site and the water line separated in the contracts. Chairman Childers entertained a motion to approve the Contractor Claims. Mr. Slone made a motion, which was seconded by Mr. Hamilton and the motion carried. Mr. Johnson gave an update on the Red Fox Project and said the project has been awarded to G & W Construction. Mr. Johnson said G & W Construction was the lowest bidder whose bid was within budget. Mr. King asked how much money was left over after the amount that G & W Construction bid on the project, and Mr. Johnson said there was about \$150,000 left over. Chairman Childers asked who would be chipping out the road, and Mr. Johnson said G & W would be handling that part of the project as well. Mr. Johnson said all the material from chipping the road would have to be wasted offsite, which would involve

negotiating with a piece of land, and possibly having to obtain permits if the area is in a flood plain. Mr. Johnson said he was pleased with how well everything worked out. Mr. Johnson talked about the tank that will be used for the Red Fox Project. He said it had to be a bolted steel tank to hold 250,000 gallons incase Letcher County needs more storage, the tank could be raised. Mr. Johnson said the tank will be 30 feet tall, but it can be raised to 40 feet if additional water is needed. Mr. Johnson said the site was not big enough to design two tanks, so using a tank that could be raised was the only option. Mr. Hamilton asked how soon the project could start. Mr. Johnson said once the board approved everything there would be a 10-day notice and within the 10 days the contract will begin. Mr. Johnson added that the tank is a 180-day contract and the line is a 270-day contract. He said they would like to get all of the approvals for the tank, but do not want to award it at this time until they can see how well the line contractor does with building the road to the tank site. Mr. Johnson said it would be late spring or early Summer when they hoped someone could begin building the tank. Mr. Slone made a motion to accept the bids for Contracts 26 and 26-A. Mr. Hamilton seconded the motion and the motion carried. Mr. Johnson also mentioned the Pippa Passes Waste Water Treatment Plant. He said he met with some people about funding and received some good feedback with some Corps. of Engineers money that should be available to get the project started. Mr. Johnson said to keep being involved with the KIA to try to get the project as highly ranked as possible to get more funding for the project.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there were two additions he made to the list earlier in the day for \$1,200 for Keith Bevins and a \$525 reimbursement to the Troublesome Creek Environmental Authority for an invoice from Chris Gooch. Chairman Childers entertained a motion to approve the Claims List. A motion was made by Mr. Slone, which was seconded by Mr. Hamilton. The motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the month of October the District was in the red from what was brought in due to the Corps. of Engineers invoice of \$72,000, which he said was an uncharacteristically large Claims List in comparison to other months. Mr. D. Smith asked how there was a difference in the amount that was set aside to pay the Corps of Engineers invoice and why it was not enough to cover the amount. Mr. K. Smith said the amount fluctuates from year to year, having to pay the difference between the estimated amount and the actual amount from the previous year along with the inflated estimated amount for the current year.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 52.241 million gallons of water, purchased 268,000 gallons, sold 7.874 million gallons to residential customers, and sold 32.664 million gallons to wholesale customers. The water loss for the month was 15.6%, which was down from an 18% average for the District. The water treatment plant operated for 517.7 hours, and the power consumption was down at 190,711

kilowatt hours, which was the lowest for the year. Mr. Turner said the overtime hours were the lowest for the year at 68.5 hours. The District had 11 line breaks, 99 work orders, 5 new customers, 13 disconnections, and 10 of those were reconnected. Mr. Turner said the low number of disconnections is good in comparison to previous months when 50 and 60 were being disconnected. Mr. Turner broke down the total of the wholesale customers for the month, stating that the District sold 15.7 million gallons were sold to Letcher County, 6.52 million gallons were sold to Hindman, 7.63 million gallons were sold to Perry County, and 0.936 million gallons to Phoenix Development. Mr. Turner mentioned that the EPA changed the required Fluoride level that needed to be in the water. Mr. Turner said it was lowered, which will save the District some money with having to purchase chemicals for the water. Mr. Turner said he picked the new truck up from Prestonsburg City Utilities and it is working out well.

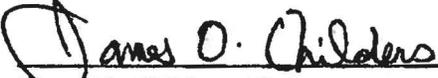
*Other New Business*

No other new business.

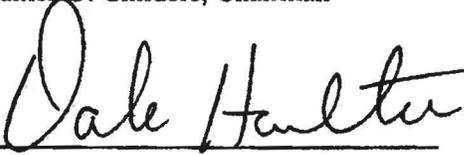
**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to enter in to closed session. Mr. Slone made a motion to go in to closed session, which was seconded by Mr. D. Smith and the motion carried. The Board went in to closed session at 6:36 P.M. and the meeting was called back to order at 7:19 P.M.

**Adjournment:** Mr. Slone made a motion to give the Manager and the engineer that authority to explore the appropriate method for the repair of the damaged water lines in the Lower Mill Creek area and to further give them the authority to seek permission from the adjacent property owner to allow the District to shore up the bank so the District can prevent further damage with the water lines. The motion was seconded by Mr. D. Smith and the motion carried. Chairman Childers entertained a motion to adjourn. Mr. D. Smith made a motion, which was seconded by Mr. Slone and the motion carried. The meeting adjourned at 7:20 P.M.

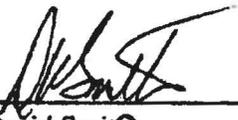
**Approval of Minutes:**

  
James O. Childers, Chairman

12/16/15  
Date

  
Dale Hamilton, Vice-Chairman

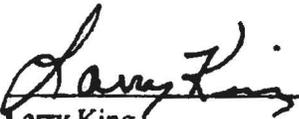
12/16/15  
Date

  
David Smith

12/16/15  
Date

  
Jerry W. Stone

12/16/15  
Date

  
Larry King

12/16/15  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, December 16, 2015 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:02 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randle Tackett, KCWSD Attorney; Zach Weinberg, Knott County Judge; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Slone made a motion to approve the minutes from the previous meeting, which was seconded by Mr. D. Smith. The motion carried.

***Public Comments:***  
No Public Comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the capital projects and said the Red Fox project had just begun construction. Mr. Turner said G & W Construction currently has two crews working and are anticipating moving up to three more crews in. Mr. Turner said the Route 7 Branch Line Project is still with AML awaiting approval of the environmental study. He said they are waiting on the ATP and once it is received the project will be ready to go to bid. Mr. Turner also spoke about having a meeting with Leroy Lackey with Phoenix Development about working on a development to take sewer customers from that area to be part of the Highway 80 sewer agreement with TEA. Mr. Turner had one pay request for the Red Fox project, including materials, engineering fees, and advertising fees. Mr. King asked for clarification about why the water line was not tying in from Highway 15 to Wolf Pen. Mr. Turner said they considered it, but chose not to due to the extra expense and there was already redundancy in the area. Mr. King asked if there was ever a leak if that would affect Letcher County receiving water. Mr. Turner said it would only affect one line and they would still be able to get water from the line running on Highway 1410. Mr. Turner also said that the line running through the area was a 3-inch line and he said to pull from Wolf Pen would have required a 6 or 8-inch line. Mr. Turner said everyone involved anticipates that the tank will be able to supply Letcher County while any repairs would need to be made to the line. Mr. D. Smith wanted clarification on an "Inspection of Residence" item on the Contractor Claims. Mr. D. Smith wanted to make sure that it could be pre-billed prior to the service actually being done rather than afterward. Mr. Tackett suggested that the board approve the claims contingent on a satisfactory answer to prevent the board from having to get back together to approve it later. Mr. Slone made a motion to approve the list

contingent on the fact that an answer could be provided for Mr. D. Smith's question. Mr. D. Smith seconded the motion and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said the list was down significantly compared to previous claims lists and said this was the lowest one of the year due to not as many chemicals needing to be ordered. Mr. Slone made a motion to approve the claims list. The motion was seconded by Mr. D. Smith, and the motion carried. Mr. King asked about the current status of transferring ownership of the Ball Creek Waste Water Treatment Plant from the Troublesome Creek Environmental Authority (TEA) to the Knott Co. Water & Sewer District. Mr. Tackett said he had not spoken to the attorney working on the project, but said he knew that PSC was preparing an order that worked in all facts that have been presented to approve the transfer. Chairman Childers said the last he heard was that they would have the order in-hand a few weeks prior to the meeting, but he said he has not heard back from Mr. Goss. Mr. Tackett said the order is good news, because if they are working on the order it meant they are not planning on having a hearing that would require people to come and testify. Mr. King asked if the KCWSD would be receiving \$7,500 bills every month for TEA. Chairman Childers said we should be nearing the end of that and that they have had to go through two rounds of information they have had to provide for PSC, and stated that some of the information had to be created because of the previous records being gone. Chairman Childers said the money for project has been allocated, but it will not be released until they have the order. Mr. Tackett clarified that a lot of the information was needed was from TEA's side and not from the KCWSD side.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said on the cash column there was a significant loss due to the annual amount of money needed for the Corps. of Engineers. Mr. Tackett mentioned that he has put together a packet to the Corps. of Engineers to increase the amount of water the District can draw from the lake. Mr. Tackett said something they were able to mention in the packet was that the District was current with all of their accounts, and Mr. Tackett emphasized the importance of the payment to the Corps. of Engineers to be able to make that statement in the packet. Mr. K. Smith also clarified about six accounts the District has that are used to hold money that is designated for the Corps. of Engineers, KACO, meter deposits, or AML for special projects, and the KCWSD serves as a middle man to hold the money in one of those accounts. Mr. D. Smith asked about outstanding bills and if they were past due. Mr. K. Smith said that the District is at the point to where all bills are 0-30 days. Mr. K. Smith said he had been in contact with a person with the Dept. of Local Government about making amendments to budgets. Mr. K. Smith said that they left him in a gray area by saying that they were not so worried about \$200 or \$300, but they were worried about \$30,000. Mr. K. Smith said they were not clear about any amount between those two figures. Mr. K. Smith presented the current proposed budget to the board to be reviewed. Mr. K. Smith went over two columns on the report, showing "Year to Date Budget" and "Budgeted Year to Date" which compared actual expenses to what the budget should look like based on the 2015 budget that had been approved. Mr. D. Smith said all that would need to be explained is a variance that exceeds the

budgeted amount, and he discussed different areas that had increased with the new budget. Mr. K. Smith said he made some changes with the additional accounting fees and legal fees for the following year due to the District not having to spend as much money in those areas. Mr. K. Smith said he would get back in touch with the Dept. of Local Govt. to see what they say. Mr. D. Smith said they would make their recommendation to approve the overages with their feedback to ensure they are making the correct assumptions. Chairman Childers entertained a motion to approve the new proposed budget. Mr. Slone made a motion to approve the 2016 proposed budget and to approve any amendments made to last year's budget that is required by the regulatory agency. Mr. D. Smith seconded the motion and the motion carried.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 42.918 million gallons, purchased 211,000 from wholesale customers, sold 9.690 million gallons to residents, 23.69 million to wholesale customers, water loss was 13.7%, pumped 517.7 hours, and power consumption was down 216,133 kilowatt hours. Mr. D. Smith asked for a reason why the power consumption was so low and asked if they had contacted AEP. Mr. Turner said they had contacted AEP, but said their representative is on vacation at this time. Mr. Turner said overtime hours were 65.5 hours, which was the lowest for the year. The District had 9 line breaks, 76 work orders, 17 new customers, 3 of which were taps, 14 disconnects, and 12 of those were reconnected.

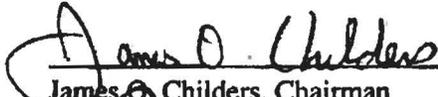
*Other New Business*

No other new business.

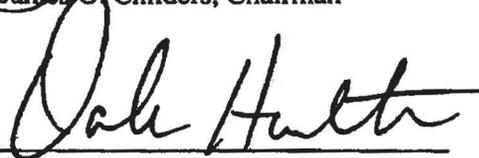
**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to enter in to closed session. Mr. Slone made a motion to go in to closed session, which was seconded by Mr. D. Smith and the motion carried. The Board went in to closed session at 6:45 P.M. and the meeting was called back to order at 8:30 P.M.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. King made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 8:30 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

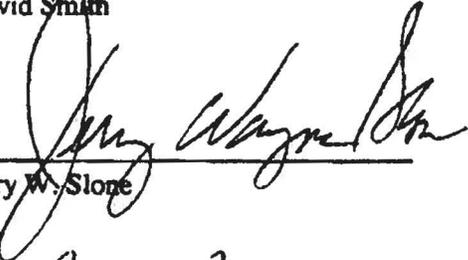
1-20-16  
Date

  
Dale Hamilton, Vice-Chairman

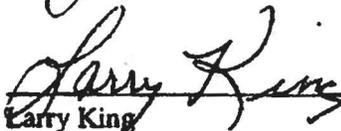
1-20-2016  
Date

  
David Smith

1/20/16  
Date

  
Jerry W. Stone

1/20/16  
Date

  
Larry King

1-20-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, January 20, 2016 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:00 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randle Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** No media was present.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Slone. The motion carried.

***Public Comments:***  
No Public Comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the capital projects and said the Red Fox project is the only active project at this time. Mr. Turner said they are moving along fast, and added that all directional bores and branch line bores are done, and the construction crew is currently at the Highway 15-Highway 160 intersection. Mr. Hamilton asked how long it would take to complete the project. Mr. Turner said it was a 270-day project and stated they could possibly complete it a little bit early, but they always anticipate the potential for something that could hold up the project that may push it back to taking 270 days to complete. Mr. Turner said boring crews had been in working on the project and they have all completed their jobs and left. Mr. Turner said there would be crews coming in to lay the line. Mr. Turner gave an update on the Route 7 Branch Line Project and said there has been no word back yet from AML. Mr. Turner said he had two pay requests: pay request #4 for the AML Branch Line Project and pay request #16 for the Red Fox AML Project. Mr. Slone made a motion to pay the Contractor Claims, which was seconded by Mr. Hamilton and the motion carried.

Chairman Childers asked for an update with the transfer of ownership of the Ball Creek Waste Water Treatment Plant from the Troublesome Creek Environmental Authority (TEA) to the Knott County Water & Sewer District. Mr. Tackett said that back in October of 2014 the KCWSD entered in to an agreement with TEA and it was subject to PSC approval. Mr. Tackett said PSC gave their approval a few weeks ago, which triggered the second phase of the purchase with TEA, which was to issue the closing documents. Mr. Tackett said PSC approval asked that a spread sheet be done on the \$7500 cost cap and to not use the word "stipend", which Mr. Tackett reported have both been done. Mr. Tackett said they will have to submit evidence of the

change to PSC after they close at the meeting. Mr. Tackett said after the meeting Mr. Hamilton, the Vice Chairman, will have to sign all of the closing documents. Mr. Tackett added that all ownership rights and possession rights the District already has, so all that will be left to do is the paperwork. Mr. Tackett said once everything is signed, it can be notarized, and he will take care of the recordings and the project will be completed. Chairman Childers asked about what Mr. Goss said needed to be done once the new lines are run to Jamestown Village. Mr. Tackett said the Jamestown Project, or Highway 80 Project, they are still negotiating with Leroy Lackey with Phoenix Development. Mr. Tackett said some drafts have been swapped back and forth. Mr. Tackett said once everyone on the District's side comments on it, a new draft will be submitted back to Mr. Lackey. Mr. Tackett said right now the agreement is between Phoenix Development and TEA, because TEA is the sponsor of the grant and the KCWSD is not mentioned in the grant. Mr. Tackett said the idea is that once the lines are run to Jamestown Village, TEA will hand all of that infrastructure over to the District and it will be turned on. Mr. Tackett created an MOU to express the District's intent that when TEA finishes the project, if it is like the District thinks it is, the District will take it over. Mr. Tackett said once the KCWSD takes that over, we will have to go back to PSC for rates. Chairman Childers asked about an update with Perry Co. Water. Mr. Tackett said that we have had a closing with Perry Co. Water and they have tendered their money. Mr. Tackett said he had some documents that needed to be executed to wind it down. Mr. Tackett said that the District would need to sign the closing documents and a general lean that they have against the city of Vicco would need to be released on record to free it up. Mr. Tackett said after the closing of the meeting Chairman Childers could sign the closing paperwork.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said the month was similar to previous months. Mr. K. Smith said they had the remaining balance to pay to Ross & Co. for the three audits they completed. Mr. K. Smith said that all audits have been submitted to AML and the only audits that will need to be done are the District's yearly audits going forward. Mr. D. Smith asked about an impeller that had been purchased. Mr. Turner said it was for the Big Branch pump station due to the previous impeller being damaged and needing to be replaced. Chairman Childers asked how much more time they would be working with Keith Bevins for waste water training. Mr. Turner said he wanted to continue to work with him for two more months and added that he would be helping the District with the Corrective Action Plan that needed to be done for the Pippa Passes Waste Water Treatment Plant. Mr. Slone made a motion to approve the Claims List, which was seconded by Mr. King. The motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the District finished the month in the black and that all bills were paid.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 50.327 million gallons and purchased 231,000 gallons for a total of 50.558 million gallons. The

District sold 10.703 million gallons to residents and 25.975 million gallons to wholesale customers. Mr. Turner reported that the water loss was up for the month at 17.7%. Mr. Turner reported that the plant ran for 517.7 total hours and used 258,839 kilowatt hours for power consumption for the month. Mr. Turner said he spoke with someone with AEP about the power consumption going up and the price going down and vice versa. Mr. Turner said it was explained to him that this was due to fuel adjustments. Mr. Turner said overtime hours increased to 98 hours for the month, and Mr. Turner anticipated they would increase over the course of the next few months. Mr. Turner said the District had 5 line breaks, 57 work orders, 12 new customers, and the District was unable to do any disconnections for the month. Mr. Turner said he anticipates that the water bills will arrive in the mail a little bit late due to the meter reading period falling at a time when the weather is bad. Mr. Turner said they should still be received by the customer during the first week of February, but he expected them to be a few days later than normal. Mr. Turner also made the board aware that there would be a new claim on next month's Claims List due to the plant needing new valve actuators for the effluent filter drains. Mr. Turner said he would be getting two at a time, but the plant needed four. Mr. Turner said the important thing about these actuators is they have a manual bypass that in case of a power outage can allow for the valves to be manually closed. Mr. D. Smith asked how often the actuators are used, and Mr. Turner replied that they are used multiple times a day. Chairman Childers asked how much it would cost the District. Mr. Turner said it would cost \$3500 apiece and the District needs four. Mr. Turner felt like in the long run this would be more beneficial for the maintenance of the plant.

*Other New Business*

No other new business.

**Closed Session – Personnel and Legal Issues:** Chairman Childers said the board did not need to enter in to closed session.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. Slone made a motion to adjourn, which was seconded by Mr. D. Smith and the motion carried. The meeting ended at 6:48 P.M.

**Approval of Minutes:**

James O. Childers  
James O. Childers, Chairman

2-17-16  
Date

Dale Hamilton  
Dale Hamilton, Vice-Chairman

2-17-16  
Date

David Smith  
David Smith

2/17/16  
Date

Jerry W. Stone  
Jerry W. Stone

2/17/16  
Date

Larry King  
Larry King

2-17-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, February 17, 2016 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:10 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randle Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Slone made a motion to approve the minutes from the previous meeting, which was seconded by Mr. D. Smith. The motion carried.

*Public Comments:*

No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the capital projects. Mr. Turner said the only project underway at this time was the Red Fox AML Project, which he said was about 40% complete. Mr. Turner added that the project had slowed down due to the weather and the construction crew moving from the main road to the side roads. Mr. Turner said they have begun working on the road to the tank site. Mr. Turner presented two pay requests, which were for a Branch Lines pay request and a Red Fox pay request. Mr. Hamilton asked for any updates with the Route 7 Branch Lines Project, and Mr. Turner said there have not been any changes. Mr. Turner said it was still in the environmental stage awaiting a Notice to Proceed. Mr. Slone made a motion to pay the pay requests. Mr. D. Smith seconded the motion and the motion carried.

*Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said a couple of items had been added to the list since everyone had been emailed the claims list. Mr. K. Smith said there was \$195.70 under the Bank of Hindman for KCWSD employee, Matthew Catron, to take the Class III Water Operator Certification exam and \$254.51 to replenish the petty cash fund. Mr. K. Smith said the \$7,000 on the list was for the actuators that Mr. Turner had mentioned during the previous meeting, and they would be ordering two more that would be on the next claims list. Chairman Childers asked if they were already installed and Mr. Turner said they have been received but they have not been installed. Mr. Turner said they had to get an adaptor for the actuators to be installed properly and he hoped to have them installed by the end of the week or first of the next week. Mr. K. Smith said the \$180 for Universal Toxicology was for an overlooked charge from a previous invoice. Chairman Childers entertained a motion to approve the Claims List. Mr.

Slone made a motion to approve the claims list, which was seconded by Mr. Hamilton. The motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said it was a pretty good month and the District's revenue was up a little over \$23,000 in comparison to what the monthly average for 2015 was. Mr. K. Smith said \$8,400 of the professional costs was the last payment to Ross & Co. for the audit and the rest of the amount was for legal fees to Mr. Goss and Mr. Tackett. Mr. K. Smith said the depreciation would go up about \$10,000 a month beginning the next month due to the District acquiring the Ball Creek Sewer Plant as an asset. Mr. K. Smith said overall the expenses were lower than average for the month. Mr. K. Smith showed an addition to the Financial Report to track the monthly depreciation and the year-to-date depreciation.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 68.532 million gallons that was increased due to the weather, purchased 172,000 gallons, sold 11.091 million gallons to residential customers and 33.828 million gallons to wholesale customers. Mr. Turner said water loss was up significantly for the month due to numerous line breaks and meter bottoms that have busted. Mr. Turner said the plant operated 576.1 hours, which was above average and power consumption increased to 309,128 kilowatt hours. Mr. Turner said the power consumption was up compared to the average, but was lower than it was this time last year. The District had 135.5 overtime hours, which Mr. Turner said was directly related to the water loss. The District had 8 line breaks, 54 work orders, 14 new customers, and 0 disconnects, which Mr. Turner said they intended to do but were unable to due to the demand in other areas with the weather. Mr. D. Smith asked how many of the line breaks were reoccurring breaks in the same place, which Mr. Turner said they have not been tracking that statistic but would going forward. Mr. Turner mentioned that Letcher Co. Water & Sewer had a high water usage for the month, which would be reflected on the following month's revenue. Mr. Turner said the District had to get temporary approval from the Corps. of Engineers and the Division of Water to draw more than their allotted 2 million gallons per day for 30 days to assist Letcher County with their water crisis. Mr. Turner mentioned that the District would be doing some pump station repairs along with some repairs to the water treatment plant. Mr. Turner said some gauges had malfunctioned, heaters were not working properly, and the service crew is looking for other repairs that need to be done. Mr. Turner said there are also some sites that do not have back-up power and when these sites lose power a generator must be taken out and an electrician must be called to hook up the generator. Mr. Turner said about a year ago he got a quote on how much it would be to install plugs and quick disconnects and the quote was a little over \$5,000 apiece, which Mr. Turner explained the District did not have the money to use in the past. Mr. D. Smith and Mr. King both felt that the quote was high and asked that Mr. Turner obtain some more quotes to find a more reasonable price.

*Other New Business*

Mr. Tackett said that Mr. K. Smith had mentioned to him that the District had a few dormant accounts with Whitaker Bank that needed to be closed. Mr. Tackett said he had prepared two resolutions due to there being two accounts that would need to be signed, giving Mr. K. Smith the authority to close the accounts and dispense the money according to how it may be earmarked by the grant or to put the money in the general fund account. Mr. K. Smith added that he had contacted Rural Development about the \$1,494.52 and they said it was fine to put that amount in the general fund. Mr. K. Smith said the other account had a zero balance. Chairman Childers entertained a motion to pass the two resolutions. Mr. D. Smith made a motion, which was seconded by Mr. Hamilton and the motion carried. Mr. Turner also mentioned that they wanted to go ahead and do the yearly audit for the year. Mr. K. Smith said that he had contacted Ross & Co. and they hoped to have a group in by March 29<sup>th</sup> to do the audit.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to go in to closed session. Mr. Slone made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 6:39 P.M. and came out of closed session at 7:53 P.M.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. Slone made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 7:54 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

3-23-16  
Date

  
Dale Hamilton, Vice-Chairman

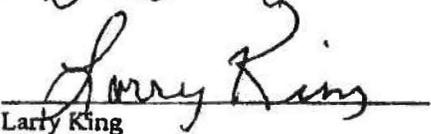
3-23-16  
Date

  
David Smith

3/23/16  
Date

  
Jerry W. Slone

3/23/16  
Date

  
Larry King

3/23/16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, March 23, 2016 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:07 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Annette King, KRADD; Ron Johnson, Johnson Engineering; Phillip Combs, Knott Co. resident; Theodore Slone, Knott Co. resident; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Hamilton made a motion to approve the minutes from the previous meeting, which was seconded by Mr. D. Smith. The motion carried.

***Public Comments:***

Phillip Combs and Theodore Slone, Knott Co. residents that lived on Highway 721, addressed the board about being left out of a project when the water line was ran in his area. Mr. Combs said his house sets a few hundred feet of the main water line. Mr. Combs said he had paid to have a meter barrel, but no barrel was ever set. Mr. Combs said he had a receipt at home to show proof of the purchase, but did not bring it with him to the meeting. He said there were three houses involved that were up in a hollow just off of Highway 721. Mr. Combs said there were other houses that were further away from the main line than his house that had county water. Mr. Turner asked for their physical address and they said their addresses were 109 and 225 Lower Field Road and it was in the Clear Creek community. Mr. Turner took their phone numbers and said he would see what was going on. Mr. Combs said he appreciated everyone's help in looking in to the matter.

***Capital Project Updates and Contractor Claims:***

Mr. Turner said they had a few pay requests, one being for the Red Fox Project which Mr. Turner said 50% of the project had been paid for. Mr. Johnson gave an update on the capital projects. Mr. Johnson said the Red Fox project was moving along and that they had just finished Defeated Creek and they were starting on the Hale Branch pump station. Mr. Johnson also added that they received the Authorization to Proceed (ATP) last week for the Route 7 Branch Line project. Mr. Johnson said the Herald Leader was advertising bids in their paper and they would close it on April 13<sup>th</sup>. Mr. Johnson said the 13<sup>th</sup> was the same day as the progress meeting and he hoped to get the project within budget and be able to close the contract on that day. Mr. King asked about getting the CSX permit for the Branch Line project. Mr. Johnson said all bores had been approved. Mr. Johnson said most of the project was the Route 7 Branch Lines, but said that there would be small area on Highway 80 and on Highway 550 that would be included in the

project. Mr. Hamilton asked about an area that was involved in the first project in the Beaver area. He said part of the hollow was given water and another part was without water, and it was located across from Donnie Newsome's store. Mr. Johnson said he would have to go back and look at the plans, but thought that area would be eligible. Mr. Johnson said if the people want water to get the information to Mr. Turner and they would see if they could get them in the project. Mr. Hamilton brought up another area without water called Railroad Lane that was in front of Beaver Elementary School. Mr. Johnson said anyone without water they would certainly try to help while the contractor was in the area installing the lines. Mr. Johnson said when the main line was put in the Beaver area it was funded with coal severance money and not AML money. Mr. Turner asked Mr. Hamilton to email him the information of the houses that were without water and wanted try to be included in this project. Mr. Turner said he had another pay request to upgrade a flow meter in one of the pump stations, and he added that it would be installed within the next week or two. Chairman Childers entertained a motion to approve the Contractor's Claims. A motion was made by Mr. Slone, which was seconded by Mr. Smith and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said he added the Ross & Co. invoice for \$12,480.00 that was the 80% the District is required to pay when they come to do the onsite work for their audit. Mr. K. Smith said the rest of the amount would be paid for through invoices as they complete the rest of the audit. Chairman Childers entertained a motion to pay the Claims List. Mr. Hamilton made a motion, which was seconded by Mr. Slone and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said it was a high a month with the revenue, which he said was due to high usage and a longer billing period. Chairman Childers asked where the leaks were to cause the usage to go up and Mr. Turner said Letcher County had most of the leaks. Mr. Turner said the auditors asked that a change be made to the minutes that reflects that the board has acknowledged the Financial Report. Mr. Smith made a motion on behalf of the board to show that the Financial Report had been reviewed and approved by the board.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report and added that there were some high numbers due to a delayed meter reading cycle and the leaks that some of the wholesale customers had for the month. Mr. Turner said the plant produced 61.408 million gallons, purchased 224,000 gallons, and sold 9.69 million gallons to residential customers and 36.883 million to wholesale customers. Water loss was down for the month at 16.6%, which he felt would start to trend downward. The water plant pumped 518.1 hours and power consumption was at 318,262 kilowatt hours, which he said was up from the average but almost equal to the power consumption the plant was using last year. Mr. Turner gave a breakdown of how the power consumption is figured up, and added that the power consumption was higher at this time last year but the price is higher this year than it was last year. Mr. Turner said overtime was

down substantially to 76 hours, there was 6 line breaks, 67 work orders, 9 new customers, and 0 disconnects. Mr. Turner said Letcher County purchased 17.6 million gallons of water last month, City of Hindman purchased 9.68 million gallons, City of Vicco 3.57 million gallons, and Phoenix at 1.13 million gallons. Mr. King asked about what had been mentioned at the previous meeting about getting the pump stations wired for generators in case of any power outages. Mr. Turner said he was waiting on the quotes and hoped to have them in the next day.

*Other New Business*

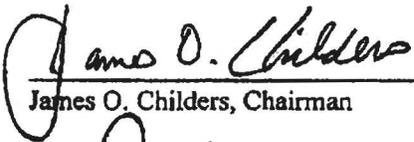
Mr. Turner said he wanted to mention again about the District's two vehicles that he wanted to surplus. Mr. Turner said the board would need to declare the vehicles as surplus items. Mr. Turner said they were a 2008 Chevrolet van and 2004 Chevrolet Trailblazer. Mr. Turner said he wanted to set a reserve or minimum bid on the 2008 Chevrolet van at \$4,000.00. Mr. Tackett said if you have a minimum bid you have to publish the amount, but with a reserve you only have to state that there is a reserve on the item. Mr. Slone asked if the van needed to be sold or if the District would find some use for it. Mr. Turner said it has not been moved in a month and he did not foresee the District needing it in the future. Mr. Slone said he felt \$4,000.00 was a fair amount to set the reserve at for the van. Mr. Turner said he would go ahead and advertise for bids and have them available by the time of the next board meeting. Chairman Childers entertained a motion to declare these two vehicles as surplus items and to give Mr. Turner the authority to sell them. Mr. Slone made a motion, which was seconded by Mr. Hamilton. Mr. Slone added that part of the motion would be to include a \$4,000.00 reserve for the 2008 Chevrolet van. The motion carried. Mrs. King with KRADD presented a legally binding agreement she had from the Dept. for Local Government that requires KCWSD, Knott. Co. Fiscal Court, and Troublesome Creek Environmental Authority (TEA) to enter in to an agreement for the CBDG Project for Ball Creek. She said the original grant has to be with the Knott Co. Fiscal Court due to the regulations of CBDG with the Fiscal Court having to be the one to apply for the funding. Mrs. King said it had been jointly submitted by the Fiscal Court and TEA with KCWSD listed as a participating party because the District is planning on taking over the lines when they are completed. She said the agreement is to clarify who is responsible for what part of the agreement. Mrs. King said she had spoken with Mr. Tackett about it and asked if the board could authorize the Chairman to sign it after Mr. Tackett is able to review it. Mrs. King and she was trying to avoid any type of hold up with the release of funds, but said they could wait until the next meeting if they wanted to. Mr. Tackett said he had not had a chance to look over it and wanted to review it, but asked that the board empower the Chairman to have the authority to sign it. Mr. Slone made a motion to submit the paperwork to the KCWSD attorney and upon his approval the board will authorize the Vice Chairman to sign the agreement. Mr. Smith seconded the motion and the motion carried.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to go in to closed session. Mr. Slone made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 6:43 P.M. and came out of closed session at 7:17 P.M.

Mr. Slone made a motion to authorize Mr. Tackett to aggressively seek the final steps to acquire the tank site for the Red Fox Project. Mr. D. Smith seconded the motion and the motion carried.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. Slone made a motion to adjourn, which was seconded by Mr. D. Smith and the motion carried. The meeting ended at 7:17 P.M.

**Approval of Minutes:**

  
James O. Childers, Chairman

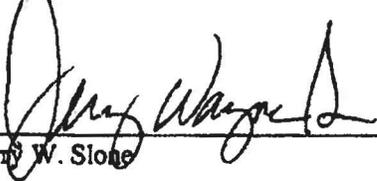
4-20-16  
Date

  
Dale Hamilton, Vice-Chairman

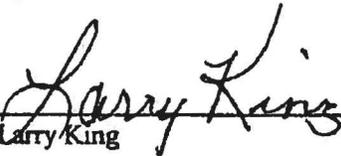
4-20-16  
Date

  
David Smith

4/20/16  
Date

  
Jerry W. Slone

4/20/16  
Date

  
Larry King

4/20/16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, April 20, 2016 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:02 P.M. All KCWSD Board members were present.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Annette King, KRADD; Ron Johnson, Johnson Engineering; Ed Lance, Ross & Co. CPA; Christine Jacobs, Knott Co. resident; Byron Isaacs, Knott Co. resident; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Hamilton made a motion to approve the minutes from the previous meeting, which was seconded by Mr. King. The motion carried.

***Public Comments:***

Christine Jacobs from Conley Road in the Hollybush community spoke to the board about the possibility of having county water ran to her home. She said her well was almost dry and she is unable to wash dishes or clothes on most occasions. Mr. Turner said he would have to look at her location and see how far she is from the main water line. Chairman Childers asked how many structures are in the location and she replied that there are about three or four residents without county water, and all residents had bad well water and wanted to receive county water. Mr. Turner said the District would come out and look at it, and he would contact her back to see what could be done. Mr. Johnson said the project had been paid for with coal severance money and was not done with AML money. Byron Isaacs, a resident of Wagers Branch in the Carrie community of Knott County, spoke to the board about not having water in his area. Mr. Isaac said he had a wife who was ill and was having to take a bath in dirty water. Mr. Isaacs said he lived four-tenths of a mile from the main line and said he had a person offer to dig the line for him a couple of years ago. Mr. Turner said this has been ongoing for a while and AML is planning on studying it, but it still has not been studied. Mr. Johnson said AML ran into another project that has held them up and they have not been able to get to it. Mr. Isaacs spoke about the financial hardship of having to purchase bottled water and new clothing because of the bad water he has. Chairman Childers said the board will look at the situation, discuss it, and the board will do what they are able to do. Chairman Childers assured both residents that if there is any possible way to get them water, the board will do what they can to get them county water.

***Auditor Report:***

Ed Lance with Ross & Co. CPA presented the 2015 Auditor's Report to the board. Mr. Lance reviewed the Ross & Co. opinion letter with board. He said they felt comfortable with the

numbers that Mr. K. Smith was generating. Mr. Lance reviewed the assets and liabilities with the board and said the biggest change was due to the Government Accounting Standards Board issuing a requirement to show the actual share of the pension liability for County employees, which Mr. Lance said had to be added to the report. Mr. Lance said over a half a million dollars in liability had to be added due to this requirement. Mr. Slone asked what created that liability, and Mr. Lance replied that the employee retirement system that the District participates in is not fully funded, which creates a liability due to the amount money an employee will be paid from the retirement system versus how much money is actually in the retirement system. Mr. Lance said the District's share of that difference is the liability. Mr. Lance said there were no big differences with the income statement. He said it showed a loss, but added that was not necessarily a bad thing. Mr. Lance said it was best to shoot for a loss with water districts due to there being so much depreciation involved. Mr. Lance went over the cash flow statement and said it explains how the loss on the income statement is not a bad thing. Mr. Lance said the accounting system in place at KCWSD is comparable to other water districts, which he included in the report. Mr. Lance said an additional three to four pages were due to the change with the pension disclosures, which told that the pension liability was a guess and explained the guidelines Ross & Co. used to make that guess. Mr. Lance said there was a pension schedule included in the report that will eventually show a 10-year trend, but he added that they only had two years of data at this time. Mr. Lance concluded the report in saying that the District is sound financially and is accounting for everything in a proper manner. Chairman Childers entertained a motion to accept the 2015 Auditor's Report. Mr. Slone made a motion, which was seconded by Mr. D. Smith, and the motion carried.

*Capital Project Updates and Contractor Claims:*

Mr. Johnson gave an update on the Red Fox Project and said it was about 65% completed. He said the main line was in and there were no issues other than the tank issue. Mr. Turner said he had a contractor claim to be approved for the Red Fox Project. Mr. Turner said they started laying block for the pump stations yesterday. Mr. Johnson said they had open bids last Wednesday for the Route 7 Branch Line project. Mr. Johnson said he was worried about the budget, because they were out of budget by \$17,000, but said that Tibbs Lane was supposed to be included in this project and it had previously been fixed which allowed more money to be used for the rest of the project. Mr. Johnson said eliminating Tibbs Lane from the project would free up \$22,000, and he has spoken to AML about the change and they were fine with it. Mr. Johnson presented the recommendation of award to G & W Construction to work on the Route 7 Branch Line project. Mr. Johnson said he checked with AML about adding some additional money to the project and they sent him an email saying they would add \$400,000 to the project. Mr. Johnson said the money would come, he guessed sometime within the next 60 days but he was not sure of an exact time. Chairman Childers entertained a motion to award the contract for the Route 7 Branch Lines project to G & W Construction and to include in the motion to give Mr. Turner the authorization to proceed and execute contracts. Mr. Hamilton made the motion, which was seconded by Mr. King and the motion carried.

### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said he added the Kentucky State Treasurer item for three members of the KCWSD to become notarized. Mr. K. Smith said the list was relatively low due to last month's meeting being later making the cycle shorter for this month. Chairman Childers entertained a motion to approve the Claims List. Mr. Slone made a motion, which was seconded by Mr. King and the motion carried.

### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue for March was significantly less than January and February due to there being a shorter billing cycle and normal usage for the month. Mr. K. Smith said the District's operating expenses have been consistent for the year. Mr. D. Smith acknowledged that the board had reviewed and approved the Financial Report.

### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 51,914,000 gallons, purchased 193,000 gallons, sold 10,142,000 gallons to residents, and sold 35,004,000 gallons to wholesale customers. The water loss for the month was 10.3%, which Mr. Turner said was down. Mr. Turner said the plant operated for 490.5 hours and power consumption was 271,176 kilowatt hours. Mr. Turner went over some numbers with the board and said that overall usage was lower this year than last year, but the cost for the usage had increased since last year. Mr. Turner said there was 57.25 overtime hours, there were 5 line breaks, 83 work orders, 9 new customers, 18 disconnects, and 7 reconnects.

### *Other New Business*

Mr. Turner said the slide on the hill behind the water plant has been approved by FEMA. Mr. Turner said an engineer would have to do a preliminary engineering report, a budget would have to be figured up, and the project would have to be bid out. Mr. Turner said that the District's surplus vehicles have been taken to a nearby auction and are planned to be auctioned off on the coming Saturday. Mr. Turner also presented to the board that he wanted to get an interactive computer system to make mapping easier for the District and the distribution crew. Mr. Turner said this would allow himself as well as the distribution crew to be able to pull up maps on their handheld devices rather than having to contact Johnson Engineering to get a map. Mr. Turner said when one of the service crew needs to know where the line is located, the interactive mapping would be able to show them where the line is, the size of the line, if there have been line breaks, and Mr. Turner felt it would be very beneficial to the District to have. Mr. D. Smith asked what the initial cost would be and Mr. Turner said it would be about \$6,000 and the annual cost would be \$1,000 a year. Mr. D. Smith asked Mr. Turner to put a package together showing the cost of the program and the benefits to present to the board. Mr. Turner also said that the wholesale meters have been tested and everything checked out good. Mr. Turner said there was a couple of meters that were registering a little slow, but nothing is registering fast. Mr. Turner said he would have to get the cost together to see if it would be financially feasible to

replace the meters. Mr. Turner added that all wholesale customers would be getting a report, notifying them that their meter had been tested.

**Closed Session – Personnel and Legal Issues:** Chairman Childers made a motion to go in to closed session. Mr. Slone made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 7:05 P.M. and came out of closed session at 7:37 P.M.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. Slone made a motion to adjourn, which was seconded by Mr. D. Smith and the motion carried. The meeting ended at 7:37 P.M.

**Approval of Minutes:**

\_\_\_\_\_  
James O. Childers, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Smith

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jerry W. Slone

\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, May 18, 2016 at 6:00 P.M.**

**Call to Order:** Mr. James Childers, Chairman, called the meeting to order at 6:08 P.M. All KCWSD Board members were present with the exception of Mr. Jerry Slone.

**Recognizing Audience:** Mr. Childers welcomed all people who were present at the meeting, including Board members: L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett. KCWSD Attorney; Scott Alexander, Perry Co. Judge Executive; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. D. Smith made a motion to approve the minutes from the previous meeting, which was seconded by Mr. King. The motion carried.

*Public Comments:*  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave a report on the Red Fox project. Mr. Turner said the project is about 85% complete and both pump stations are under roof, most of the line is laid, and most of the service line is laid. Mr. Turner said the tank site is still pending. Mr. Turner said the AML Branch Line project has been awarded to G & W Construction, stating that the 10-day notice started today and they could be able to begin construction in a couple of weeks. Mr. Hamilton asked if Railroad Branch and Squire Lane were going to be included in the project. Mr. Turner said they were still on the list to be studied by AML, but they were not listed on the MOA. Mr. Turner said most of the pipe was already in for the Branch Line project and it would be a 180 day project. Mr. Turner said he had two pay requests; one for the AML Branch Line project and one for the Red Fox project. Chairman Childers entertained a motion to approve the Contractor's Claims. Mr. D. Smith made a motion with a stipulation that he had asked Mr. Turner about. Mr. King seconded the motion and the motion carried.

Mr. Turner also noted that AML amended the MOA for the AML Branch Line budget to include funding for the Arnold Fork pump station. Mr. Turner gave Chairman Childers some paperwork to sign for the amendment to the MOA. Chairman Childers said County Attorney Tim Bates would also have to sign the paperwork and Mr. Turner said he was going to get him to sign it the following day.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said he added a reimbursement of \$21 06 to one of the service crew employees. Mr. K. Smith said other than that it was a really low

Claims List for the month. Mr. D. Smith asked if the District was paying their water withdrawal fees on a monthly basis. Mr. Turner said the District pays quarterly to Kentucky River Authority and pays annually to the Corps of Engineers. Chairman Childers entertained a motion to approve the Claims List. Mr. Hamilton made a motion, which was seconded by Mr. D. Smith. The motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the expenses stayed relatively low in comparison to previous months and the revenue is a little closer to average. Mr. K. Smith said part of the reason for the decrease is because the District has been short staffed for the year thus far. Mr. D. Smith made a statement to reflect that the Financial Report had been reviewed by the water board.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 47,889,000 gallons, purchased 243,000 gallons, sold 8,907,000 gallons to residential customers, and sold 26,850,000 gallons to wholesale customers. The water loss for the month was 18.3%. The water treatment plant ran for 456 total hours and the power consumption for the month was 271,176 kilowatt hours, which Mr. Turner stated was up a little bit from the average. The District had 4 line breaks, 44 work orders, 22 new customers, 0 disconnects, 0 reconnects, and 7 adjustments.

#### *Other New Business*

Perry Co. Judge Executive, Scott Alexander, spoke to the board on behalf of Perry Co. Water about lowering the rates for Knott Co. residents that were receiving water from Perry Co. Water to the KCWSD water rate if the District would agree to not increase the wholesale rate for Perry Co. Water for two years. Chairman Childers said that they would discuss the matter in closed session. Chairman Childers thanked Mr. Alexander for his hard work in turning the situation around in making a bad situation into a workable situation and said he hated to see what shape the matter would be in without his diligence and hard work. Mr. Alexander said they are close to having a good water system going and being completely self-sufficient. Mr. Turner asked if the rate change would stay the same after the two years for Knott Co. residents or change back to the Perry Co. rate. Mr. Alexander said they would look at it again after the two years about whether it would need to be a long term deal. Chairman Childers said they would take things into consideration and get back in touch with him about it.

Mr. Turner spoke about KRADD getting some funding to provide the District with GPS mapping of the water and sewer system showing the location of the lines, pump stations, hydrants, manholes, valves, etc. Mr. Turner presented the board with a visual presentation of the GPS system, how it would work, and how it would benefit the District. Mr. Turner talked about the problem with using paper maps and the long process it takes if a change needs to be made to the paper map. Mr. Turner said with the computer system the data that would be changed would be changed within the system immediately. Mr. Turner demonstrated with a pump station and

showed that it would include all the information entered in to the system about that pump station, including the date the pump station was installed and the warranty date. Mr. Turner said it would be a great tool for the maintenance of the water system. Mr. Turner said it could be downloaded on to any type of handheld device for the service crew to use while they are out in the field. Chairman Childers asked what the cost of the program would be. Mr. Turner said the initial cost of the program was \$8,300, but he was able to get it down to \$7,000 over the phone and Mr. Turner felt like he might could get it lower than that. Mr. Turner said Geo Sync would cover up to 3 separate devices and it would go up \$120 per device over that amount. Mr. D. Smith said he was in support of using the software and asked that the District revisit KRADD to make sure the funding is available to cover it. Mr. Turner asked the board if KRADD was unable to fund the software if they would approve moving forward with purchasing the software with money from the District. The board was in support of using the program and moving on with purchasing it if KRADD is unable to provide the funding. Mr. Turner also said that the new wholesale contracts have been delivered to the City of Hindman and Southern Water & Sewer District to be reviewed, but he has not heard anything back from either customer. Mr. Turner also mentioned Wagers Branch, Lower Field Hollow, and Conley Drive that had been discussed during the previous meeting. Mr. Turner said he put together some costs for a contractor coming in to run water lines to these locations. Mr. Turner said most of the cost was the labor to run the lines. Chairman Childers asked if these locations are due to be studied by AML. Mr. Turner said they are and the applications have all been sent to AML for each location. Mr. Turner mentioned an error that had been on last month's Manager's Report with the water loss. Mr. Turner said there had been a significant leak in Clear Creek that they had a difficult time locating, which made the water loss greater than was indicated on the Manager's Report. Mr. Turner also said that the master meters have been calibrated and the results have been submitted to all wholesalers. Mr. Turner said the 550 master meter was registering 5% slow on high flow, which he said was alarming and it would be replaced. Mr. Turner said 2% is the margin of error that is allowed and none of the master meters were registering over that. Chairman Childers asked if the meter that needed to be replaced could be reworked for future use. Mr. Turner said it was probably beyond any future use. Mr. D. Smith asked about any salvage or trade-in value for the old meter. Mr. Turner said he was unsure of a salvage value, but said that there was no interest in a trade-in for a meter.

**Closed Session – Personnel and Legal Issues:** Chairman Childers entertained a motion to go in to closed session. Mr. D. Smith made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 7:09 P.M. and came out of closed session at 7:52 P.M.

Following closed session, Mr. D. Smith made a motion to authorize the KCWSD attorney to work with Perry Co. Water on the proposal they made along with the direction the board has given the attorney to come to a resolution to the proposal. The motion was seconded by Mr. Hamilton and the motion carried. Chairman Childers made a motion for Mr. Tackett to put together a resolution that will allow two new signatories on the bank account, allowing Mr. D.

Smith and Mr. King to be the new authorized co-signers for all future KCWSD checks. Mr. Hamilton seconded the motion and the motion carried.

**Adjournment:** Chairman Childers entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. D. Smith and the motion carried. The meeting ended at 7:53 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

6-22-16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

6-22-16  
Date

  
\_\_\_\_\_  
David Smith

6/22/16  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

6-22-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, June 22, 2016 at 6:00 P.M.**

**Call to Order:** Mr. Dale Hamilton, Vice Chariman, called the meeting to order at 6:00 P.M. All KCWSD Board members were present with the exception of Mr. Terry D. Jacobs.

**Recognizing Audience:** Mr. Hamilton welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; Annette King, KRADD; and Randall Tackett, KCWSD Attorney. Mr. D. Hamilton introduced two new board members, Mr. Greg Mullins and Mr. Terry D. Jacobs who was unable to attend the meeting. Mr. Hamilton announced that there were two vacancies with the board Chairman and Treasurer that needed to be filled. Mr. Hamilton made a motion to appoint Mr. D. Smith as Chairman, which was seconded by Mr. King and the motion carried. Mr. D. Smith accepted the position as Chairman of the Knott Co. Water & Sewer District water board. Mr. D. Hamilton made a motion for Mr. King to be Secretary and Treasurer, which was seconded by Mr. D. Smith, and the motion carried.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. King made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Mullins. The motion carried.

***Public Comments:***  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner said he had three Contractor Claims for the Red Fox AML Project tank site for contract 26-A, another pay request for the Red Fox AML Project for contract 26, and a pay request for the Knott Co. AML Branch Lines Project. Mr. Hamilton asked how the Red Fox Project was coming along. Mr. Johnson said the line was in the ground and the pump stations were close to being completed. Mr. Johnson said there were no major issues to report with the project. Mr. Turner mentioned an error with one of the contracts that had the cost of the meters included on both the line and tank contracts, but only needed to be included on the line contract. Mr. Johnson said he would mark off the incorrect amount on the contract and initial it if it was acceptable with the board. Chairman Smith said that was acceptable and Mr. Johnson made the correction to the contract. Chairman Smith made a motion to accept the Contractor Claims. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said it was a substantial list compared to previous lists. Mr. K. Smith said half of the amount was from the KACO worker's comp fund and all lines fund. Mr. K. Smith said the extra week due to the meeting being pushed back also contributed to the Claims List being higher. Chairman Smith asked about a septic tank service mentioned on the Claims List. Mr. Turner said the District is between sludge systems at the Pippa Passes waste water plant and has been experimenting with a new type of polymer. Chairman Smith asked about a pump for a pump station on the list. Mr. Turner said it was to replace a pump at the pump station in Arnold Fork. Chairman Smith asked if it was under warranty and Mr. Turner said it was one of the older pump stations. Chairman Smith entertained a motion to approve the Claims List. Mr. King made a motion to approve the Claims List, which was seconded by Mr. Hamilton and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith reviewed the layout of the Financial Report to familiarize the new board members with the report. Chairman Smith acknowledged that the board had reviewed the Financial Report and there were no questions about the report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 45,087,000 gallons and purchased 201,000 gallons for a total of 45,288,000 gallons. The District sold 9,902,671 gallons to residential customers and 24,808,900 gallons to wholesale customers. Water loss for the month was 15.5%, which Mr. Turner said looked really good in comparison to this time last year. The plant pumped 468.8 total hours, which Mr. Turner said was down from the average, and power consumption for the month was 231,285 kilowatt hours. Mr. Turner said there were 91 overtime hours, which was the highest since January due to a week that included a lot of line breaks and a bad break that occurred during Memorial Day weekend. Mr. Turner said there were 7 line breaks, 44 work orders, 17 new customers, 0 disconnects, 0 reconnects, and 9 adjustments.

#### *Other New Business*

Mr. Turner talked about the interactive mapping program that he mentioned at the previous meeting. Mr. Turner said he has been seeking funding to pay for the program from KRADD and RCAP. Mr. Turner said RCAP felt like they may be able to cover the \$7,000 cost of the program. Chairman Smith asked when Mr. Turner thought we would know more about it. Mr. Turner said he thought it would be soon. Mr. Turner also mentioned getting quotes for purchasing either a backhoe or a bigger excavator than the District currently owns. Mr. Turner said the District currently has two miniature excavators that both have only a 7 foot reach and can barely get the PVC pipe out of the ground. Mr. Turner said he thought the District could get a piece of equipment with a 12-14 foot reach and they would not have to upgrade the trailer to haul it. Mr. Turner said the District has \$20,000 worth of attachment equipment for the skid steer that he wanted to look at selling. Mr. Turner said he had already spoken to some buyers about possibly selling the equipment. Chairman Smith asked that Mr. Turner get some quotes

and put it on paper for the board to review. Mr. Turner mentioned getting generators for the water treatment plant and two pump stations. Mr. Turner said having a backup power source for the water plant was vital in the event of a power outage. Mr. Turner said he has been trying to pursue funding for the generators through AML and Homeland Security. Mr. Turner also mentioned an upcoming Public Service Commission in September and getting everyone registered to attend. Mr. Turner said there were two scheduled trainings coming up, one in Frankfort and one in Prestonsburg.

Mr. King had a question about fire hydrants and why some have the valves shut off. Mr. Turner said there should not be any fire hydrants that closed, but Mr. Turner said typically if one is closed it is because there is something wrong with the hydrant. Mr. King asked about the fire hydrant closest to the county swimming pool and said that some of the service crew had to come turn it on. Mr. Turner said they would need to discuss getting all fire chiefs valve wrenches in case they were to have this problem. Mr. Turner said he would make all service crew aware and have them check the hydrants as they pass them to ensure that they are open. Mr. King also mentioned some residents in the Beaver area where water is not being run all the way up some hollows. Mr. Johnson said it was not just a funding issue but that AML chose the areas that are eligible and they are serving the residents that AML said was eligible. Mr. Johnson said Johnson Engineering took the entire unserved area of Beaver and turned it in to AML to request funding for eligibility. Mr. Johnson said AML sent back what was eligible and that is what is included in the contract. Mr. Johnson said there is no extra funding, but if they were to get extra funds they will pick up the residents that are in those areas. Mr. Johnson said there is the potential that some areas were missed by AML when they did the study. Mr. Turner said he had a list of 38 residents that AML was going to go back and look at. Mr. Johnson said there was some more money coming to fund the pump station to help serve left Beaver in Floyd County and there may be some extra funding with it that can be used. Mr. Johnson said if there is extra money and there are people real close in the area to that pump station, the extra money could help serve some of those residents. Mr. Johnson said the main line in Beaver was put in with coal severance money, which he said has hurt the people in that area because if it had been put in with AML money he said everyone in Beaver would probably be eligible for water. Chairman Smith asked Mr. Turner to look at his list and the list Mr. King had and to get back with the board with a compiled list. Mr. Johnson said they would have to exhaust AML first and then look for other funding for the other residents that are still unserved. Mr. Johnson recommended going ahead and trying to get the process started for a KIA loan started. The board also discussed areas within the City of Hindman water system in Runnels Branch and Jones Fork that needed water and may be AML eligible. The board discussed the possibility of applying for the residents in those areas and working out an inner local agreement with the City of Hindman to service those potential customers. Chairman Smith asked that a master map be put together to include the unserved areas that needed water and the parameters, including a time frame for when they would like to get those unserved areas water.

**Closed Session – Personnel and Legal Issues:** Chairman Smith made a motion to go in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the

motion carried. The board went in to closed session at 7:16 P.M. and came out of closed session at 7:57 P.M.

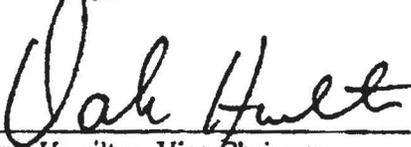
Following closed session, Mr. King made a motion that whenever the commissioners give a value for the Red Fox property that the Knott Co. Water & Sewer District would purchase the property for that price, and to give the Chairman the authority to execute the paperwork or payment for the property. The motion was seconded by Mr. Hamilton and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 8:00 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

7-20-2016  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

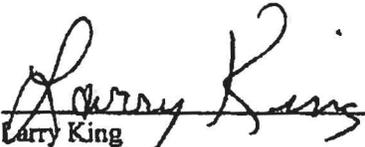
7-20-2016  
Date

  
\_\_\_\_\_  
David Smith

7/20/16  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

7-20-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, July 20, 2016 at 6:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 6:00 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; and Randall Tackett, KCWSD Attorney.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Mr. Hamilton made a motion to approve the minutes from the previous meeting, which was seconded by Mr. King. The motion carried.

***Public Comments:***  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Red Fox project. Mr. Turner said the project was 89% complete. He said service lines are installed and currently being pressure tested with the exception of a few areas that are awaiting the tank to be installed. He said the Hale's Branch pump station has already been started and worked well, and they are waiting on a control panel for the Red Fox pump station. Mr. Turner said they are pulling samples and will begin hooking up new customers when they get the results of the samples back. Mr. Turner said the District would begin accepting applications on August 1<sup>st</sup> from customers in the Red Fox area. Mr. Turner said they are still working on the tank site and the road to the tank site, which he said was discussed at the progress meeting earlier in the day. Mr. Turner said they would begin building the tank once the condemnation process was complete. Mr. Turner said the AML Branch Line project is 67% complete with most of the service lines in the ground. Mr. Turner said they are still waiting on CSX bores to be approved. Mr. Hamilton asked if customers in the area would be able to start signing up for water in October and Mr. Turner said he hoped so. Mr. Turner said the 1498 pump station funds have been released to purchase the pump station, two PRV's, and a master meter. Mr. Turner said a pedestrian bridge needs to be built over Highway 899 and part of the line needs to be moved. Mr. Turner had a contract that needed to be signed and he said the District would be able to hire a contractor to move the line. Mr. Turner said the bridge would be built on Alice Lloyd College's campus and they were paying for the water line to be moved. Mr. King made a motion giving Mr. D. Smith the authority to sign the documents once they have been reviewed by the KCWSD attorney. Mr. Mullins seconded the motion and the motion carried. Mr. Turner presented two contractor claims: one for the Red Fox project and one for the AML Branch Lines project. Mr. Turner said the Red Fox project contractor claim had an

error, stating that the amount on the front page is correct but the backup documentation is incorrect. Mr. D. Smith said a Change Order had been requested and he said some of the billing did not match the change order. Mr. Turner said there were three different parts to the Change Order. The first was for the booster station to expand the length of the building, the second was \$28,000 for new tank site construction, and the third was additional tank site road stability to backfill the old tank site and stabilize the road. Mr. Turner said there was also a 60 day extension also included in the change order due to the condemnation process with the tank site. Mr. Tackett asked if the Change order had a number and Mr. D. Smith said it was Change Order #1. Mr. King expressed some concerns with the roughness of the road leading to the tank site. Mr. D. Smith said he and Mr. Turner talked about it earlier at the progress meeting and Ron Johnson with Johnson Engineering assured them that the retainage would be held. Mr. D. Smith also said that AML revisited the tank site with the engineer and the contractor, and said they have a list of things that need to be corrected. Mr. D. Smith entertained a motion to approve Pay Request #22 which includes Change Order #1 for the Red Fox project. Mr. King made a motion, which was seconded by Mr. Hamilton and the motion carried. Mr. D. Smith made a motion to approve Pay Request #8 with the Knott Co. AML Branch Line project. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith went over an item that said "annual PSC assessment" and he said that it was the annual tax that they apply based on the revenue that the District reported for 2015. Mr. D. Smith asked that Mr. Turner put together a report of the anticipated repairs that needed to be made including what he thought the cost might be and the time frame of when they could be completed. Mr. D. Smith asked if the electric actuators on the list were for the plant and Mr. Turner said they would be replacing the third floor pneumatic actuators. Mr. Hamilton asked about the bills for delinquent accounts. Mr. K. Smith said that the District began sending letters to people that are delinquent. Mr. K. Smith said there was a one-time fee for a \$150 to set up an account but said it will not cost that much in the future. Mr. D. Smith made a motion to approve the Claims List. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith pointed out that the revenue account would have been higher but the District had to pay money to CSX for them to be able to bore under the railroad tracks. Mr. K. Smith said the District will eventually be reimbursed but it was quicker to go ahead and pay the amount rather than waiting. Mr. K. Smith said the District was on par with the monthly average for the month. Mr. D. Smith acknowledged that the board had reviewed the Financial Report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 50,025,000 gallons and purchased 718,000 gallons, due to a leak coming from Southern Water District. The District sold 9,902,671 gallons to residential customers and 24,808,900 gallons to

wholesale customers. Water loss for the month was 15.5%, the plant pumped 452.5 total hours, and power consumption for the month was 232,517 kilowatt hours, which he said was down from the average. Mr. Turner said there were 30.5 overtime hours. Mr. Turner said there were 8 line breaks, 74 work orders, 27 new customers, 65 disconnects, 39 reconnects, and 3 adjustments.

*Other New Business*

Mr. Turner talked about funding for the MapSync software that he is seeking through KRADD. Mr. Turner said it would be a few months before he would know if they would be eligible. He said the money they are applying for is facility development, which he said usually is for emergency vehicles and other things of that nature. Mr. Turner said they may not qualify, but he wanted to check with the board to see if they want to go through the process and see if they are able to get the funding. Mr. Turner said he asked if they could go ahead and purchase the software and get reimbursed later when the funding is approved, and he said he was told they could not reimburse the money. Mr. Turner said the federal government releases their money in October and that is when the District would know whether or not they are approved to get the funding to purchase the software. Mr. D. Smith said if there is no way to get any reimbursement he felt it was best to wait until October and see if the funding is approved.

Mr. Turner also talked about generators for the water treatment plant and two pump stations. Mr. Turner said the grant application has been filed for Homeland Security and he hoped to be able to get that covered.

Mr. Turner also talked about getting the plant intake inspected. Mr. Turner referenced a previous outage, which he said was reported that it was caused by too much growth gathering on the screen over the intake. Mr. Turner said the only way to inspect the intake screen is to hire a diver to go down and do an inspection and a cleaning. Mr. Turner said new screens were put in a few years ago and were guaranteed to not have any growth over them for 10 years. Mr. Turner said he hoped that was true, but he wanted it inspected to make sure they were still clean and to prevent any type of future problems with the pump. Mr. D. Smith asked what the cost of the inspection would be and Mr. Turner said \$3,825. Mr. Turner said they would get a video recording of the process and a report. He said the company was called Marine Solutions and they were based out of Nicholasville, Kentucky. Mr. Turner said they were the company that installed the screens at the intake. Mr. D. Smith said there needed to be some type of insurance documents that needed to be included. Mr. Turner said he would get the documents once they decided that they wanted to go through with the process. Mr. Mullins spoke about being the Emergency Management Director during the past water outage and said the company did a very good job with their past inspection and helped the county out a lot during that time. Mr. Turner said the screens have not been checked since they have been installed and he wants to make sure that they are free of any growth and doing what they were guaranteed to do. Mr. Turner also said an air burst system was put in place to assist with knocking any debris that may collect off of the intake. Mr. Turner said he wanted to make the board aware of it so they would know when they saw the amount on a future Claims List.

Mr. Turner also talked about the Acti-flo sand line replacement. Mr. Turner explained that sand is used in the water treatment process, which sends the sand through a series of lines. Mr. Turner said the lines have deteriorated to the point that every time they do a repair, they have to do two or three more. Mr. Turner said he wanted to replace the line with stainless or HDPE. Mr. Turner said he did not know how they will get the line fused or what the cost would be to replace it. Mr. Turner said he was in the beginning stages of looking at replacing it. He said there are four separate sections and he wanted to replace the ones that needed to be replaced right now. Mr. Turner felt that one section could be replaced with stainless for \$3,000. Mr. Turner said they would weigh the options they had.

Mr. Turner also talked about getting the storage tanks inspected. Mr. Turner said some tanks were showing signs that they needed to be inspected. He said there was a contractor out of the western part of the state who did inspections for \$850 per tank, which Mr. Turner said was the cheapest he has been able to find. Mr. Turner said a robot goes in the tank and takes a sample of the water to be tested, and the tank does not have to be shut down during the process. Mr. Turner said he wanted to do three tanks at a time and he wanted to start with the three oldest tanks in Clear Creek, Yellow Creek, and Pippa Passes. Mr. Turner cited where a water tank in another part of the state burst open and they found the tank had never been inspected. Mr. Turner said he thought they could get a schedule to where every tank is inspected every five years. Mr. Turner said he felt that the water system was at a point where it was time to start testing and doing preventive maintenance.

Mr. Mullins said he was approached by a member of the Carr Creek Volunteer Fire Department who said they were wanting to get switched from the City of Hindman water system to the Knott Co. water system. Mr. Mullins said they asked about the charge to get hooked up to the county water system and said they asked about getting any type of assistance due to them being a fire department. Mr. Turner said the fee is what is in their tariffs and he does not have the authority to sway from that. Mr. D. Smith said they needed to look at the specifications of their tariffs and see if there was any way they may be able to assist with the situation.

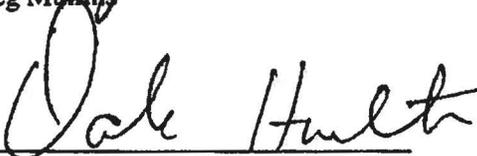
**Closed Session – Personnel and Legal Issues:** Chairman Smith made a motion to go in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 7:04 P.M. and came out of closed session at 7:47 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 7:47 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

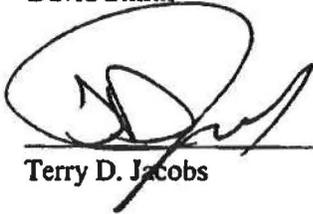
8-17-16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

8-17-16  
Date

  
\_\_\_\_\_  
David Smith

8/17/16  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

8-17-16  
Date

  
\_\_\_\_\_  
Larry King

8-17-16  
Date

*Special Meeting*  
**KNOTT COUNTY WATER AND SEWER DISTRICT**  
**MINUTES OF ~~REGULAR~~ MEETING**  
**Thursday, August 4<sup>th</sup>, 2016 at 5:02 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:02 P.M. All KCWSD Board members were present at the meeting. This was a special called meeting to seek funding for the Pippa Passes Waste Water Treatment Plant.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Ron Johnson, Johnson Engineering, Annette Napier, KRADD; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Public Comments:**  
No public comments.

Mr. D. Smith asked Annette Napier with KRADD to give an update on where the District was in their loan process. Mrs. Napier said the District was offered a two million dollar loan through the Clean Water State Revolving Fund. She said it had a 1.75% interest rate and it was up to a 40 year loan. She said they had talked about applying for and accepting the loan, which she said did not mean that the District had to take it, applying for \$500,000 in ARC money, applying for \$500,000 in AML money, and she said Mr. Johnson with Johnson Engineering was working on getting some 531 money. Mrs. Napier said the loan amount can be adjusted based on how much 531 money they may receive. Mr. D. Smith asked if there was any way to request more ARC money and Mrs. Napier said \$500,000 was the limit. Mr. Hamilton asked how much it would cost all together and Mrs. Napier said 3.2 million dollars. She said \$450,000 of it was just for rehabbing the lines and the rest was for the construction of a new waste water plant. Mr. D. Smith asked at what point would the District still have the ability to not accept the loan. Mrs. Napier said an application is due by August 12<sup>th</sup> that would lock the District in to being eligible for the loan. Mrs. Napier said they would not be able to close the loan until the other funding is in place, which would allow them to lower the loan if more funds were available from 531 money or other areas of funding.

Mr. Johnson gave the rest of the board an update on the current waste water plant and the importance of getting funding to repair and replace it. Mr. Johnson said the plant is at the end of its life cycle. Mr. Johnson said what is going on is typical for most plants that were built in the area at the same time period. Mr. Johnson said you are lucky if you can get 50 years out of a steel plant. He said if you have a concrete plant, you can rehab it and get maybe 100 years out of it. Mr. Johnson said they could keep putting money in to the current plant, but at the end of the day the structure that needs to be in place is not there. Mr. Johnson mentioned the compliance

issues with the Division of Water and said the plant would not be able to meet those requirements in its current condition, and stated that more fines with the DOW and EPA would occur in the future if it is not repaired or replaced. Mr. Turner said they are currently under an Agreed Order with the Division of Water, which included a corrective action plan that included more line rehab and pursuing a new waste water treatment plant. Mr. Johnson said the Division of Water would give you more time as long as you have a plan and you are progressing with and pursuing with the plan. Mr. Johnson added that at some point in time you will have to deliver with your plan. Mr. Turner said they can stay in compliance as long as there is not a washout. Mr. Turner said the main focus was keeping the I & I in compliance, which Mr. Turner said was water that enters the plant through cracks in the sewer lines which interferes with the processing of the sewer plant. Mr. Turner said it will completely wash out the biology of the plant. He said they have spent a lot of money on the processing of the plant and he felt it has been working pretty good, but he mentioned that the structure itself is still 49 years old. Mr. D. Smith asked about anyone who could rehab the structure of the plant. Mr. Johnson said even with replacing certain parts of the structure you would be looking at a high cost and he mentioned the importance of building a sewer plant with concrete because it lasts forever, and he added that he was not aware of anyone who just rehabbed the structures of sewer plant. Mr. Turner said they have made a lot of repairs and he feels the processing is pretty efficient, but said his main concern was with the structure. Mr. Johnson said he did not know if they would be able to get 531 money this year, but felt good about being able to get some for the next year. Mr. King asked if they would be able to get some AML money for the project. Mr. Johnson said the only thing they could use with AML would be economic development for keeping the college in the area. Mr. Johnson said AML has never done sanitary in their history. He said they have done AMD (Acid Mine Drainage), and he said he does not know how the AML money will play out and what projects they will fund. Mrs. Napier said it did not cost anything to submit an application for AML funds and she already had the ARC and AML applications done and ready to be submitted. Mr. D. Smith asked if the District seeking a loan impacted their ability to get grant money. Mr. Johnson said it did not and said if you did not go after loan money, he did not feel that you would be able to get any money from other sources. Mr. Johnson said projects used to be started with coal severance money which is not there anymore, and now that money to start the project has to come from other areas.

Mr. Johnson said Southern Water District is in the process of turning over their sewer plant in Wayland to Prestonsburg Utilities. Mr. Johnson said it was 12 miles from Pippa Passes to the sewer plant in Wayland, but mentioned the problems that the water lines are already ran in the ditch line, and you would have to get numerous easements to be able to run the sewer line. Mr. D. Smith asked about the possibility of running the sewer lines along parallel to the railroad. Mr. Johnson said it was a possibility but it would cost a lot of money. Mr. Turner said he had talked with Prestonsburg and they are interested in taking on the sewer from Pippa Passes. Mr. Turner asked Mr. Johnson how much it would cost to run a sewer line from Pippa Passes to Wayland. Mr. Johnson said it would be hard to give an exact cost because he was unsure the amount the railroad company would charge to run the line next to the railroad. Mr. Johnson said just the line and the pumps would cost around 2.5 million dollars. Mr. Johnson said the good thing is the terrain would be favorable to the project due to it being downhill. He said the cost in

the long run would be cheaper and the District would have a better chance of getting funding due to it being a regional deal, and the Division of Water would love it because it would be eliminating a waste water plant. Mr. King asked about running a line over the mountain. Mr. Johnson said it would be a possibility if you had the right-of-way to have access to the land. Mr. King wanted clarification that this was just an application process and there was not commitment involved. Mr. Johnson said it was just applying for the loan and there was no commitment, but he added that applying for the loan stabilizes the action plan with the Division of Water and convinces them that the District is serious about making changes with the existing sewer plant. Chairman Smith entertained a motion to enter in to Resolution 08042016. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. Mrs. Napier also asked that there be a motion to authorize the Chairman to sign the ARC and AML applications. Mr. King made a motion to authorize the Chairman to sign both the ARC and AML applications to be submitted for additional funding. The motion was seconded by Mr. Mullins and the motion carried.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. King made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:40 P.M. and came out of closed session at 6:03 P.M.

Following closed session, Chairman Smith entertained a motion to change the official starting time of all future board meetings from 6:00 P.M. to 5:00 P.M. Mr. Hamilton made a motion to make the change, which was seconded by Mr. Jacobs and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:04 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

8-17-16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

8-17-16  
Date

  
\_\_\_\_\_  
David Smith

8/17/16  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

8-17-16  
Date

**'KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, August 17, 2016 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:07 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; and Randall Tackett, KCWSD Attorney.

**Recognizing Media:** Sharon Hall with The Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve both minutes for the previous meeting as well as the special-called meeting held on August 4<sup>th</sup>. Mr. Hamilton made a motion to approve the minutes from the previous meeting, which was seconded by Mr. Mullins. The motion carried.

***Public Comments:***  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner said the AML Branch Line project is 73% complete and 45% of the contract time has elapsed. Mr. Turner said he had Pay Request #9 to be reviewed for the Branch Line project. Mr. Turner said samples had been sent off for approval for four of the hollows and we are waiting on CSX for some of the other sites. Mr. Hamilton said one of the hollows was held up by CSX and asked if it would be a long delay. Mr. Turner said he did not anticipate it being a long delay. Mr. Turner said the water lines are completely billed out in Red Fox and they are waiting for some equipment for the pump station, a control panel, and some other electronic parts, which he said arrived today. Mr. Turner said the construction has begun on the Red Fox tank site, and looks like it should fall within the 60 day extension. Mr. Turner said he also had a pay request (Pay Request #23) for the Red Fox project to present to the board. Chairman Smith entertained a motion to approve Pay Request #9 for the AML Branch Line project and Pay Request #23 for the Red Fox AML water supply, design, and construction, which also includes the tank site. Mr. King made a motion, which was seconded by Mr. Hamilton and the motion carried.

***Claims List***

Mr. K. Smith presented the Claims List. Mr. K. Smith said he added to the Claims List to replenish the petty cash account by adding \$290.98, but everything else was the same as the email he had sent to everyone earlier. Mr. Hamilton asked about an item for the Kentucky State Treasurer water withdrawal fee and asked if it had to be done every quarter. Mr. K. Smith said they did and it was usually around the same amount every quarter. Mr. King asked about parts

for pump stations and Mr. Turner said it was part of updating the pump stations that he had previously discussed with the board. Mr. Hamilton made a motion to pay the Claims List, which was seconded by Mr. Mullins and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the District was reimbursed by CSX for \$28,000 and Perry Co. is caught up with their bills, which Mr. K. Smith said was keeping the Financial Report down the past few months. Mr. K. Smith said these payments would reflect in the August Financial Report. Mr. K. Smith said it was not one of the best months but added that the District did just a little better than breaking even. Chairman Smith acknowledged that the board had reviewed the Financial Report.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 50,752,000 gallons and purchased 238,000 gallons. The District sold 8,920,000 gallons to residential customers and 24,489,000 gallons to wholesale customers. Water loss for the month was up due to some significant leaks that occurred. The plant pumped 460.3 total hours, and power consumption for the month was 209,131 kilowatt hours. Mr. Turner said there were 10.5 overtime hours which he said is the lowest the District has ever had. The District also had 8 line breaks, 142 work orders, 11 new net customers, 42 disconnects, 27 reconnects, and 21 adjustments.

*Other New Business*

Mr. Turner talked about the special meeting due to the Pippa Passes waste water system. Mr. Turner said since the meeting he has talked with Prestonsburg Utilities about the possibility of sending the waste water from Pippa Passes to the Wayland waste water plant. Mr. Turner said he was working on scheduling a meeting to talk to see if it is a possibility and if Prestonsburg can accept it at their facility.

Mr. Turner said the tank and intake inspections have been scheduled for the middle of September. Mr. Turner said he spoke with a guy with Wet or Dry Tank Inspections who uses a robot to go in the tanks. Mr. Turner said he asked if he could use robot to check the intake screens to save the District \$3,000. Mr. Turner said he would not charge the District if using the robot did not work.

Mr. Turner spoke about the Actiflo sand line replacement. Mr. Turner thought they would be able to replace it for under \$1,000. Mr. Turner said he thought he could use a petroleum transfer line to use as a replacement. Mr. Turner said it was cheaper and flexible, and would be easy to work with. Mr. Turner said it would cost around \$600 and should last for 10 years. Chairman Smith asked if they would be replacing the whole line, and Mr. Turner said they would only be replacing the bends and the nipples on the line.

Mr. Turner provided the board with a list of repairs that the District needed to repair over time. Mr. King asked about getting generator hook-ups and Mr. Turner said they have applied for funding through Homeland Security to try to pay for that. Mr. Turner said he wanted to get generator hook-ups for the two priority pump stations on Big Branch and Montgomery Creek. Chairman Smith asked for an update to the list to provide to the board each month.

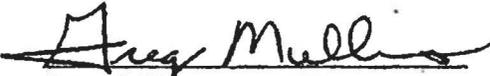
Mr. Turner also talked about a repeater site that is going to be added to the Red Fox AML project that supplement or replace the Bill Dee repeater that the District currently has. Mr. Turner said in order to get the station put in an ideal location they will have to use a location that is owned by Appalachian Wireless. Mr. Turner said Appalachian Wireless has asked that the District pay a \$200 a month rental fee. Mr. Turner said it was an ideal spot due to the good access road it had. Mr. Turner said it was located in one of the big hollows off of Highway 582. Mr. Turner said they should try a counter offer but he did not think they would take it. Mr. Turner said the site was chosen by the telemetry company and this was the best location for the radio paths to work. Mr. King said he would look at other sites and mentioned coal companies that had land in the area that may let the District use. Chairman Smith asked that they go back to Appalachian Wireless and see if they could offer a better deal. Chairman Smith asked him to investigate everything and send out an email to the board about what he finds out.

**Closed Session – Personnel and Legal Issues:** Chairman Smith made a motion to go in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:51 P.M. and came out of closed session at 6:45 P.M.

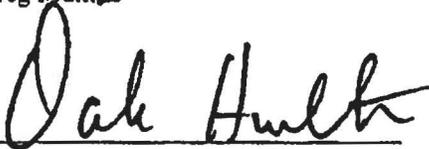
After coming out of closed session, Mr. King made a motion to put Mr. Turner, Mr. K. Smith, Mr. Tackett, Mr. Jacobs, and Chairman Smith to negotiate a settlement a water contract with the city of Hindman and Southern Water to negotiate what they want in the agreement. Mr. Hamilton seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:47 P.M.

Approval of Minutes:

  
Greg Mullins

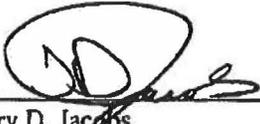
9-21-16  
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Dale Hamilton, Vice-Chairman

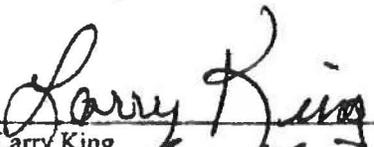
9-21-16  
Date

  
David Smith *chair*

9/21/16  
Date

  
Terry D. Jacobs

9/21/16  
Date

  
Larry King *Treas. & Sec.*

9-21-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF A SPECIAL CALLED MEETING  
Monday, August 29, 2016 at 1:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 1:00 P.M. All KCWSD Board members were present at the meeting except Mr. Hamilton.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; and Randall Tackett, KCWSD Attorney.

**Recognizing Media:** No media was present at the meeting.

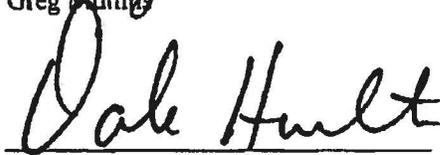
Chairman Smith addressed the board and said the meeting was a special called meeting to look at three CSX Supplemental Agreements. Chairman Smith asked Mr. Turner to explain the reason for the Supplemental Agreements. Mr. Turner said they were revised agreements and the manner in which the bores were going to be done at the three sites has changed. Mr. Turner listed the locations as Rock Lick Branch, Squire Lane, and John Hall Road. Mr. Turner said there were some fees included due to the parallelism involved, which meant that the water lines would have to run along parallel to the railroad tracks. Mr. Turner explained that for every 100 feet that the water line runs along the railroad tracks it costs \$4,000. Mr. Turner said when the agreements are sent in the checks must also be sent in. Mr. Turner said the checks would be paid for out of the KCWSD revenue account and would be reimbursed by AML. Chairman Smith said they needed to pass Resolution 08292016A to give the Chairman the ability to sign these documents on behalf of the board. Mr. King made a motion, which was seconded by Mr. Jacobs and the motion carried. Chairman Smith also entertained a motion to approve the payment of the three agreements. Mr. Mullins made a motion to approve the payment, which was seconded by Mr. Jacobs and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 1:04 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

9-21-16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

9-21-16  
Date

  
\_\_\_\_\_  
David Smith *chair*

9/21/16  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

9-21-16  
Date

  
\_\_\_\_\_  
Larry King *Treasurer & Sec.*

9-21-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, September 21, 2016 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; and Randall Tackett, KCWSD Attorney.

**Recognizing Media:** No media was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve both minutes for the previous meeting as well as the special-called meeting held on August 29<sup>th</sup>. Mr. Hamilton made a motion to approve the minutes for the previous meeting held on August 17<sup>th</sup>, which was seconded by Mr. Jacobs and the motion carried. Mr. Jacobs made a motion to approve the minutes for the special-called meeting held on August 29<sup>th</sup>, which was seconded by Mr. King and the motion carried.

***Public Comments:***  
No public comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Red Fox project. He said all of the lines are in the ground and the only thing they are waiting on is the tank construction. Mr. Turner said he anticipated that the tank construction would take about three weeks. Mr. Turner said the majority of the line for the AML Branch Line project is in the ground. Mr. Turner said all they are waiting on is the authorization to proceed from CSX to do the railroad bores. Mr. Turner said once that came back they would do the tie-ins, have them tested, and hook customers up as soon as it is available. Mr. Turner said the map for all unserved areas in the county is complete. Mr. Turner said KRADD finished it and he is going to review it with them before it is submitted to AML. Mr. Turner mentioned the tank site road for the Red Fox water tank. He said the subcontractor will be moving out and earlier in the day Mr. Turner, Chairman Smith, the contractor, and the inspector with Johnson Engineering all met at the site to look at the punch list that AML and the District had. Mr. Turner said he felt that they had satisfied the list and the road was looking much better. Mr. Turner said they are looking at about three weeks until the tank is complete, then there will be a disinfectant period and a vault will need to be installed. Mr. Turner said by the end of October everything should be turned on and ready to go as long as there are no snags. Mr. Turner said there was one Pay Request for the Branch Lines project, which included CSX fees, meters, and some additional items. Chairman Smith entertained a motion to approve Pay Request #24 with the Red Fox project, which included Contracts 26 and 26A, and to approve Pay

Request #10 with the AML Branch Lines project. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

Mr. Turner talked about the Big Branch relocation project. Mr. Turner said the Department of Transportation are wanting to fix a slide and straighten out a curve on Highway 1231. Mr. Turner said Mr. Tackett has reviewed the documents. Mr. Tackett said it did not put any kind of obligations on the board. Mr. King asked if it would cost the District any money. Mr. Turner said that it would not and the Department of Transportation will pay for a contractor to pull the water line out, run a temporary line, and put the water line back in when the project is completed. Chairman Smith entertained a motion to give him the authority to sign the documents needed for the Big Branch relocation project. Mr. King made a motion, which was seconded by Mr. Jacobs and the motion carried.

Mr. Turner talked about the MOU with Perry Co. Water. Mr. Tackett said he spoke with the County Attorney in Perry County and they said they allowed the Perry County Judge Executive to sign it but once it is signed by Knott County Water and Sewer it must go back before the Perry County Fiscal Court for ratification and then it will be done. Mr. King made a motion to allow Chairman Smith to sign the MOU, which was seconded by Mr. Mullins and the motion carried.

Mr. Turner said he had a few discharge permit applications that needed to be filed. Mr. Turner said he was going to prepare them, but they needed to be filed before the next board meeting. Mr. Turner said he needed a motion for someone with the board to sign the applications so they could be submitted. Mr. King made a motion to give Chairman Smith the authority to sign the applications, which was seconded by Mr. Hamilton and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said two new invoices for Piercy Mullins and Ratliff Body Shop were added to the Claims List. Mr. Hamilton made a motion to pay the Claims List, which was seconded by Mr. King and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. The board reviewed the Financial Report and Chairman Smith acknowledged that the board had reviewed and were satisfied with the Financial Report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 50,025,000 gallons and purchased 219,000 gallons. The District sold 10,706,000 gallons to residential customers and 27,608,000 gallons to wholesale customers. Water loss for the month was 17.1%. The plant pumped 463 hours. The power consumption total was 208,624 kilowatt hours. There were 67 overtime hours, 8 line breaks, 87 work orders, 37 new net customers, 10 disconnections, 6 reconnections, and 7 adjustments.

*Other New Business*

Mr. Turner said he was pursuing funding for the MapSync program from Rural Development. He said he spoke with Kim Padgett who had a meeting with Rural Development and she said there would not be a new budget until March to April of 2017, which he added was not uncommon due to an election year. Mr. Turner said the District was only eligible for 35% grant based on the District's MHI. Mr. Turner said if the District were able to get a grant, it would not be until the middle of the next year and it would be 35%. Chairman Smith asked Mr. Turner to go back to the people that are presenting it to see what the District could get on a bottom line to see if it could be approved as a purchase item.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:52 P.M. and came out of closed session at 6:54 P.M.

After coming out of closed session, Mr. Jacobs made a motion, pursuant to the fact that the District is a member of the Ky. Warn Group, to approve to allow equipment loans to other government entities and other utilities to facilitate the District's ability to borrow equipment from the same entities on a case by case basis. Mr. Mullins seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:55 P.M.

**Approval of Minutes:**

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Greg Mullins

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Smith

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, October 19, 2016 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M. All KCWSD Board members were present at the meeting except for Terry Dean Jacobs. Board Attorney, Randall Tackett, was also not present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; Ron Johnson, Johnson Engineering; Roger Shrum, Distribution Supervisor; and Benny Jacobs, KCWSD Service Crew.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

***Public Comments:***

Mr. Jacobs with the KCWSD Service Crew spoke with the board about the possibility of getting a raise in pay. Mr. Jacobs said that he had an entire paycheck that goes to cover the cost of his medication. Mr. Jacobs said he has only had two raises since working for the District. Chairman Smith asked to get a listing of every employee's pay rates, when they were last given a raise, and how much the raise was for, and the board would take it under advisement.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Red Fox project. He said it was pretty well complete and the tank was complete. Mr. Turner said the only thing left was to have a valve vault installed, have the tank disinfected and pressure tested. Mr. Johnson said they would have a startup to the Red Fox pump station, which he said would be used to get the water to the Red Fox tank. Mr. Johnson said there were two contracts with the Red Fox project for the tank and the line, and both of them would be closed out within the next month. Mr. Turner presented Pay Request #25 for the Red Fox project for both contracts 26 and 26-A. Mr. Turner also gave an update on the AML Branch Line project. Mr. Turner said it is almost complete with the last two railroad bores scheduled to be completed within the next two weeks. Mr. Turner said there would also be some tie-ins that needed to be done, tying five of the lines in together. Mr. Turner said they should be ready to turn on within the next few weeks. Mr. Turner also gave an update on the Hwy 1498 booster pump station that will be pumping water to the Jacks Creek tank. Mr. Turner said the block is being laid today for the pump station. Mr. Turner said everything is ordered and he anticipates the project will move pretty quickly. Mr. Turner said they will probably have to do a Change Order for the project due to the amount of time it takes to pump in once they are ordered.

Mr. Turner said he had another Pay Request, which was Pay Request #11 for the AML Branch Line project. Chairman Smith entertained a motion to approve Pay Request #11 for the AML Branch Line project and Pay Request #25 with the Red Fox project. Mr. King made a motion to approve the Pay Requests. The motion was seconded by Mr. Mullins and the motion carried. Mr. King made a motion to approve the Contractor Claims, which was seconded by Mr. Mullins and the motion carried.

Chairman Smith talked about the Pippa Passes Waste Water Treatment Plant. Chairman Smith said the District had received their letter to proceed this week stating that the Division of Water had reviewed the initial part of the project and they are ready to move along to the next step. Chairman Smith said he asked Mr. Johnson to revisit the project. Mr. Johnson said the problem with the plant was that large rainfalls were washing the biology out of the plant causing it to be out of compliance. Mr. Johnson said in the plant proposal they included sewer line rehab, which he said was about a \$500,000 project. Mr. Johnson said that combined with looking at the structural integrity of the clarifier, or processer, could extend the life of the plant quite a bit. Mr. Johnson said he talked about getting a structural engineer to look at the tank and see if it would be worth seeking money to rehab the tank. Mr. Johnson said there was 531 (Corps. of Engineers) money available, but he said nothing would get done until after the election. Mr. Johnson said there was some matching involved, but it was better than having to borrow money. Mr. Hamilton asked about pumping the waste to the Prestonsburg Utilities sewer plant in Wayland. Mr. Johnson said the project was doable, but it would be really expensive and really time consuming due to the multiple landowners that would be involved. Mr. Turner also added that Prestonsburg Utilities have also never agreed to accept the waste. Mr. Turner said the other option to replace everything is the best option, but is not an option due to the cost. Mr. Johnson said the problem with getting AML funding is AML has never funded a sewer project. Chairman Smith asked that Mr. Johnson get a structural engineer to look at the structural integrity of the plant and give an opinion on what they find.

Mr. Turner also talked about the FEMA slide project. Mr. Turner said FEMA will cover 75%, the state will cover 13%, and the District will have to cover the remaining 12% of the project. Mr. Turner said it could be around \$25,000 that the District would have to pay for the project, but he said it was a project that had to be done. Mr. Johnson said he agreed with the design for the project. Mr. Johnson said there was language in the document that made it for budgeting purposes only and he would not be able to use it for a construction bid. Mr. Johnson said he would have to put together a Geo Tech proposal that would cover the drilling and the report. Chairman Smith entertained a motion to hire Mr. Johnson to do the engineering design, inspection, and geo-technical part of the project for \$18,863.00. Mr. King made a motion, seconded by Mr. Mullins and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. The board reviewed and approved the Claims List. Mr. King made a motion to approve the Claims List, seconded by Mr. Mullins and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue account was down significantly from last month due to Perry Co. being late on a payment, which he said accounted for almost \$20,000 of the amount. Mr. K. Smith said there was \$27,000 that the District should be getting back soon from CSX. Mr. K. Smith said as far as what was booked for the income statement, the revenue was slightly down by about \$6,000-\$7,000, expenses were slightly up, but the District still finished the month in the black. Mr. K. Smith said the District has not received the Corps of Engineers bill, but has money allocated for it in the "Debt Service" account. Mr. K. Smith said the Year-to-Date column will take a hit whenever that payment needs to be made. Mr. K. Smith said the District is still in good shape with what has been budgeted along with the District's actual numbers. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 49,533,000 gallons and purchased 227,000 gallons for a total of 49,760,000 gallons. The District sold 9,993,000 gallons to residential customers and 25,196,000 to wholesale customers. The water loss for the month was up for the month, which Mr. Turner said the District was working on to try to get it down in the low teens. The water treatment plant ran for 450 hours, which was below average. Power consumption was down from the average at 209,783 kilowatt hours. There was 57.5 overtime hours, 8 line breaks, 84 work orders, 45 net new customers, 16 disconnects, 13 reconnects, and 6 adjustments.

*Other New Business*

Mr. Turner talked about the system map that had been completed by KRADD that shows all areas that are unserved by county water and he said he would send it around to all board members.

Mr. Turner talked about the interactive mapping program that he had previously talked about. Mr. Turner said he has since received a proposal from a different company. Mr. Turner said he did not have all of the information, but will look in to it more and discuss it at the next meeting.

Mr. Turner talked about the repeater site. Mr. Turner said the utility company wanted to charge the District \$200 a month to use their tower site. Mr. Turner said a board member recommended that the District check on using the Kentucky Emergency Management tower. Mr. Turner said he is waiting on a response to see if they can use that site for a minimum fee or no fee.

Mr. Turner also talked about the Ball Creek Waste Water Treatment plant PLC issue. Mr. Turner said due to this the automatize system does not work. Mr. Turner said they are trying to get someone in as quickly as possible to repair it. Chairman Smith said it had been repaired once before. Mr. Turner said there had been issues with condensation, but they had sealed some areas up that fixed some previous problems.

Mr. Turner talked about tank site inspections. Mr. Turner said they were originally supposed to have been done the previous day, but they were actually not done until earlier in the day. Mr. Turner said he did not have the reports back, but there were some maintenance issues that had come up and he would have a report by the following meeting. Mr. Turner said six tanks were inspected today and they would be back in a few weeks to do the other tanks.

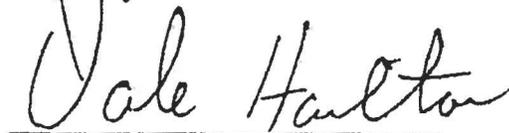
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 6:17 P.M. and came out of closed session at 7:08 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 7:09 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

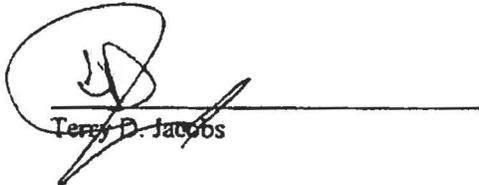
11/16/16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

11-16-16  
Date

  
\_\_\_\_\_  
David Smith, Chairman

11/16/16  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

11-16-16  
Date

  
\_\_\_\_\_  
Larry King

11-16-16  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, November 16, 2016 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M. All KCWSD Board members were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

***Public Comments:***  
No Public Comments.

***Capital Project Updates and Contractor Claims:***

Mr. Turner gave an update on the Red Fox project, which he said was almost complete. Mr. Turner said the tank has been built, the vault has been installed, and the disinfection with the tank was being done earlier in the day. Mr. Turner said he anticipated that all customers could be served by the tank within the next week and a half. Mr. Turner said there was a Pay Request (Pay Request #26) with the Red Fox Project. Mr. Turner also talked about the Knott Co. AML Branch Lines Project, which he said all bores and tests were done and he said everyone in those areas can sign up for water. Mr. Turner said they are still working on the Highway 1498 pump station that will go in to Floyd County. Mr. Turner said they anticipate that it will take another 60 days for it to be completed. Mr. Turner said there was also a Pay Request to go along with the Highway 1498 project. Mr. Turner said the pedestrian bridge at Alice Lloyd College had been completed, which totaled a little over \$19,000. Mr. Turner said there was a Pay Request for it also and it would be paid for through the state. Mr. Turner presented an invoice for the tank site slide behind the KCWSD water plant that FEMA will pay for. Mr. Turner said there was some drilling that needed to be done and a preliminary engineering services that would need to be paid for. Chairman Smith made a motion to approve the Pay Request #26 for the Red Fox Project, Pay Request #12 for the Knott Co. AML Branch Line Project, the Pay Request for the Alice Lloyd College pedestrian bridge (referred to as Requisition Certificate #1), and the Pay Request for the FEMA slide project (16-12199). Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there was quite a few on the Claims List from Percy Mullins, which he said was due to him turning his invoices in late during the last month. Mr. Turner said a lot of those were from months prior and he explained that Mr. Mullins, the KCWSD electrician, had a death in the family that led to him being behind on turning some of those invoices in. Chairman Smith asked if the invoice for Mr. Tackett was a current invoice up to date for all services as of last month and Mr. Tackett said it was. Mr. Turner said the Graphic Impressions invoice was for new uniforms for KCWSD employees. Mr. K. Smith said the District was doing this due to no longer using G & K Services for uniforms. Mr. K. Smith said that by allocating money for jeans once a year and purchasing uniforms twice a year from Graphic Impressions, the District would be saving \$5,000 a year and would be gaining better quality uniforms. Chairman Smith made a motion to approve the Claims List subject to discussion to be held later during closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith talked about the money set aside for water withdrawal from the Corps of Engineers. Mr. K. Smith said last year that invoice came during the middle of October, but the District still had not received anything this year. Mr. K. Smith said he has made numerous attempts through various phone numbers and leaving messages, but Mr. K. Smith said he still has not heard anything back from the Corps. Mr. K. Smith said they had the money set aside for it, but it will not reflect on the books until it is spent to put it in the books. With the budget analysis Mr. K. Smith said the District was still in pretty good shape with it, and the District had a pretty good month as far as the cost goes in part due to the water loss going down. Mr. K. Smith said part of the spike in the revenue account was due to paying CSX for some of the work that needed to be done with the AML Branch Line Project. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 43,743,000 gallons, purchased 181,000 gallons, totaling 43,921,000 gallons. The District sold 10,630,778 gallons to residential customers and 25,494,900 gallons to wholesale customers. Mr. Turner said water loss was down significantly for the month at 12.1%. The water treatment plant ran 461 hours this month. The power consumption total was 215,131 kilowatt hours, which Mr. Turner said was down quite a bit. There was 43.5 overtime hours for the month, 5 line breaks, 68 work orders, 22 net new customers, 13 disconnects, 10 reconnects, and 6 adjustments.

### *Other New Business*

Mr. Turner talked about the Map Synch program. He provided a visual to the board of how the program works. Mr. Turner said currently the water industry uses 3x4 paper maps. Mr. Turner said he wanted to take the data from those maps and incorporate the latitude and longitude coordinates of valves, pump stations, lines, and other equipment to be viewed on the program. Mr. Turner showed the location of the water treatment plant, nearby tanks, pump stations, and

where the water lines run along the road. Mr. Turner said pictures, invoices, and maintenance records can be attached to each site on the program. Mr. Turner also said they can list repairs to see certain locations that may be having problems and see a history of the problems that each site has had. Mr. Turner said the data would be downloaded to a device, like an Ipad or tablet, to help the service crew know where the equipment is and any information they need to know about it while they are out in the field. Mr. Turner said when he first looked at the program the quote was \$8,300. He said he revisited it and the quote was reduced down to a little over \$7,000. Mr. Turner said after the last meeting he spoke with them again and they reduced it down to \$4,830, which he said did not include the software, but he said they did not believe they needed it. Mr. Turner said there is an annual renewal and cloud service to store the data that he said was included in the quote. Mr. Turner said this program would be good for the District right now, but emphasized that it would be really beneficial 10-15 years from now when the entire industry is relying on digital mapping rather than using paper maps. Chairman Smith entertained a motion to approve payment for the Map Synch program. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

Mr. Turner talked about the Big Branch tank inspection. Mr. Turner handed out a report to the board from the company that did the tank inspections. Mr. Turner said they would be back in on the coming Friday to do the intake inspection in the lake. Mr. Turner read the report noting that it stated that the first three courses up from the foundation will need some attention within the next few years, and that during the evaluation it was discovered that there was approximately 30% failure from the sealing around the seams of the bolt heads. Mr. Turner explained that the tank had exposed steel that had caulking put around it when the tank was built, which has deteriorated and allowed edges of the metal panels to be exposed. Mr. Turner said within the next few years the tank would need to be drawn down, cleaned, and resealed. Mr. Turner said he notified the tank manufacturer and they will look at it due to the time they said the caulking should be able to last. Mr. Turner said he would be forwarding the video from the tank inspection company on to the manufacturer.

Mr. Turner talked about the Ball Creek Waste Water Plant PLC issue. Mr. Turner said the new one has been ordered and he was given a reduced price of a little under \$4,000. Mr. Turner said a service technician would be coming by and Mr. Turner hoped they would be able to find out what is going on.

Mr. Turner gave an update on the FEMA slide project for the mudslide that had occurred behind the water treatment plant. Mr. Turner said the District was given an extension until the May 1, 2017.

Mr. Turner also talked about uniforms for KCWSD employees, which Mr. K. Smith had mentioned earlier. Mr. Turner said currently the District is spending a significant amount of money with G & K Services to provide uniforms for employees. Mr. Turner said the plan all along has been to purchase uniforms. Mr. Turner said all of the shirts totaled a little under \$800.

Mr. Turner talked about getting pants for employees. Chairman Smith said that they would discuss it during closed session.

Mr. Turner gave an update on the repeater site and possibly using a location at Jacobs Ridge. Mr. Turner said he has a request in with the Kentucky Emergency Management to give the District permission to put the District's antenna on the tower at that location. Mr. Turner said that site would work at 150 feet and the tower is 200 feet.

Chairman Smith announced that the board meeting for December would be moved from Wednesday, December 21<sup>st</sup> to Wednesday, December 14<sup>th</sup> due to the Christmas holiday and a possible conflict for everyone's schedules.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:46 P.M. and came out of closed session at 7:01 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:07 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

12-14-16  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

12/18/16  
Date

  
\_\_\_\_\_  
David Smith, Chairman

12/19/16  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

12/14/16  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, December 14<sup>th</sup>, 2016 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M. All KCWSD Board members except for Mr. King were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Mike Miller, KRADD; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried.

*Public Comments:*  
No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said there are currently two projects in place, the Red Fox AML Waterline Project, which Mr. Turner said was completed earlier in the day. Mr. Turner said that tank is complete, everyone is being served, and they are waiting for Letcher County to begin pulling water on their side. Mr. Turner said he had a Pay Request (#27) with the Red Fox Project. Mr. Turner said the other project is the Knott Co. AML Branch Line Project, which he said is substantially completed also. Mr. Turner said the only thing they are waiting on is the Highway 1498 booster pump station, which has not been completed. Mr. Turner said all of the equipment is in, but it has not been installed yet. Mr. Turner said the master meter vault should be set by the end of the week. Mr. Turner said there was a Pay Request (#13) with that project also. Chairman Smith entertained a motion to approve Pay Request #27 with the Red Fox Project and Pay Request #13 with the Knott Co. AML Branch Line Project. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

*Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there were three items that were added to the list after it was sent out to the board members. Mr. K. Smith said 10 heaters were purchased for pump stations, four tires for one of the service trucks from Greg Howard Enterprises, and some invoices that were turned in from Piercy Mullins were all added to the Claims List. Mr. K. Smith said the District received the invoice from the Corps. of Engineers and it was significantly less than what was budgeted. Mr. K. Smith said they had budgeted for around \$70,000-\$80,000 and it came in at \$43,475.59. Chairman Smith asked why it was so low

and Mr. K. Smith said it was due to the District's expenses being down. Mr. K. Smith said it is a percentage based on what your expenses are. Mr. K. Smith said he was going to put what was left over towards next year's total and will continue to allocate an amount each week towards the amount due in the following year. Chairman Smith entertained a motion to approve the Claims List. Mr. Jacobs made a motion, which was seconded by Mr. Mullins.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the District has been able to cut some expenses throughout the year, which has doubled the net income on a monthly average. Mr. K. Smith did not have anything else to note in the Financial Report. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

#### *2017 Budget:*

Mr. K. Smith proposed a budget for the upcoming year of 2017. Mr. K. Smith presented a budget comparison sheet to the board. Mr. K. Smith said the revenue was decreased due to wholesalers decreasing their water loss. Chairman Smith said he noticed that gasoline and diesel expenses decreased, but he anticipated that it would increase due to what gasoline prices are doing and he recommended leaving it at what it was for the previous year. Mr. Turner talked about budgeting in the power cost for the following year. He said they went back and looked at the power cost and what the increase has been, and they based the increase in the budget of \$40,000 on that percentage. Mr. K. Smith said professional services was also decreased from \$100,000 to \$48,500 due to there being no litigation and contracts wrapping up. Mr. K. Smith talked about depreciation. Mr. K. Smith said the District is going to book things long term so that the District will be able to recoup some of the depreciation over that period of time, whereas the District would lose the money if they focused on a shorter period of time. Mr. K. Smith said that starting in January he is going to go in and change everything to its useful life according to how the Public Service Commission views it. Mr. Turner said by doing things this way it would allow the District to take less of a loss now, and Mr. K. Smith added that it would show less of a loss on the net income each month. Chairman Smith entertained a motion to approve the budget for 2017 with the stipulation the Mr. K. Smith will follow up with the board on any discussions he has that may lead to the depreciation number needing to be adjusted. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 44,724,000 gallons, purchased 209,000 gallons, for a total of 44,933,000 gallons. The District sold 8,819,582 gallons to residential customers and 23,178,300 gallons to wholesale customers. The water loss for the month was up from the previous month at 16.5%. The water treatment plant ran 440 total hours, which was down from the average. The power consumption for the month was 200,041 kilowatt hours, which was well below the average. There was 19 overtime hours, 5 line breaks, 157 work orders, 19 net new customers, 47 disconnects, 35 reconnects, and 7 adjustments.

*Other New Business*

Mr. Turner talked about repairs to the District's dump truck. Mr. Turner was making the board aware of some significant rust on the bed and frame of the truck. Mr. Turner said he had some quotes to do some undercoating and sandblasting that he felt was a little high. Mr. Turner said he was going to get someone else to look at it, but made the board aware that they would be seeing some invoices in the future to make these repairs to the dump truck.

Mr. Turner talked about vehicle replacement. Mr. Turner gave the board a listing of the service vehicles with the current mileage and the projected mileage if the District replaced one vehicle per year. Mr. Turner said the 2004 2500 tool truck was in need of being replaced. Mr. Turner said each vehicle is averaging 25,000 miles per year, but added that most of these vehicles were used when they were purchased by the District. Mr. Turner said PSC gives a useful life of five years for a vehicle, but he felt that the District could get more than that out of them. Mr. Miller with KRADD said that the USDA had a program that they have assisted police and fire departments with that he assumed a water district would be eligible for. Mr. Miller said that if the District was eligible it would knock off 25 to 50 cents off each dollar of the vehicle. Chairman Smith and Mr. Turner asked that Mr. Miller look further in to it to see if water districts are eligible for the program.

Mr. Turner also talked about the repeater site that had been discussed during previous meetings. Mr. Turner said Thacker-Grigsby has a tower in the desired location, which would cost the District \$50 a month with electricity included. Mr. Turner said he did not know if it was going to work, but said he would know soon.

Mr. Turner said the intake inspections were done right after the previous meeting. Mr. Turner said a robot was sent down to inspect the intake screens and he said they looked good, adding that they looked relatively new. Mr. Turner said that would normally be a big expense to send divers down and the District was able to save \$3,000 by getting the tank inspection company to use their robot. Mr. Turner mentioned that in the future it may be cheaper for the District to purchase a water-proof camera and rent a boat whenever they want to check out the intake screens.

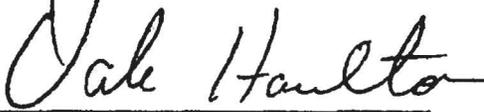
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:50 P.M. and came out of closed session at 6:37 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:37 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

1/18/17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

1-18-17  
Date

  
\_\_\_\_\_  
David Smith, Chairman

1/18/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

1/18/17  
Date

Larry King  
Larry King

1/18/17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, January 18<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:01 P.M. All KCWSD Board members except for Mr. King were present at the meeting.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried.

*Public Comments:*

No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said the Highway 1498 booster pump station is currently being built and it is a couple of weeks away from start up. Mr. Turner said the project is well ahead of schedule and is not due to closed until the end of February. Mr. Turner said the Red Fox AML project and Knott Co. Branch Line project are both complete with the exception of the 1498 booster pump station. Mr. Turner said he had one Pay Request with the AML Branch Line project. Chairman Smith said that AML had said in the progress meeting that they had approved the bore that needed to be done under Route 7 going over in to Letcher County and it would be included in this project. Chairman Smith entertained a motion to pay Pay Request #14 with the AML Branch Line Project. Mr. Mullins made a motion which was seconded by Mr. King, and the motion carried.

*Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said that Appalachian State Analytical will be slightly higher going forward due to some changes with their testing. Mr. K. Smith said the CDP Map Synch Services is 50% of the total invoice, which he said would be paid for in two 50% invoices. Mr. King made a motion to approve the Claims List, which was seconded by Mr. Mullins, and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said that with it being at the end of the year, they can look at the total numbers and see how the District did for the year. Mr. K. Smith said the revenue account may have appeared less in December than in November, but he

showed an Aged Payables column that was higher in November than it was in December, but there was still some money that was out with CSX invoices, which included a check that will reimburse the District from some CSX invoices that had already been paid. Mr. K. Smith said that due to some cuts with expenses in 2016, the District almost doubled the net income in comparison to 2015, but the revenue decreased from 2015 to 2016. Chairman Smith acknowledged that the board had reviewed the Financial Report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 44,865,000 gallons, purchased 150,000 gallons, totaling 45,015,000 gallons. The District sold 8,866,019 gallons to residential customers and 24,334,100 gallons to wholesale customers. Water loss for the month was 17.1%, which Mr. Turner said was down from the average of December of the previous year. Mr. Turner said the plant ran 475.3 hours. The power consumption for the month was 263,483 kilowatt hours. Mr. Turner said the power usage is close to what it was last year, but was a little bit higher. Mr. Turner said the cost was a substantial difference, increasing by more than \$12,700. Mr. Turner said the cost was 11 cents per kilowatt hour in 2015 and that increased to 16 cents per kilowatt hour in 2016. Overtime hours were 37 for the month. There were 3 line breaks, 126 work orders, 10 new customers, 0 disconnects, 0 reconnects, and 9 adjustments.

#### *Other New Business*

Mr. Turner talked about the Map Synch program. Mr. Turner said 50% had been paid and another 50% would be due in March to spread out the payment.

Mr. Turner also talked about a usage adjustment for the City of Hindman. Mr. Turner said the District is able to adjust the billing for water that is used through a fire department for training. Mr. Turner said it is an annual adjustment that he does once a year. Mr. Turner said the usage was 46,500 gallons, which equaled a \$139.50 adjustment that would be taken off the City of Hindman's bill for January.

Mr. Turner presented the repeater lease agreement. Mr. Turner said Thacker-Grigsby has allowed the District to use one of their towers on Jacobs Ridge Road to place a repeater for \$50 a month. Mr. Turner passed around a general agreement from Thacker-Grigsby for the board and Mr. Tackett to review. Chairman Smith entertained a motion to execute the repeater lease agreement after review by the board attorney, Mr. Tackett. Mr. King made a motion, which was seconded by Mr. Jacobs, and the motion carried.

Mr. K. Smith talked about selecting an audit company to do the annual KCWSD audit. Mr. K. Smith said that the previous company the District has been using, Ross & Co., has sold out to another company, RFH. Mr. K. Smith said the company retained two of the three auditors that were onsite to do the audit last year. Mr. K. Smith said this company has more experience doing audits with water districts than Ross & Co. did. Mr. K. Smith said his recommendation was to move forward with pursuing RFH to conduct this year's audit for the District. Chairman Smith

asked that Mr. K. Smith compile some comparable quotes to see how much other auditing companies may cost. Chairman Smith asked when they would be able to start with the audit, and Mr. K. Smith said RFH had informed him they could be ready to do the audit as early as March. Mr. K. Smith said he would get the quotes and email them to the board members. Chairman Smith made a motion to approve Mr. K. Smith's recommendation based on the quotes that Mr. K. Smith acquires. Mr. Hamilton made a motion, which was seconded by Mr. Mullins, and the motion carried.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:37 P.M. and came out of closed session at 6:03 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:03 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

2-15-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

Feb 15, 2017  
Date

  
\_\_\_\_\_  
David Smith, Chairman

2/15/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

2-15-17  
Date

  
\_\_\_\_\_  
Larry King

2-15-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, February 15<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:01 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Byron Isaac, community member from Wagers Branch; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Byron Isaacs from the Wagers Branch area of Knott County was present to ask about the current status of his area of the county getting water. Mr. Isaacs said his water continues to get worse every day and is starting to cause his house to smell from the odor of the water. Mr. Isaacs said he has been out extra expenses by having to purchase softeners to try to treat the water, and he thinks the water is now causing his washing machine to not work properly. Mr. Isaacs said he knew the area had been approved by AML, but he said when he tries to contact them he is not able to get in touch with anyone. Mr. Isaacs said he has tried to contact State Representatives, but they have said they will do what they can do. Mr. Isaacs mentioned his wife being sick with cancer and having bone aches that she needs to take baths for, but is unable to do so due to the condition of the water. Mr. Turner said AML has studied the area and it is eligible. Mr. Turner said right now they are in the process of getting it approved and getting it put in an MOA. Mr. Turner said Johnson Engineering is working on a project that Mr. Turner hoped would eventually become a project and be approved. Mr. Isaacs said a few years ago he had a neighbor that agreed to dig the ditch for the waterline for free, but he did not think they would do it for free now for economic reasons. Mr. Tackett asked if he had any type of filters on his water. Mr. Isaac said he had an iron filter, potassium, and a water softener to try to treat the water. Mr. Mullins asked if it was a project that the District would be able to do, but Mr. Turner said the District did not have the staff to take on a project like this. Chairman Smith asked that Mr. Turner go back to G & W Construction from a previous quote and see how much they would charge to do the project and to see if Mr. Johnson with Johnson Engineering could get something to happen through an emergency status.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said the Highway 1498 pump station is the only thing left to be completed in the Route 7 AML Branch Lines project. All of the equipment has been installed and the start-up has been done on the generator and the pump. Mr. Turner said the telemetry is the only left that needs to be done, but it should be done towards the end of the month. Mr. Turner said there was a Pay Request (#15) for the Branch Lines project. Chairman Smith entertained a motion to pay Pay Request #15 with the AML Branch Lines project. Mr. Mullins made a motion to approve Pay Request #15, which was seconded by Mr. King and the motion carried.

*Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there were a few invoices for Piercy Mullins, but he said most of those were from previous months that had been turned in late. Chairman Smith asked about a motor that was on the list. Mr. Turner said it was for the 1410 booster pump station that would supply water to Letcher County. Mr. Turner said they plan on rebuilding the old motor to have it on hand in case it is ever needed in the future. Mr. King made a motion to approve the Claims List, which was seconded by Mr. Jacobs and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said that January was a typical month in comparison to previous colder months of the year. Mr. K. Smith said for five consecutive months the District has been able to increase in revenue. Mr. K. Smith said the revenue for the month was less than the previous January, but was still higher than what the average typically is. Mr. K. Smith also made the board aware that the District's yearly audit would start on the following Monday. Chairman Smith acknowledged that the board had reviewed the Financial Report.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 56,694,000 gallons and purchased 192,000 gallons, totaling 56,886,000 gallons. The District sold 11,679,922 gallons to residential customers, which Mr. Turner said was up significantly, and 29,973,300 gallons to wholesale customers. The water loss for the month was 19.6%, which Mr. Turner said was down in comparison to January of last year due to last year being colder and there being more line breaks. Mr. Turner said the water treatment plant ran for 471 total hours and the power consumption was 308,293 kilowatt hours. The District had 76 overtime hours, 8 line breaks, 200 work orders, 12 net new customers, 31 disconnects, 25 reconnects, and 25 adjustments.

*Other New Business*

Mr. Turner talked about leaks in the District's water system and trying to get the water loss down. Mr. Turner said his goal was to get the water loss down to 10%. Mr. Turner said he is planning on having every meter lid in the system lifted to detect any possible leaks or theft. Mr. Turner said they have also been using pressure zones to see if any water is unaccounted for. Mr. Turner hoped that by the end of the year the District's water loss will be where it needs to be.

Mr. Turner said fire hydrant repairs would be done around the end of the month, and the training is scheduled to be done on March 6<sup>th</sup>. Mr. Turner said it would be an American Darling rep doing the training, which he said would be fine due to there being some hydrants with that brand in the system.

Chairman Smith said he was speaking with someone with KRADD about an emergency efficiency program through AEP. Chairman Smith said one part that he thought would be beneficial to the District is variable frequency drives on old stations that have been upgraded. Chairman Smith said Mr. Turner was going to look in to it and see if there would be any cost savings for the District.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:37 P.M. and came out of closed session at 6:06 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:06 P.M.

**Approval of Minutes:**



**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Saturday, February 25<sup>th</sup>, 2017 at 4:30 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 4:33 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; and Randall Tackett, KCWSD Attorney. Mr. Terry D. Jacobs was present at the meeting via teleconference on a cell phone.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the motion carried.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 4:36 P.M. and came out of closed session at 6:00 P.M.

Chairman Smith entertained a motion to develop a policy for fraudulent and illegal use of service, which would include warnings and possible criminal action. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:01 P.M.

**Approval of Minutes:**

  
Greg Mullins

3-15-17  
Date

Dale Hamilton  
Dale Hamilton, Vice-Chairman

March 15, 2017  
Date

David Smith  
David Smith, Chairman

3/15/17  
Date

Terry D. Jacobs  
Terry D. Jacobs

3-15-17  
Date

Larry King  
Larry King

3-15-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, March 15<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:01 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Byron Isaacs, community member from Wagers Branch; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the special called meeting. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

*Public Comments:*

Byron Isaacs was present to see if there was any updates about water being put in the Wager Branch area of Knott County. Chairman Smith said a contractor went to view the site to give the District a quote on how much it would cost to run the water line. Chairman Smith said they are going to pull Wagers Branch out of the big project and see if it could be done in a smaller project, which he felt would have a quicker time line. Chairman Smith said they are going to try to meet with some people with AML to see if some of the money could be moved around to make it a quicker process. Chairman Smith estimated that within the next two to three weeks they would know whether or not it would be able to be included in a smaller project. Chairman Smith said he had made multiple trips to Wagers Branch to view the areas as well as Mr. Turner and he assured Mr. Isaacs that the board will do all they can to try to get water in the Wagers Branch areas as quickly as possible.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said there was one Pay Request (#16) with the Knott Co. AML Branch Lines Project. Mr. Turner said engineering money is 99% of the Pay Request. Mr. Turner said the pump start-up was done earlier in the day on the Hwy 1498 pump station. Mr. Turner said AML approved to extend the line on in to Letcher County down Highway 7, but they are still working on some permitting from CSX before they can start breaking ground. Mr. Turner said the TEA Highway 80 Waste Water Project is moving along and all of the line is in the ground. Mr. Turner said they are looking for potential customers that can be served quickly, easily, and affordable. Mr. Turner said the engineer is going house to house trying to find interested potential customers that would want to hook on to the sewer system when it is completed. Chairman Smith entertained a motion to approve Pay Request #16 with the AML Branch Line Project. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said he added a few items to the list. Mr. K. Smith said the invoice for Bebo's Auto Repair for \$80.00, the Car Quest invoice for \$103.98, the Childers Oil invoice for \$1,915 gallons of gasoline, the Hindman Pro Mart invoice for \$174.76, and a reimbursement to the night shift plant operator for \$101.81 were all added to the Claims List earlier in the day. Chairman Smith entertained a motion to approve the Claims List. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the depreciation expenses went up due to adding the Red Fox Project starting with January 1, 2017. Mr. K. Smith said for the first two months the District is capturing about 42% of its depreciation, which he said is good in comparison to the previous year which was only around 20%. Mr. K. Smith said he did not anticipate it to stay that high, but said it was a good number to have at this time. Chairman Smith acknowledged that the Financial Report had been received and reviewed by the board.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 48,037,000 gallons and purchased 268,000 gallons for a total of 48,305,000 gallons. The District sold 9,443,059 gallons to residential customers and 34,289,000 to wholesale customers for a total of 43,732,059 gallons. Mr. Turner said water loss for the month was really good. He said the number was a little off and he felt that number would level out within the next month. Mr. Turner said he thought the total amount would be in the teens, probably around 13%. Mr. Turner said they have fixed some leaks they felt have been leaking for a long period of time, as well as repairing some busted meter bottoms and discovered some water theft that was going on. The plant ran for 418 total hours. The power consumption for the month was 266,544 kilowatt hours. Mr. Turner said overtime hours was 59 for the month. There was 5 line breaks, 0 new net customers, 39 disconnects, 34 reconnects, and 28 adjustments.

#### *Other New Business*

Mr. Turner talked about the MapSynch training. He said it has already been installed on his machine and he planned on doing some training on the program the following week. Mr. Turner said the District will have to get some tablets in order for the project to be used in the field.

Mr. Turner said the County Tourism Department is going to be borrowing generators. Mr. Turner said he had a signed letter request from Chris Amburgey, which was what the board had required, asking for use of the generators. Mr. Turner said he did not need a motion but was informing the board that the generators were going to be in use by Knott County Tourism.

Mr. Turner said some fire hydrant training was done during the previous week. Mr. Turner said some of the KCWSD employees as well as fire chiefs throughout the county attended the training and it was very beneficial to everyone involved. Mr. Turner said valve wrenches were also passed out, two wrenches per each fire department, during the training.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:27 P.M. and came out of closed session at 7:20 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:20 P.M.

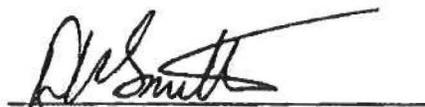
**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

4-19-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

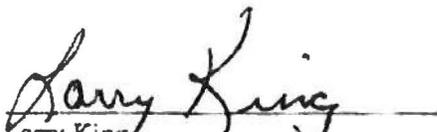
April 19, 2017  
Date

  
\_\_\_\_\_  
David Smith, Chairman

4/19/17  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

4-19-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, April 19<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; Anette Napier, KRADD; Zach Weinberg, Knott Co. Judge Executive; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk.  
Mr. Terry D. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried.

*Public Comments:*  
None.

*Capital Project Updates and Contractor Claims:*

Mr. Turner said he had two pay requests, the first was for the AML Branch Line Project (Pay Request #17). Mr. Turner said the pump station is complete on Highway 1498, the line is being laid going up Highway 7 into Letcher County and CSX is scheduled to come in later in the month to inspect the bore under the railroad tracks. Mr. Johnson said they have a spot on the Knott-Letcher line close to the railroad tracks and the road for a tank site, which he said would open up more access for Letcher County if they needed it in the future. Mr. Mullins asked about there not being any pressure in Scip Branch. Mr. Johnson said that a PRV had been put in and he thought that had resolved the problem. Mr. Turner said they have 30 lbs. at the head of the hollow and they have a higher elevation than what their meters are. Mr. Turner said the only way to get the pressure up would over-pressurize the rest of the line on Highway 7. Mr. Johnson said the hydraulics are at a maximum and the fix to the problem would be to upgrade the pump or put another pump in. Mr. Johnson said the system in that area was designed for what was needed 15 years ago and now it is maxed out. Mr. Turner said there was one more pay request for the design engineering for the FEMA slide that occurred behind the water plant. Mr. Turner said they have advertised for bids and had a pre-bid meeting earlier in the day. Mr. Turner said the bid closes on the 25<sup>th</sup>. Mr. Turner said the District would have to cover 13% of the project, but the District is going to urge the contractor to do monthly pay out so the District will not have to carry such a big load. Mr. Turner said the potential out-of-pocket payment from the District will be \$27,609.44. Chairman Smith entertained a motion to pay Pay Request #17 with the AML Branch Line Project. Mr. Hamilton made a motion, which was seconded by Mr. King and the

motion carried. Chairman Smith also entertained a motion to approve the Pay Request for the FEMA Slide Project. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

Mr. Mullins asked about when there would be funding for Wagers Branch, Runnels Branch, and some other hollows that are wanting county water. Mr. Johnson said if there was money available he thought it would be taken care of during the next funding cycle, but Mr. Johnson said there was no more free money that is available at this time to fund the project. Mr. Johnson said to put an application together and submit it, especially for those three areas. Mr. Johnson said the problem is the person with AML that does the studies has been moved to construction, which has left no one on the studies side to study whether an area is eligible or not. Judge Weinberg asked where the funding came from and Mr. Johnson said there is an AML allocation every year and it depends on what bill the state is working out of at that time to determine how much money is available. Mr. Johnson said by the next meeting the application should be submitted to AML.

Mr. Turner also talked about the Pippa Passes Waste Water Treatment Plant. He said Mr. Johnson had put together a preliminary engineering report for the plant and the collection system. Mr. Turner said there was a project that replaced half of the collection line, but the rest of it needs to be replaced. Mr. Turner said they have been sent a proposal from a structural integrity engineer to come do an inspection of the waste water treatment plant. Mr. Turner said there were two different options: to drain the plant and inspect it or come do a site visit which may not require him to have to go in any more detail with the inspection. Mr. Turner said he asked for some pictures and the engineer recommended the second option, which Mr. Turner said was cheaper. Mr. Turner said it would be \$3,500 for the engineer to come do an inspection and provide the District with a report. Mr. Turner said if the engineer found something and has to go further with the process, it would cost an additional \$6,000. Chairman Smith asked that the District obtain something in writing to fall back on from the engineering stating his opinion and how long he thought the plant would last in its current condition. Chairman Smith entertained a motion to approve up to \$7,750 for the first option provided by the structural integrity engineer. Mr. King made the motion, which was seconded by Mr. Mullins and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said a sale at the bottom of the list was for business supplies from Quill, but it was split between two pages on the list. Mr. K. Smith said the District returned a motor to USA Bluebook that was credited to the District's account. Chairman Smith asked about two batteries that were purchased. Mr. Turner said that one was a battery for a service truck and the other was a battery for the generator at the Ball Creek Waste Water Treatment Plant. Mr. K. Smith said the confusion came from the description being transposed. Mr. Mullins made a comment of noticing some vendors being used that were out of the county and wanted the service crew to try to use vendors within the county any chance they can. Mr. Mullins made a motion to approve the Claims List, which was seconded by Mr. King and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the first quarter had an abnormal increase, which he felt was from the winter months and he thought it would taper off in the coming months. Mr. K. Smith said the water cost was up, but it correlates with the volume. Mr. K. Smith said that explained why the cost of the water was up during the month. Mr. K. Smith said there was some fluctuation with the payroll for the previous month due to the payroll being weekly and there was five weeks in March. Chairman Smith acknowledged that the board reviewed the Financial Report and did not have any further questions.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 41,752,000 gallons and purchased 190,000 gallons, totaling 41,942,000 gallons. The District sold 8,811,946 gallons to residential customers and 24,090,800 gallons to wholesale customers. The water loss for the month was 17.4%, which brought the District to 15.5% water loss for the year. Mr. Turner said the water treatment plant ran for 468.5 total hours and the power consumption was 251,639 kilowatt hours. The District had 47 overtime hours, 6 line breaks, 100 work orders, 25 new customers, 26 disconnects, 21 reconnects, and 7 adjustments.

*Other New Business*

Mr. Mullins asked that in the future when there are any line breaks to send an email to Mr. Weinberg so the Judge's office will be informed about any water outages and boil water advisories in case they receive any phone calls.

Mr. Turner talked about vehicle replacement for the service vehicles. Annette Napier with KRADD said KRADD was working on a community facility grant application for the District to try to replace three vehicles. Mrs. Napier said it was a grant for \$32,160. She said it was a 40% grant, 60% match. She said the application should be sent in by Friday at the latest. Mrs. Napier said there is a waiting period until the budget numbers are figures up. She said unless the application is submitted the District will not be eligible, which is why KRADD wanted to go ahead and get the application sent in. Mrs. Napier said it may not be until October due to there being a waiting list, but she felt confident that the District would be able to get it. Mr. Mullins asked what the amount would be. Mrs. Napier said if the District purchased all three vehicles at one time, it would be a \$59,726. Mrs. Napier said she would know more about it the following day.

Mr. Turner also talked about a KACO insurance claim. Mr. Turner said some of the equipment had been flooded a few months previously. Mr. Turner said it was due to an operational incident where the wrong valve was closed and the wrong valve was not opened in addition to a horrible design. Mr. Turner said he and Chairman Smith have been looking at a way to keep it from happening again.

Mr. Turner talked about attending a Southern Water & Sewer District meeting last month. Mr. Turner said he wanted to be there for when the contract was proposed to their board. Mr. Turner

said he felt they were fairly receptive to it, but they had some questions with some of the rates. However, Mr. Turner said he due to KCWSD's willingness to work with Southern and always being available when they need assistance, he felt they would get past that and agree to sign the contract.

Mr. Turner said the District recently had a PSC inspection and Division of Water sanitary survey. Mr. Turner said the sanitary survey had no findings and the PSC inspection went well. Mr. Turner said the District was cited for water loss. because PSC wants water loss at 15%. Mr. Turner said the District is working on decreasing its water loss.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 6:34 P.M. and came out of closed session at 7:25 P.M.

Upon calling the meeting back to order, Chairman Smith asked for a motion to approve a resolution (Resolution #41917) for a protocol for unauthorized use. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 7:27 P.M.

**Approval of Minutes:**

  
Greg Mullins

05-17-17  
Date

  
Dale Hamilton, Vice-Chairman

05-17-17  
Date

  
David Smith, Chairman

5/17/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

May 17 - 17  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Tuesday, May 2<sup>nd</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; and Matthew Catron, Clerk. Board Member, Larry King, was unable to attend the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

*Public Comments:*

There were no public comments.

*New Business:*

Chairman Smith addressed everyone in the audience and said the only topic that would be addressed at the meeting would be the FEMA Slide Project. Mr. Turner passed out a packet to the board. Mr. Turner recapped what happened and said there was a slide that occurred behind the water plant, which will be covered by FEMA. Mr. Turner said the project went to bid last week and the meeting was to give a notice of award to the contractor to go ahead and get the project started. Mr. Turner reviewed the packet with the board, reviewing the bids that were received, the recommendation from RM Johnson Engineering, and the notice of award, if the board chose to move forward with recommended contractor. Mr. Turner said the recommended contractor, Jackson & Jackson Reclamation Services, was viewed in high regard by the other contractors involved in the project. Mr. Jacobs asked if FEMA would be covering the full amount of the project and Mr. Turner said KCWSD would have to cover 13% of the total amount. Mr. Turner said the project was critical because at this time they are not able to access the water tanks on the hill behind the plant with a vehicle due to the road being gone. Chairman Smith asked for a motion to approve FEMA PW #KSCJK01. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried. Chairman Smith said the resolution number would be 05022017A. Chairman Smith said part of the motion would be giving him the authority to sign on behalf of KCWSD approving the award.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 5:08 P.M.

Witnesses: Jared Salmons and Kyle Smith  
Revised Form 0502 2017

**NOTICE OF AWARD**

To: Jackson & Jackson  
Reclamation Services, Inc.  
P.O. Box 159  
Fall Rock, KY 40932

Project Description: KCWSO Water Tank Access Road Slide Area  
FEMA PW NO. KSCJK01 Project

The OWNER has considered the BID submitted by you for the above described WORK in response to its Advertisement for Bids dated April 25, 2017, and Information for Bidders.

You are hereby notified that your BID has been accepted for items in the amount of \$ 134,875.00.

You are required by the Information for Bidders to execute the Agreement and furnish the required CONTRACTOR's Performance Bond, Payment Bond and Certificates of Insurance within ten (10) calendar days from the date of this Notice to you.

If you fail to execute said Agreement and to furnish said Bonds within ten (10) days from the date of this Notice, said OWNER will be entitled to consider all your rights arising out of the OWNER's acceptance of your BID as abandoned and as a forfeiture of your BID BOND. The OWNER will be entitled such other rights as may be granted by law.

You are required to return an acknowledged copy of this NOTICE OF AWARD to the OWNER.

Dated this 2<sup>ND</sup> day of May, 2017.

Knott Co. Water & Sewer District

Owner

By [Signature]

Name/Title Chairman

**ACCEPTANCE OF NOTICE**

Receipt of the above NOTICE OF AWARD is hereby acknowledged

by Jackson & Jackson Reclamation Services, Inc.

this the 8th day of May, 2017

By [Signature]

Name/Title Fred Jackson / President

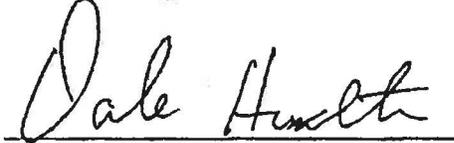
### **On-Call Policy**

1. Hourly employees who have been designated to be on-call will receive 2 hours per day of straight time pay. Any time worked on these designated days will be in addition to the 2 hours of on call time. On Call pay is not eligible for overtime, however, time worked on designated on-call days may be eligible. Your supervisor will determine who will be on-call and must approve any changes to the "on-call" schedule. Employees who are designated to be on-call may choose to take leave from their scheduled work week equal to the on-call time. If an employee choses to take leave for on-call time it must be in the same pay period and must be approved by his or her supervisor.
  
2. Salary employees that are required to be on-call will receive 2 hours per day of compensatory leave that can be taken at a later date. Leave time must be approved by his or her supervisor.
  
3. **ON-CALL OBLIGATION:** An On-call employee is not required to remain on District premises, but is required to be in fit condition for duty. Employee shall refrain from the use of alcohol and/or other substances which may impair the employees' ability to drive to the facilities and perform his or her duties. On-call employees are required to wear the department issued cellular telephone or have other arrangements of communication established in advance. When contacted by telephone, on-call personnel are required to respond within 30 minutes and when necessary should be onsite within an hour. Employees using cellular phones or land lines as a form of contact shall maintain awareness of availability and ensure they can be reached when called. The employee must contact their supervisor with alternate number if outside of the primary coverage area or away from their normal contact number.
  
4. Employees who fail to meet their "On-call" obligations are subject to disciplinary action. Failure to respond to a telephone call and/or refusal to report for duty when called by an authorized employee during the period an employee is designated for On-call duty will result in loss of On-call pay for that shift, and may also result in disciplinary action up to and including dismissal.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

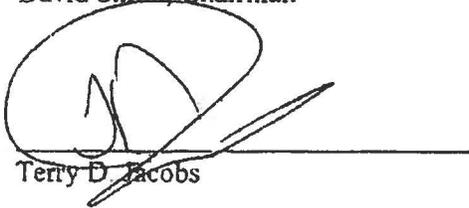
05/17/17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

May 17, 2017  
Date

  
\_\_\_\_\_  
David Smith, Chairman

5/17/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

5-17-17  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**'KNOTT COUNTY' WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, May 17<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Matthew Catron, Clerk; Byron Isaacs, Community Member from Wagers Branch. Mr. King was not present at the meeting

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting and the special called meeting earlier in the month. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried.

*Public Comments:*

Byron Isaacs was present at the meeting to ask about an update with getting county water ran in the Wagers Branch community. Chairman Smith said during the Project Update meeting with AML on the previous Tuesday, he spoke specifically with AML about it. Chairman Smith said they are going about it in two different ways: including it in the new bigger project and asking that if there is any additional money left over from the current projects be used to help fund getting water in Wagers Branch. Chairman Smith said they asked if a representative with AML could attend the board meeting, but they were unable to do so. Chairman Smith said they would be present at the next project meeting and invited Mr. Isaacs to attend the meeting. Chairman Smith said if any money left over from the project was put towards getting water in Wagers Branch, there would be a 30 to 60 day waiting period due to the NEPA process. Mr. Isaacs said he has tried to contact AML and has left messages, but has not heard anything back from them. Mr. Isaacs said he would try to work his schedule around the meeting to be available. Chairman Smith said the projects end at the end of the month and any money that is left goes back in the AML fund. Chairman Smith said AML will then reassign that money as they see fit. Mr. Turner said for Mr. Isaacs to contact him to make sure there is not changes with the meeting.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Capital Project Updates and Contractor Claims. Mr. Turner had one Pay Request (Pay Request #18) for the AML Branch Lines Project. Mr. Turner said the project is basically over except for an extension up Highway 7 and there is one more railroad bore to be done. Mr. Turner said there would be one more Pay Request next month and it would probably be the end of the project. Mr. Turner said the FEMA Slide Project has been awarded and the authorization has been received back and signed by the contractor. Mr. Turner hoped by the next meeting to have some construction going on to fix the slide on the hill behind the water

*Other New Business*

Mr. Turner talked about the Pippa Passes waste water treatment plant structure integrity test. Mr. Turner said the plant is beyond its estimated useful life and the District is having a structural integrity engineer do a full assessment of the structure of the facility. Mr. Turner said they will come on June 1<sup>st</sup> to do the assessment.

Mr. Turner said the District scheduled OSHA training for June 13<sup>th</sup> and 14<sup>th</sup>. Mr. Turner said there would be two five hour trainings each day.

Mr. Turner said there was a vehicle accident that will be a claim through KACO. Mr. Turner said it was a bump in a parking lot and he was making the board aware of it.

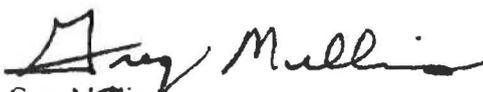
Chairman Smith said he was contacted by the City of Hazard's manager about a potential interconnect on Highway 80 to send them potentially 750,000 gallons of water a day. Chairman Smith said it would be a project for AML and they would discuss it later in the meeting.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins. The board went in to closed session at 5:44 P.M. and came out of closed session at 6:20 P.M.

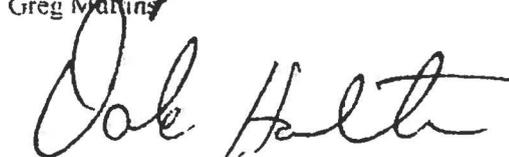
Upon calling the meeting back to order, Chairman Smith asked for a motion to adopt an on-call policy (Resolution #051717A) Mr. Jacobs made a motion, which was seconded by Mr. Mullins.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:20 P.M.

**Approval of Minutes:**

  
Greg Mullins

06-21-17  
Date

  
Dale Hamilton Vice-Chairman

June 21, 2017  
Date

  
David Smith, Chairman

6/21/17  
Date

**KNOTT COUNTY WATER & SEWER DISTRICT**

**RESOLUTION**

**RESOLUTION ENDORSING AND SUPPORTING  
FUNDING FOR THE HIGHWAY SEVEN WATER INTERCONNECT**

WHEREAS it is recognized that having safe, dependable, potable water is a basic need of citizens in our region, and

WHEREAS, it is further recognized that regional water sourcing is the most efficient and economical means to achieve these goals, and

WHEREAS, Knott County Water & Sewer District, Inc. has already entered into a series of interconnection agreements with Letcher County Water & Sewer District to ensure a dependable water source, and

WHEREAS, the upper end of Letcher County, including Hwy. 7 corridor, is currently under-served and in dire need of water service, and

WHEREAS, this Hwy. 7 project is the most recent step toward achieving a dependable water source for Letcher County by providing a third interconnect with 150,000 gallon storage.

NOW, THEREFORE, BE IT RESOLVED that the Knott County Water & Sewer District, Inc. declares its support for the Hwy. 7 project by announcing its intent to sell water transported thru the Interconnect,

BE IT FURTHER RESOLVED that the Knott County Water & Sewer District, Inc. declares this project to be in the public interest and would urge any funding agency considering the project to move promptly in assisting the funding.

Said Resolution being duly made, seconded, and voted unanimously in the affirmative, it is hereby PASSED.

Attest: Larry King

sl [Signature]  
Chairman Knott County Water & Sewer  
District, Inc

Date: 5-21-17

  
\_\_\_\_\_  
Terry D. Jacobs

June 21 17  
Date

  
\_\_\_\_\_  
Larry King

June 21-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, June 21<sup>st</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; and Tyler Fallin, CPA with RFH CPA.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting and the special called meeting earlier in the month. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***  
No Public Comments.

***Auditor's Report:***

Mr. Fallin with RFH CPA provided the report from the Knott Co. Water & Sewer District 2016 audit. Mr. Fallin issued a clean opinion of the report, which he said was the best opinion they could give and meant that the financial statements were presented fairly in all material respects. Mr. Fallin said the District's assets increased by \$11.7 million for the past year primarily due to purchases in property plant equipment, projects funded through grant money, and the contribution of the treatment plant. Total liabilities increased by \$500,000 in the prior year due to the net pension liability that increased. Current liabilities increased during the previous year primarily due to some accrued invoices related to ongoing construction projects. Mr. Fallin said there was a deficit in unrestricted net position of \$218,000 and he said the majority of the deposited net position is related to investments and capital assets. Operating income was \$2 million, which he said was consistent with the prior year. Operating expenses were \$1.8 million, which was also consistent with the prior year. Depreciation expense was \$1.2 million and that results in an operating loss of \$980,000. Depreciation expense decreased by \$400,000 from the prior year due to the adjustment to the estimated depreciable lives lengthening those estimated lives. Mr. Fallin said there was contributed capital of \$9.3 million during the year relating to the treatment plant and the grant money that was received and spent on the various line project during the year. Mr. Fallin said there was \$508,000 of positive cash flow from operating activities and due to the large amount of contributing capital there was not a major outflow of cash due to capital asset purchases. The total cash increased by \$440,000 from the previous year. Mr. Fallin talked about the pension liability and said governmental entities are required to record and present their net pension liability. Mr. Fallin said at the end of 2016, the District is reporting a pension liability of \$823,000 relating to the pension system, which is determined by

the Kentucky Retirement System. Mr. Fallin said that liability is not related to anything that was done at the District and it has more to do with the system as a whole for state is underfunded. Mr. Fallin said there was a finding related to internal control of financial reporting. Mr. Fallin said the finding was very common and the vast majority of their clients have it. Mr. Fallin explained that when they assist with the preparation of the foot notes and some of the pension schedules, they include the finding to state that they assisted with it. Mr. Fallin said this finding is common and is something they are required to do when they assist with these items, and it is not intended to reflect negatively on the District. Mr. Fallin thanked the District, Mr. Turner and Mr. K. Smith, for their assistance with the audit and making the audit process easier for them.

Mr. Jacobs asked if there was anything that the Board should be concerned with. Mr. Fallin said that with their audits it is not possible to review every transaction, but he said within the scope of what they reviewed they issued a clean opinion.

Mr. K. Smith spoke highly of RFH CPA's and talked about their professionalism and how they made the audit process go along smoothly for all parties involved.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Capital Project Updates and Contractor Claims. Mr. Turner had a Pay Request for the AML Branch Line Project (Pay Request #19). Mr. Turner said the project was closed out and completed. Mr. Turner also said the FEMA Slide Project is also almost completed. Mr. Turner said the District will have to pay 13% of it, but will be reimbursed by FEMA. Mr. Turner said the Pippa Passes Waste Water Treatment Plant was assessed by a structural engineer of the exterior. Mr. Turner said the Division of Water denied their request to drain the plant, so they were unable to have a full assessment done. Mr. Turner said it was given a good report and it is estimated that if the structure is maintained properly it could last in excess of 100 years. Mr. Turner said the system itself ran well as long as there was no I & I getting in. Mr. Turner said Mr. Johnson is seeking funding for upgrades to the plant and he feels optimistic that he can get some for 2019 when the funding is available. Chairman Smith entertained a motion to approve Pay Request #19. Mr. Hamilton made a motion to approve the Pay Request, seconded by Mr. Jacobs, and the motion carried.

Mr. Turner talked presented a resolution endorsing an inner-connect between Letcher County and Highway 7 in Knott County. Mr. Turner said it was already signed by Letcher County and Knott County Fiscal Court already has it to review it. Mr. Turner said the resolution has to be in place before they can apply for the funding. Chairman Smith asked for a motion to approve the resolution (06212017A). Mr. Jacobs made a motion to approve the resolution, which was seconded by Mr. King, and the motion carried. Chairman Smith said with the motion it gave him the authority to sign on behalf of the board.

Mr. Turner also talked about a CSX agreement for Highway 7. Mr. Turner said it has been reviewed by Mr. Tackett, KCWSD attorney. Mr. Turner said Mr. Tackett wanted the board to be aware that there was liabilities involving the District due to a lot of things that can occur around

the railroad tracks. Mr. Turner said all precautions are taken and CSX has engineers that inspect the line when it is put in the ground. Mr. Jacobs reviewed the agreement and felt that a lot of the aspects of the agreement were included due to the railroad being a business that has lasted for many years. He mentioned that the agreement would not give the District a trial by jury if any future litigation was involved, but would allow them a trial by judge which he felt was fair. Chairman Smith entertained a motion to approve the CSX agreement and give Chairman Smith the authority to sign it. Mr. Jacobs made a motion to approve the CSX agreement, which was seconded by Mr. Mullins, and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said the KACO invoices had to be changed, but he did not include a 1% discount that the District gets for paying the bill early. Mr. K. Smith said there was another invoice on the Claims List for the structural integrity engineer that conducted the assessment on the Pippa Passes Waste Water Treatment Plant. Chairman Smith entertained a motion to approve the Claims List. Mr. Hamilton made a motion to approve the Claims List, which was seconded by Mr. Mullins, and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the board had previously been emailed incorrect information, but made them aware that the correct information was present in their files. Mr. K. Smith mentioned the KACO invoices and said the expenses are higher at this time of the year than during other times. Mr. K. Smith said the District had been sitting aside money to cover these expense so it does not hit all at once. Mr. K. Smith said the section labeled "buildings and grounds" was mostly due to the fencing that was done around the sewer plants. Chairman Smith acknowledged that the board were presented and reviewed the Financial Report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 43,098,000, purchased 247,000, totaling 43,345,000. The District sold 8,998,617 to residential customers, 22,207,100 to wholesale customers. Water loss was up for the month. Mr. Turner said he been zoning areas to find pressure zones where more water is being used than what is used on the average. Mr. Turner said he has to find that the numbers he is getting are correct before the District looks further in to the problem. Mr. Turner said he has ordered a portable mag meter to lay in line with the other meters to ensure the reading is correct. The water treatment plant ran for 465 hours. The power consumption was 201,908 kilowatt hours. Mr. Turner said the power consumption is down, but the cost has risen significantly since last year. The District had 40.25 overtime hours, 6 line breaks, 71 work orders, 10 new customers, 51 disconnects, 48 reconnects, and 8 adjustments.

#### *Other New Business*

Mr. Turner talked about waiting to get a withdrawal permit from the Corps of Engineers for 2 million to 4 million gallons per day for a long period of time. Mr. Turner said he felt the District needed to push to try to get some movement going with it. Mr. Jacobs asked what the issue with

it is. Mr. Turner said there was not issues and he thought it was sitting on someone's desk somewhere. Mr. Turner said the plant is currently pumping 1.8 million gallons and the maximum amount at this time is 2 million. Mr. Turner said the day is coming when it will need to be increased and he wanted to try to go ahead and get the process started.

Chairman Smith talked about a list of unserved areas in the county. Mr. Turner said he has taken all locations that have been reported as being unserved. Mr. Turner showed a column that read supply showing where the water source was from, how far the locations were from a main line, the owner of the road, and the line size. Mr. Turner said he based it on the number of homes, giving a road with under 10 homes a 3-inch line and roads with over 10 homes a 4-inch line. Mr. Turner also provided the cost per foot with how much it would cost to run the line. Mr. Turner said he got the information from the most recent bid to get an estimate of how much it would cost. Mr. Turner also included areas that will require railroad crossings and directional bores. Mr. Turner said before doing the project they need to see how many people in these areas want to get county water in their homes. Chairman Smith said it would be at least July or August until AML knew what funds would be available. Chairman Smith asked the other board members to review the list for any unserved areas that need to be added or any incorrect information that someone may see.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins. The board went in to closed session at 6:23 P.M. and came out of closed session at 6:57 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:58 P.M.

**Approval of Minutes:**

Greg Mullins  
Greg Mullins

7-19-17  
Date

Dale Hamilton  
Dale Hamilton, Vice-Chairman

7-19-17  
Date

David Smith  
David Smith, Chairman

7/19/17  
Date

Terry D. Jacobs  
Terry D. Jacobs

7-19-17  
Date

Larry King  
Larry King

7-19-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, July 19<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. Hamilton, Vice-Chairman, called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Mr. Hamilton welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; and Matthew Catron, Clerk. Chairman David Smith was present at the meeting via Face Time by cellphone.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Vice-Chairman Hamilton asked for a motion to approve the minutes from the previous meeting. Vice-Chairman Hamilton made a motion, which was seconded by Mr. King and the motion carried.

*Public Comments:*  
No Public Comments.

*Capital Project Updates and Contractor Claims:*

Mr. Turner gave an update on the Capital Project Updates and Contractor Claims. Mr. Turner had three Pay Requests. The first Pay Request was for the FEMA Slide Project, which Mr. Turner said is complete and was \$17,000 under budget. Mr. Turner said the portion of the amount that the District will be responsible for is \$18,009.00. Mr. Turner said the next Pay Request (#28) was the final Pay Request for the Red Fox AML Project. Mr. Turner said the third Pay Request (#20) was for the AML Branch Line Project. Mr. Turner said the District has verbal approval from AML for the interconnect going in to Letcher County on Route 7. Mr. Turner said they would have to upgrade some pumps downstream and the budget would be around \$1.25 million dollars. Mr. Turner said the project should help take care of the problems that Scip Branch has been having.

Mr. Turner talked about the unserved areas in the county and an application that has been submitted to AML. Mr. Turner said AML is in the area and will start studying the locations on the list within the week. Mr. Turner said he spoke with AML and they said it was a priority to get these areas studied. Mr. Turner said he spoke with Ron Johnson earlier in the day who said the coordinator of Pride has had some email exchanges with him about the Pippa Passes waste water treatment system, and asked if the line rehab project could be done for \$500,000. Mr. Turner said it could be done and said with that money there is a 25% match. Vice-Chairman Hamilton entertained a motion to approve the Pay Requests. Mr. Mullins made a motion, which was seconded by Vice-Chairman Hamilton and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said the list is relatively small. Mr. K. Smith pointed out that a portable flow meter had been purchased during the month, which Mr. Turner said is needed to calibrate all flow meters in the system to ensure that all numbers in the system are accurate. Mr. Turner said the District is taking part in a training on the following day to learn how to use the flow meter. Mr. K. Smith pointed out an item listed as Kentucky State Treasurer, which he said was a yearly amount that the District has to pay to PSC based on the District's revenue each year. Mr. Turner talked about a hydrant that was on the list. Mr. Turner said there was a hydrant near the Kite Fire Department that they have had difficulty repairing, so they ordered a new one to replace it. Mr. Turner said he plans on keeping the other hydrant to fix at the plant and have on hand if it is needed somewhere else. Vice-Chairman Hamilton entertained a motion to approve the Claims List. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the bank account balances would be higher, but there is \$75,000 pending that the District has in the O & M account that will be sent to CSX. Mr. K. Smith said the District would be reimbursed for the amount. Mr. K. Smith said this was the second highest revenue month that the District had in the past year and a half. Mr. Turner said Southern Water used extra water during the month and a lot of people have been filling up swimming pools, which he felt could have had an impact on the higher revenue for the month. Vice-Chairman Hamilton acknowledged that the board had reviewed and accepted the Financial Report.

#### *Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 56,214,000 gallons and purchased 285,000 gallons. The District sold 12,700,288 gallons to residential customers and 27,721,900 gallons to wholesale customers, totaling 40,422,188 gallons, which Mr. Turner said was over the average and causing the increase in revenue. Mr. Turner said water loss was up from the previous month. He said he hoped that with the new flow meter it would help the District decrease the water loss. Mr. Turner said the water treatment plant ran for 465 hours and power consumption was 237,997 kilowatt hours. Mr. Turner said there was 71 overtime hours, 7 line breaks, 108 work orders, 10 new customers, 44 disconnects, 41 reconnects, and 4 adjustments.

#### *Other New Business*

Mr. Turner talked about the water treatment plant dry well basin overflow project. Mr. Turner said the project was aimed at fixing flooding that had occurred six months ago due to a new employee making an error. Mr. Turner said the damaged equipment has since been replaced and this project would prevent that from ever happening again. Mr. Turner said the District would have to rent some equipment or see if a contractor would allow the District to borrow it, because the whole needs to be deep and they would be dealing with 16-inch ductal iron. Mr. King said the county had an excavator that they could lend the District to use with this project.

Mr. Turner said the truck grant application had been accepted. Mr. Turner said he had received a letter letting him know that the District is eligible for the funding, but there is not funding available at this time. Mr. Turner said other people who have been receiving these letters a few months later they received their money.

Mr. Turner said the annual Kentucky Rural Water Conference is coming up at the end of August if any board members want to attend. Mr. Turner said it was August 28<sup>th</sup> through August 30<sup>th</sup>. Mr. Turner said they would not receive any PSC credit for attending but said they would learn some valuable information.

Mr. Turner talked about system mapping. Mr. Turner said everything is purchased and he is waiting on KRADD to finish up some of their mapping with Red Fox and the Branch Line projects. Mr. Turner said after that is done there will be a substantial amount of work to be done to link everything in the system to a PDF. Mr. Turner said he had talked with Chairman Smith about getting someone who is good with mapping to be involved with assisting with the project.

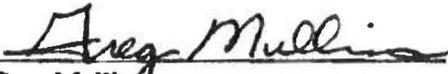
Mr. Turner also talked about the withdrawal permit from the Corps of Engineers. Mr. Turner said he put it on the agenda hoping there would be some new information, but he said he still has not heard anything back. Mr. Turner said he has someone in Congressman Hal Rogers office that he keeps in touch with. Mr. Tackett said it has to go from Louisville to Washington, DC and he can check to see where it is along the path and what the holdup may be. Mr. King said for Mr. Turner to wait and see if he hears anything back, and if not then Mr. Tackett could move forward with seeing if he could get in contact with someone about it.

Mr. Turner talked about generators to run the water treatment plant in the event of a power outage. Mr. Turner said he applied for some AML pilot money for funding. Mr. Turner said he had applied for funding through Homeland Security and did not get approved, but said he would reapply. Mr. Turner said the total would be a little over \$280,000. Mr. Turner said a generator is vital to the system to keep it running in case a power outage ever risked causing the water tank to go dry. Mr. Turner said any power outage that lasts longer than five hours threatens the District with the potential of there being a widespread water outage. Mr. Turner said he had some people who specialize in generators with Wayne Supply come to look at the plant and determine the type of generators needed and estimate the cost.

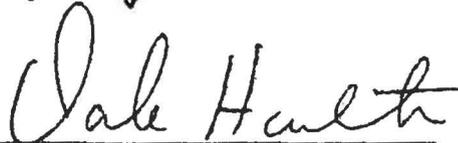
**Closed Session – Personnel and Legal Issues:** Vice-Chairman Hamilton entertained a motion to go in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins. The board went in to closed session at 5:47 P.M. and came out of closed session at 6:05 P.M.

**Adjournment:** Vice-Chairman Hamilton entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:07 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

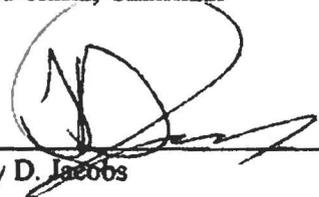
08-23-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

Aug 23, 2017  
Date

  
\_\_\_\_\_  
David Smith, Chairman

8/23/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

8-23-17  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Wednesday, August 2<sup>nd</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 5:07 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; and Randall Tackett, KCWSD Attorney. Mr. King was present via cellphone through Face Time.

**Recognizing Media:** No media was present at the meeting.

*Public Comments:*

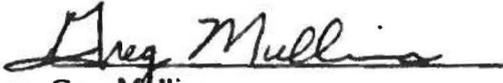
There were no public comments.

*New Business:*

Chairman Smith entertained a motion to go in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs. The meeting went in to closed session at 5:09 P.M. The meeting was called back to order at 6:27 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 6:28 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

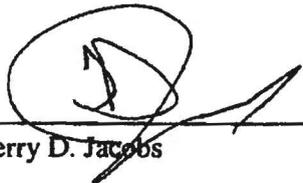
08-8-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

8-8-17  
Date

  
\_\_\_\_\_  
David Smith, Chairman

8/8/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

8-8-17  
Date

  
\_\_\_\_\_  
Larry King

8-8-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Tuesday, August 8<sup>th</sup>, 2017 at 4:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 4:01 P.M.

**Recognizing Audience:** Mr. D. Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner, Plant Manager; Kyle Smith, CFO; and Matthew Catron, Clerk.

**Recognizing Media:** No media was present at the meeting.

**Approval of Minutes:** Chairman Smith entertained a motion to approve the minutes from the previous Special Called meeting earlier in the month. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

There were no public comments.

***New Business:***

Chairman Smith said the only item on the agenda is a personnel issue and he entertained a motion to go in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King. The meeting went in to closed session at 4:06 P.M. and came out of closed session at 5:12 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 5:14 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

08-23-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

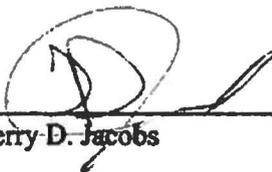
AUG 23, 2017  
Date



\_\_\_\_\_  
David Smith, Chairman

8/23/17

\_\_\_\_\_  
Date



\_\_\_\_\_  
Terry D. Jacobs

8-23-17

\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, August 23<sup>rd</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; L.J. Turner; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; and Matthew Catron, Clerk. Two residents of the Cornett Road community in the Big Branch area of Knott County were also present at the meeting. Mr. Larry King was present by phone.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting as well as the Special Called meeting on 08-08-17. Mr. Jacobs made a motion to approve the minutes from each of those meetings, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Jason Short and Floyd Seals from the Cornett Road community located in the Big Branch area of Knott County presented to the board that they wanted to tap on to the existing line that ran along Cornett Road. Mr. Short said he was going to be building a house about 2,000 ft. from where the main line ends. Mr. Short said both he and Mr. Seals would be served from running the line on up the road. Mr. Seals proposed to go ahead and put a 2-inch line in from the fire hydrant on to the property and turn ownership over to Knott County Water & Sewer District once the line is ran. Chairman Smith asked about the right-of-way, and Mr. Short said it was all on a county road. Mr. Turner said KCWSD would do the tap and stub it. Mr. Johnson asked that they dig the line at least 36 inches to prevent freezing. Mr. Jacobs asked when they planned on getting started with the project, and Mr. Seals said it would be at least two or three weeks. Mr. Johnson said he thought their pressure would be fine and they would not need any type of pump. Mr. Turner asked the board how to handle the tap fee. Chairman Smith said this was different circumstances given that they would be covering the cost of running the line to their property. Mr. Turner explained that it would cost \$100 and they would both need to get plumbing permits from the Health Department when they are ready to sign up. Chairman Smith said they would get everything cleared and someone would contact them about the project. Mr. Turner recommended that they go ahead and run the line and contact the district when the tap needs to be done.

***Capital Project Updates and Contractor Claims:***

Mr. Johnson gave an update to the board that Congressman Hal Rogers announced in Hazard recently that \$500,000 would be given to the Knott County Water & Sewer District to finish a project with the Pippa Passes Waste Water Treatment Plant. Mr. Johnson said it was 531 money

from the Corps of Engineers. Mr. Johnson explained that a lot of the pipe is clay tile pipe that has cracked and broken over the years, allowing ground and storm water (I & I) to enter and overload the system. Mr. Johnson said a lot of it was buttoned up a few years ago and this would be the same type of project to finish the line on up to the plant. Mr. Johnson said the new pipe would be a type of PVC pipe that could be heated and it would expand, which would eliminate the I & I without having to dig up the line. Mr. Johnson said the caveat to 531 grant money is it is 20% match, which would result in the district having to pay \$100,000.

Mr. Johnson said \$1.2 million of AML money has been awarded to the Knott Co. Water & Sewer District for the interconnect with Letcher County on Route 7. Mr. Johnson said the MOA is being written right now. Mr. Johnson said that area has been expanded to the point that it is out of capacity. He said this project would put in new pumps and put a tank at the Knott-Letcher County line. Mr. Johnson said they have identified a tank site and it was the only place in the area that would work. Mr. Johnson said because of the fiscal year the money would need to be spent by the end of June of next year. Mr. Johnson said the best thing about the project is it upgrades the system in the area with some upgrades to pumps that will lead to the capability of selling more water in the future.

Mr. Turner updated the board on the FEMA project and said the district received its reimbursement from FEMA. Mr. Turner said the reimbursement was not including the 10% they retain until the final inspection is done. Mr. K. Smith said the money was received this week, so it was not reflected on the statements that they would be seeing during the meeting.

Mr. Turner said he has continued to attempt to contact someone with the Corps of Engineers about increasing the water withdrawal. Mr. Turner said he received a phone call from someone the previous day, but was out of the office.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said the bill for the audit was on the Claims List. Mr. K. Smith said it was the exact quote that was given by the auditing firm. Mr. Hamilton asked about a Kentucky State Treasurer water withdrawal fee. Mr. Turner said it is paid to the Kentucky River Authority and the Corps of Engineers. Mr. K. Smith said the amount fluctuates but it is paid annually, and the amount to the Corps of Engineers is significantly more than what is paid to Kentucky River Authority. Chairman Smith entertained a motion to approve the Claims List. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said at the bottom of the page he included money that had already been dispersed but the district expects to get back, minus the amount that the district has to pay for the FEMA project. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

*Manager's Report*

Mr. Turner provided the board with the Manager's Report. Mr. Turner said the plant produced 38,937,790 gallons, and purchased 220,000, totaling 39,159,790 gallons. The district sold 9,490,133 gallons to residential customers and 24,080,800 gallons to wholesale customers. The water loss for the month was 11.8%. Mr. Turner said he thought they had some errors with the water loss. Mr. Turner said they found that there was an error with the effluent meter leaving the water plant, and he stated that it is 17% off. Mr. Turner said if you take the previous water loss percentages and include the error, the district is at 7.9% average water loss. Mr. Turner said the plant ran for 462.3 hours. The power consumption was down at 219,101 kilowatt hours. Mr. Turner said overtime hours were down at 43.25 hours. There were 6 line breaks, 98 work orders, 0 net new customers, 16 disconnects, 12 reconnects, and 4 adjustments were done.

*Other New Business*

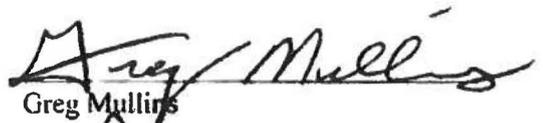
Mr. King asked about some blacktopping that needed to be done in the Beaver area near Donnie Newsome's store. Mr. Turner said he thought it had already been fixed, and Mr. Turner sent a text to the contractor making them aware of the repairs that needed to be made.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:51 P.M. and came out of closed session at 6:33 P.M.

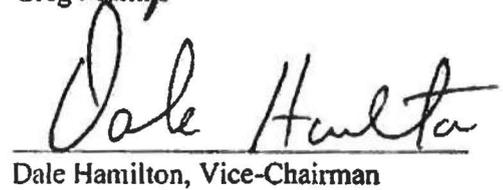
Coming out of closed session, Chairman Smith entertained a motion to give the Chairman the authority to resolve any claims that do not exceed an authority level of \$3,000. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the motion carried. Chairman Smith also entertained a motion to give the Chairman the authority to offer a candidate for the Manager position a formal job offer. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 6:35 P.M.

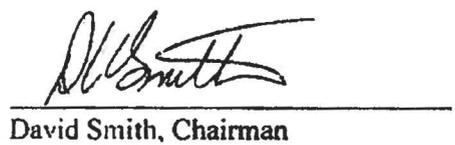
Approval of Minutes:

  
Greg Mullins

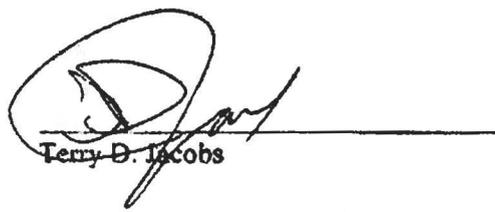
9-20-17  
Date

  
Dale Hamilton, Vice-Chairman

9-20-17  
Date

  
David Smith, Chairman

9/20/17  
Date

  
Terry D. Jacobs

9-20-17  
Date

  
Larry King

9-20-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Wednesday, August 30<sup>th</sup>, 2017 at 3:00 P.M.**

**Call to Order:** Mr. D. Smith, Chairman, called the meeting to order at 3:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Zach Weinberg, County Judge; Ernie Ellison, Kentucky Division of Abandoned Mine Lands; Kyle Smith, CFO; and Matthew Catron, Clerk. Mr. King and Mr. Hamilton were not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present at the meeting.

*New Business:*

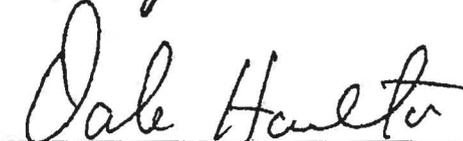
Ernie Ellison with AML presented the Memorandum of Agreement for the Highway 7 Knott-Letcher Interconnect Water Supply Project to Knott County Water & Sewer. Mr. Ellison said on behalf of Governor Matt Bevin, Secretary Charles Snavely, Commissioner Allen Luttrell, Director Bob Scott, and the Commonwealth of Kentucky, he was pleased to present the MOA to the Knott County Water & Sewer District in the amount of \$1,200,000. Mr. Ellison said the purpose of the project is to design and construct a municipal water line that will connect the Knott County and Letcher County water systems along Highway 7 just north of the community of Dean in Letcher County and south of the community of Hall in Knott County. Mr. Ellison said the connection would provide a significant hydraulic benefit and minimize service disruptions to both county systems, and bring improved water pressure and water quality for the area. Mr. Ellison said a master meter would be installed along the section of water line as close to the county line as possible, and KCWSD would pay for and own the master meter. Mr. Ellison said ownership of the water line would be divided up to the respected counties. Mr. Ellison said the Memorandum of Agreement is effective from September 15<sup>th</sup>, 2017 until June 30<sup>th</sup>, 2018. Mr. Ellison said this MOA is 100% federally funded. Chairman Smith entertained a motion to accept and sign the MOA. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 3:07 P.M.

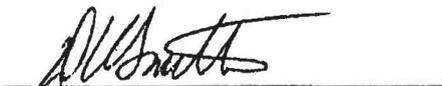
**Approval of Minutes:**

  
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Greg Mullins

9-20-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

9-20-17  
Date

  
\_\_\_\_\_  
David Smith, Chairman

9/20/17  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

9-20-17  
Date

  
\_\_\_\_\_  
Larry King

9-20-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Wednesday, September 20<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; L.J. Turner, former Plant Manager; Kyle Smith, CFO; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes from each of those meetings, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

None.

***Capital Project Updates and Contractor Claims:***

Mr. Turner said there had not been much movement on any of the projects, so there were not any updates at the moment or contractor claims.

***Claims List***

Mr. K. Smith presented the Claims List. Chairman Smith discussed some invoices on the list from the electrician that KCWSD uses. Mr. Turner said there was a pole that had partially fallen at the Pippa Passes Waste Water Treatment Plant and in order to pass inspection everything on the pole had to be upgraded. Chairman Smith entertained a motion to approve the Claims List. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

***Financial Report***

Mr. K. Smith presented the Financial Report. Mr. K. Smith said on the account balances it did not reflect the reimbursement from CSX that should be coming later in the week or during the first of the following week. Mr. K. Smith mentioned the FEMA Slide Project had a portion of money that would be coming back from it. Mr. K. Smith said the revenue is in line with the monthly average for the year and expenses were down slightly. Mr. K. Smith said a new account would have to be opened for the new project that will be taking place on Highway 7 near Letcher County. Mr. K. Smith said there would need to be an account set aside for the money that is received to go towards that project. Mr. K. Smith said the bank needed the district to reflect in the minutes that we approved to open the account and who the authorized signers on the account will be. Chairman Smith entertained a motion to open an account for the Highway 7 Knott-Letcher Interconnect account. Chairman Smith said the same signers on the other accounts,

Chairman Smith, Mr. Jacobs, and Mr. King, would be the authorized signers for this account. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried. Chairman Smith also made a motion to remove former Plant Manager Mr. Turner from signing on all accounts and adding new Plant Manager Mr. Salmons as a signer to all accounts. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

*Manager's Report*

Mr. Salmons provided the board with the Manager's Report. Mr. Salmons said the number of gallons produced and purchased was higher than average for the month, but was down from this time last year. Mr. Salmons said the plant operating hours and overtime hours were average for the month. Mr. Salmons said there were zero new customers, 23 disconnects, 13 reconnects, and 4 adjustments.

*Other New Business*

Mr. Salmons also talked about the district's application for getting new trucks for the fleet. Mr. Salmons said he spoke with someone about the district's application and they said the district scored a 60%, which he was informed that he had never seen anyone get approval for anything less than an 85%. Mr. Salmons said he checked with whether or not the district would be considered a first responder, and they said water districts did not qualify as being a first responder. Mr. Salmons said the applications are fixed and he did not think there was any way to redo the application to increase the score. Mr. Salmons said the application would be kept for a few years to see if the district may be eligible for any available funding in the future.

Mr. Salmons said there had been a leak on Highway 550. Mr. Salmons said the portion of the line where the leak occurred was in a bind and was next to a rock. Mr. Salmons felt that due to the vibrations and air in the line that over time it caused the break to occur. Mr. Salmons said hi-max couplings were added to help with any future problems and he talked with the Distribution Supervisor about putting more solid materials around the line to help prevent any future breaks in the line. Mr. Salmons said the boil water advisory for the area had been lifted early the following Tuesday.

Mr. Salmons talked about an issue with a decant line at the Ball Creek Sewer Plant coming loose. Mr. Salmons said a rush was put on getting the parts in and that problem has been repaired.

Mr. Salmons talked about the sludge press at the water treatment plant, which he had been in touch with a company about. Mr. Salmons said the company was having a chemist look at it to see what type of polymer would work best. Mr. Turner said one of the issues is that it is a centrifuge press that is designed for residential waste water, but what is being put in to the press is aluminum-based sludge. Mr. Turner said he would continue to work close with the situation due to his history with the matter. Mr. Turner said if it cannot be resolved, there is a back up plan.

Mr. Salmons said in order to do flagging on a state highway it requires everyone to be certified. Mr. Salmons said he has been working on trying to get the service crew in a training to get them certified for events when they had to do any flagging. Mr. Salmons said he was also working on scheduling an OSHA training.

Mr. Salmons said the district received some quotes for some new office windows with Elliot Glass. Mr. Salmons said there was some damage with cracks and sealing with the windows. He said the person that came with Elliot Glass felt that the tint on the window was what caused the damage. Mr. Salmons said there was a quote to repair the damage and a quote to replace all the windows. Mr. K. Smith said if they go with just replacing the broken frames, they will not match the rest of the glass. Mr. K. Smith said the window company can get some windows with the tint built in and they will not crack due to how they are made. Mr. Mullins made a motion to purchase new windows for the KCWSD offices, which was seconded by Mr. Hamilton and the motion carried.

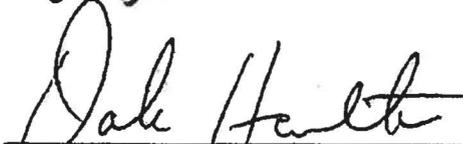
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:34 P.M. and came out of closed session at 6:22 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:22 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

10-17-17  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

10-17-17  
Date

  
\_\_\_\_\_  
David Smith, Chairman

10/17/17  
Date



Terry D. Jacobs

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Date



Larry King

10-17-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, October 17<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

***Public Comments:***

None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons gave an update on the Highway 80 sewer project. He said he spoke with Ron Johnson with Johnson Engineering and they are still looking at the end of October for the project to be completed and to do the start up on the lift stations. Mr. Salmons also spoke about the Pippa Passes sewer project. He said Mr. Johnson had sent the project scope to the Corp of Engineers. Mr. Salmons talked about the interconnect project with Letcher County. Mr. Salmons said the District received the signed PO from AML and he said the project is ready to move along once all of the property issues are sorted out.

***Claims List***

Mr. K. Smith presented the Claims List. He said at first glance it does not look good, but he said it was due to the amount of money that had to be sent to the Corp of Engineers once a year. Mr. K. Smith said it was higher than normal and he had them send a copy so it could be reviewed and Mr. K. Smith said they did not see anything that could be argued should not have been charged for on the bill. Mr. K. Smith said the District pays 4.44% of the Corp's O & M cost. Mr. K. Smith said the good news is the District was within a few hundred dollars of what was set aside to pay for that amount. Mr. K. Smith said \$725 each week has been set aside to help pay for the amount. He said extra was still set aside from what was left over from the previous year to help pay for what was owed this year. Mr. K. Smith said there were a few other annual payments to Kentucky Rural Water, Micro-Com, and United Systems that led to the larger Claims List. Mr. K. Smith said if you take out those annual payments, this would have been the highest Claims List of the year. Chairman Smith entertained a motion to approve the Claims List. Mr. Jacobs

made a motion to approve the Claims List, which was seconded by Mr. Hamilton and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said on the bank accounts balances he made the board aware that the District has received all AML reimbursements back. Mr. K. Smith said the revenue for the year is almost identical to last year, but he said the expenses for this year are up almost 8% from last year. Mr. K. Smith said anticipates that it will be higher for the following month due to the money that was paid to the Corp. Mr. K. Smith said there is a credit on the income statement under "Operating Supplies for the Distribution" for a returned item that was sent back to CI Thornburg. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

#### *Manager's Report*

Mr. Salmons provided the board with the Manager's Report. Mr. Salmons said he reconfigured some things and found that the District's water loss is at 4.7%, which he said is really good in comparison to where it was during the previous year. Mr. Salmons said they are still doing some investigation with the internal meters and trying to make sure that they are getting the most accurate information. Mr. Salmons said the water sold was little less, the run time was about the same, over time hours were down, there were 3 line breaks, work orders were up due to an estimation with the meter readings, which accounted for an increase in the number of work orders.

#### *Other New Business*

Mr. Salmons also talked about the fleet replacement for purchasing new service trucks for the District. Mr. Salmons said he talked with Pine Top Motors and had them send some quotes. Mr. Salmons reviewed some quotes from Tim Short, who he said has the Chevrolet state contract. Mr. Salmons said the Dodge Rams were cheaper. Mr. Salmons said with half-ton pickups the price ranges from \$22,000-\$25,000, which he said is the biggest need according to the service workers. Mr. Salmons said his suggestion is that two pickups are needed at this time. He said his recommendation would be to get two half-ton pickups and try to replace one a year. Chairman Smith recommended trying to get a truck that has a boom on the back to help pick up heavy items like pumps, valves, and other items that need to be lifted. Chairman Smith asked to get a quote for a 3500 truck with a boom on the back along with a half-ton truck to see if anything could be saved by purchasing both together. Chairman Smith entertained a motion to purchase two new service trucks for the District. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried.

Mr. Salmons talked about water line extensions in the county, looking at which ones would be the most cost effective. Mr. Salmons said some estimations had been done in the past and he wanted to take another look at those to see how accurate they are. Mr. Salmons said he needed some time to go out and look at these sites to see what would need to be done to get water to these areas. Mr. Salmons said he was looking at putting an agreement together for any potential

future customers to sign stating that no water lines would be ran in these areas unless the residents agreed to they would hook up on the county water.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:51 P.M. and came out of closed session at 6:23 P.M.

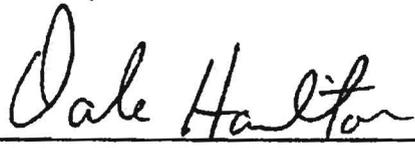
After being called out of closed session, Chairman Smith entertained a motion to change the regular scheduled monthly water board meetings from the third Wednesday of the month to the third Tuesday of the month at 5:00 P.M. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. King made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:23 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

11-21-17  
Date

  
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Dale Hamilton, Vice-Chairman

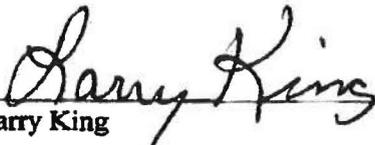
11-21-17  
Date

  
\_\_\_\_\_  
David Smith, Chairman

11/21/17  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

11-21-17  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, November 21<sup>st</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Byron Isaacs, County Resident; Calvin Waddles, Magistrate; Roger Bentley, County Resident; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. King made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Byron Isaacs, a resident from Wagers Branch in the Carrie community, came to the meeting to ask for an update on running waterlines in the Wagers Branch area. Mr. Isaacs brought a cellphone to show board members the current condition of his water, showing that the water is getting worse. Mr. Isaacs said he had a water softener and an iron filter and the water is still as bad as it appeared in the video. Mr. Isaacs said the water conditions were causing his cold water tank to not work properly. Chairman Smith said some progress had been made with contacting some of the landowners about getting some easements to do the water project. Chairman Smith said one landowner gave them a verbal agreement and they are in the process of contacting the other two landowners. Mr. Tackett asked if he had thought about putting in a cistern. Mr. Tackett said he could use an above ground cistern as a temporary solution. Mr. King asked if there was a nearby fire hydrant. Mr. Isaacs said he thought there was one at Rusty Sparkman's residence located at the mouth of Wagers Branch. Mr. King said the county has a water buffalo that they could loan to get water to a tank to assist with the situation. Chairman Smith said they would explore what they could do to help get Mr. Isaacs clean water. Mr. Isaacs said he appreciated the offer and thanked them for their help.

Magistrate Calvin Waddles also was in attendance at the meeting, along with a resident of Squire Lane in the Topmost community, Roger Bentley. Mr. Bentley asked about a pressure problem that his son, who also lived on Squire Lane, was having at his home. Mr. Salmons and the board discussed it with them and Mr. Salmons said he would have a member of the service crew go check the pressure at the meter to see if anything may be causing the low pressure. Mr. Waddles talked about some areas in the Beaver community that did not have access to county water that wanted county water. The board discussed each area and the capabilities of getting each area water, such as whether or not a directional bore would have to be done, if the area could be

accessed along the county road, or if there was a nearby railroad crossing that would have to be dealt with. Mr. Waddles said he thought there needed to be an agreement between the potential customers and the water district that they would hook up when they had the capabilities and would at least use an amount of water comparable to the price of the installation or would pay the water district back. Mr. Waddles talked about areas that were eligible and were given access to county water, but no one has still signed up for water. Chairman Smith said they would explore working up some type of agreement to use with any potential future customers.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons said he has been talking with the inspector for the Highway 80 TEA project. Mr. Salmons said they have two of the stations started up. He said there were a few leaks at one that had to be repaired, and he said they are going to go ahead and start up the station at Soft Shell even though it will not be used at this time. Mr. King asked about one of the stations being put in backwards. Mr. Salmons said it was confusing to look at, but the piping was installed to where it still will operate correctly. Chairman Smith said it was brought up during the TEA meeting and Ron Johnson with Johnson Engineering said it would not be an operational issue. Mr. Salmons also talked about the Pippa Passes sewer project. Mr. Salmons said the scope had been sent but there would not be any movement until the PPA is signed. Chairman Smith asked when the PPA would need to be signed, and Mr. Salmons said they were pushing to get it signed by the end of the year.

*Claims List*

Mr. K. Smith presented the Claims List. He said he did not have anything out of the ordinary to report. Mr. K. Smith said everything was typical maintenance repairs and operating supplies. Mr. K. Smith said the only thing new was the invoice for October and November for Keith Bevins for sewer consultations. Chairman Smith asked for a motion to approve the Claims List. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue was low for October due to the wholesale customers using less water. Mr. K. Smith said Letcher County had repaired a lot of leaks that was causing their bill to be higher. He said overall the District is within less than 1% total revenue compared to where the District was at this time during the previous year. Mr. K. Smith said unfortunately the expenses have went up, being 13% higher than they were during the previous year. He said when you look at the net income for the month of October, there was a significant loss due to the \$84,000 that had to be paid to the Corps of Engineers. Without that amount, Mr. K. Smith added that the District would be back in the black. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

*Manager's Report*

Mr. Salmons provided the board with the Manager's Report. Mr. Salmons said the produced and purchased total is almost 38 million gallons. He said the water loss is 4.9%, which he said is still

being adjusted and they are doing more flow research. Mr. Salmons said there was a major break on Highway 550 and a few smaller breaks that accounted for more work orders. Mr. Salmons said some of those work orders were due to estimations that occurred during the meter reading.

*Other New Business*

Mr. Salmons also talked about the fleet replacement. He said he had one half-ton pickup truck ordered. Mr. Salmons said they had previously talked about getting a truck with a crane on the back to assist with a lot of the heavy lifting that is required with the work that the District does. Mr. Salmons said he talked with Tim Short Automotive to get some prices. He said the only one they could find that met their criteria had a tool bed and a crane, which was \$15,000 and had 270,000 miles on it. Mr. Salmons said the person he spoke with said given the price and the amount of miles it did not seem feasible to them. Mr. Salmons mentioned that one ton truck that the District already owns and just putting a custom-made tool bed with a pipe rack and crane on the back of the truck. Chairman Smith asked if these would be installed down low so they would not interfere with the vision when someone is driving, and Mr. Salmons said it would not be in the vision of whoever is driving the truck. Mr. Salmons said one of the main needs is a truck for everyday maintenance work and the plant operator needed a four-wheel drive truck to drive to get to the plant. Chairman Smith said due to the needs of the District at this time, to go ahead and purchase another half-ton truck and continue to look around and see what would be the best deal on getting a truck with a tool bed and crane.

Mr. Salmons talked about the water line extensions in the county. He hoped that he would be able to get out and visit the locations that want water. Mr. Salmons said he had already looked at Wagers Branch. He said he had talked with AML Director, Bob Scott, and he said he was hoping that the budget would get increased this year due to it being so low for the previous year.

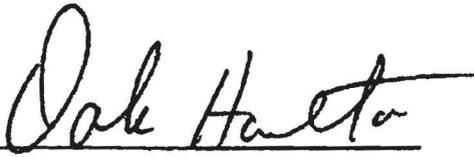
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 5:38 P.M. and came out of closed session at 6:48 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:11 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

12-19-17  
\_\_\_\_\_  
Date



Dale Hamilton, Vice-Chairman

12-19-17

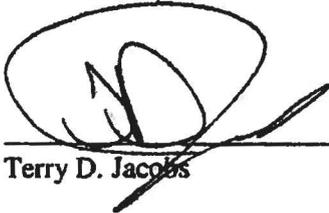
Date



David Smith, Chairman

12/19/17

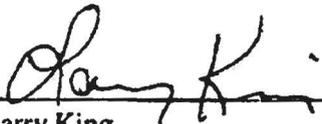
Date



Terry D. Jacobs

12-19-17

Date



Larry King

12-19-17

Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, December 19<sup>th</sup>, 2017 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Shannon Ratliff, KRADD; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. King made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said he spoke with a representative with the Corps of Engineers. He said a new project manager had taken over and they felt that they had some more time to get 531 money for the Pippa Passes sewer rehab project. Mr. Salmons said they are going through everything and are going to be sending him some new information. Mr. Salmons said the time frame would not be as tight as they previously had thought. Mr. Salmons updated the board on a situation with the city of Wheelwright where their water source ran out. Mr. Salmons said the District has been sending them water 24 hours a day to meet their demand, and they are using Southern Water as the transmission source. The board asked that Mr. Salmons get in touch with Southern about setting up a new contract to include the new water usage that is being sent to Wheelwright. Mr. Salmons said the District has an emergency approval to get an additional half million gallons from the Corps of Engineers, which the Division of Water assisted with getting that established. Mr. Salmons said it is on a two month temporary basis, but they will grant an extension if the situation continues. Mr. Salmons said they also said the four million had been approved, but not officially, and they are looking at a 3-6 month turn around on getting it approved.

***Claims List***

Mr. K. Smith presented the Claims List. He said one of the bigger invoices was for Elliot Supply to replace the windows. Mr. K. Smith said it was higher than the original quote, because the quote did not include the little windows down where the lab area of the plant is. Mr. K. Smith said there were some reimbursements for training on the list. Mr. K. Smith noted the KACO workers comp fund and said that it was due to a KACO audit, which showed a difference in the estimated amount and the actual amount. Mr. K. Smith said the amount on the Claims List was

for the difference in those two amounts. Chairman Smith entertained a motion to approve the Claims List. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said everything is steady with the bank deposits. Mr. K. Smith said it is similar to last year, but unfortunately due to an increase in expenses the District is behind where they were last year. Chairman Smith acknowledged that the board had reviewed the Financial Report.

#### *Budget 2018*

Mr. K. Smith reviewed the 2018 budget with the board. He said the biggest items are employee related, other than the electric bill. Mr. K. Smith said the state retirement system sent him the new contribution rates, which would start in July 2018. Mr. K. Smith said it would be going up from 19.18% to 28.05%. He said it had usually been less than a percent in the past. Mr. K. Smith said he called the people at the retirement system and it has been voted on and approved. Mr. K. Smith said the proposed amount for the electric bill in 2018 includes a 9% increase that has been proposed by AEP. Mr. K. Smith said the sludge removal is a significant decrease due to working out an agreement with Rumpke to take care of it rather than a contractor. Mr. K. Smith said the cost for the gas for the year is under the assumption that gas prices will remain similar as they have been for the past year. Mr. Salmons said a lease was coming up with a copier company that would save the District more money. Chairman Smith entertained a motion to approve the budget for 2018. Mr. King made a motion that was seconded by Mr. Mullins, and the motion carried.

#### *Manager's Report*

Mr. Salmons provided the board with the Manager's Report. Mr. Salmons said the produced was 42,900,000 gallons, which was above average due to the time of year and wholesale customer's using more water. Mr. Salmons said the purchased water was similar to other months. He said the wholesale amount was lower than average. Mr. Salmons said water loss was trending higher. Over time hours were down for the month, along with the number of work orders. There were a few small line breaks that were able to be repaired during normal operating hours.

#### *Other New Business*

Mr. K. Smith said he spoke with the auditor's that provided last year's audit, RFH, and he said he already spoke to them about doing the 2017 audit. Mr. K. Smith said it would be \$400 higher, but they felt they would be sticking with that amount going forward. He said they would be able to come on the week of February 19<sup>th</sup>. Chairman Smith asked that Mr. K. Smith get a few comparison quotes.

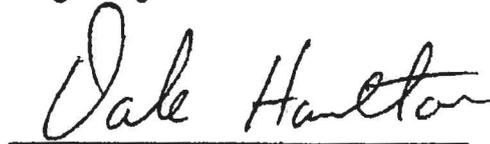
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:30 P.M. and came out of closed session at 6:30 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:30 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

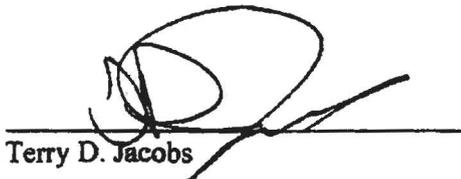
01-18-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

1-18-2018  
Date

  
\_\_\_\_\_  
David Smith, Chairman

1/18/18  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

1-18-18  
Date

  
\_\_\_\_\_  
Larry King

1-18-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, January 16<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Jacobs made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

*Public Comments:*

None.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons spoke about the Route 7 interconnect with Letcher County. Mr. Salmons said the road for the tank site has been constructed and the tank site has been uncovered to where the drilling can be done. Mr. Salmons said some excavation needs to be done to level out the area. Mr. Salmons said there was a pay request to approve for the work that had been done on the tank site. Mr. Salmons also talked about the Pippa Passes waste water treatment plant project. He said he had been in contact with a new project manager who needed a few documents signed to finalize the PPA. Mr. Salmons said one was a certificate of authority to be signed by the CFO and the district's legal counsel. Mr. Salmons said they were wanting to get it done as soon as possible. Mr. Salmons also talked about the TEA project, which he said was near the end and they are working on a final agreement. Mr. Salmons said it is 95% done, but some work still needed to be done on the lift stations. Chairman Smith asked about the current status with the Runnels Branch area. Mr. Salmons said there was one more site where AML needed to gather an additional test from that needed some minor plumbing work done to it. Mr. Salmons said that should finish up a snag that had previously held the project from moving forward. Mr. Salmons said once that was done they could get with AML and work towards finding funding for the project. Chairman Smith asked for a motion to approve Pay Request #1 for the Highway 7 interconnect. Mr. Jacobs made a motion to approve the Pay Request, which was seconded by Mr. Mullins and the motion carried.

*Claims List*

Mr. K. Smith presented the Claims List. He said he had a few annual renewals on the list, which included the Sage 50 accounting software that the district uses to generate payroll and income statements. Mr. K. Smith said the CDP map was also an annual fee for the mapping software. Chairman Smith entertained a motion to pay the Claims List. Mr. King made a motion to pay the Claims List, which was seconded by Mr. Jacobs.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue was similar to the previous year, but the expenses had went up since last year, increasing by 9%. Chairman Smith acknowledged that the board had reviewed the Financial Report.

*Manager's Report*

Mr. Salmons said the water produced was up from this time last year, and said it would be up even more during the month of January. Mr. Salmons said the district has temporary approval from the Corps of Engineers to withdraw 3 million gallons per day out of the lake. Mr. Salmons said the purchased water for the month was down, water loss was up due to meter bottoms busting from the cold temperatures, and overtime hours were up, which he anticipated to increase due to the demand from having to run the plant for 24 hours. Mr. Salmons said work orders were up, more water has been sold due to problems that wholesalers have had with their water systems from the cold weather. Mr. Salmons said the water system has been in pretty good shape the previous month and this month, and has been able to assist with other water systems during their time of need. Chairman Smith commended Mr. Salmons and the other employees of the district for the hard work during all of the cold weather that had caused so many problems for other water districts.

*Other New Business*

Mr. K. Smith said he received the audit estimates. Mr. K. Smith said RFH, the auditing firm that conducted the previous year's audit, asked for \$16,000 to conduct the audit. Mr. K. Smith said he received estimates from three other auditing firms, but either did not receive an estimate or their estimates were too high. Chairman Smith and the board agreed to use RFH again and see how the audit goes. Mr. K. Smith said RFH was already familiar with the process of auditing a water district and having them conduct the audit again would eliminate a lot of the legwork involved if a new auditing firm was chosen. Mr. K. Smith said he did not feel it was a bad idea every few years to switch and use an alternate auditing firm to let a different set of eyes view everything. Chairman Smith asked for a motion to accept quote for the audit. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried.

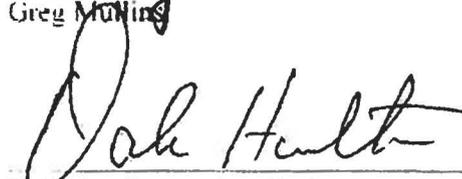
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:33 P.M. and came out of closed session at 7:00 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 7:00 P.M.

**Approval of Minutes:**

  
Greg Mullins

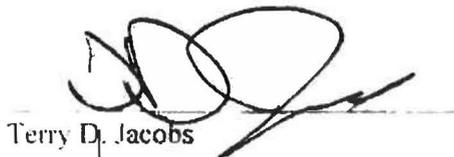
2-20-18  
Date

  
Dale Hamilton, Vice-Chairman

2-20-2018  
Date

  
David Smith, Chairman

2/20/18  
Date

  
Terry D. Jacobs

2-20-18  
Date

  
Larry King

2-20-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, February 20<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Calvin Waddles, Magistrate; Dwayne Hall, County Resident; Ron Johnson, Johnson Engineering; Zach Weinberg, County Judge; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

***Public Comments:***

Calvin Waddles was present and inquired about getting extra fire hydrants installed in the Beaver area. Dwayne Hall, a resident in the Caney community, spoke about the need for a hydrant in his area, noting that there was a cluster of homes making up Gibson Branch, Thornsberry Branch, and Rocky Horse Drive that could use a fire hydrant. Chairman Smith asked to identify the areas with the greatest need and to see if it would be possible to install a hydrant in those areas. Greg made a motion to make an amendment to the project to include Runnels Branch and Wagers Branch and to allow AML to continue to study the smaller hollows. Mr. King seconded the motion and the motion carried.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons spoke about the Pippa Passes waste water treatment project. He said he has been talking with Andrew Reed, the Project Manager, and he said he has all of the paperwork that he needs and said he has set a March 23<sup>rd</sup> deadline. Mr. Salmons said he would send the paperwork to the district to be reviewed, and if the district was fine with everything, the paperwork would need to be signed and it would start the project and make the funds available. Mr. Jacobs updated the board and said that Alice Lloyd College has agreed to pay \$150,000 towards the project for the match. Mr. Jacobs said ALC wanted to pay \$100,000 as soon as an agreement is put together, and they would pay the additional \$50,000 within 6-12 months. Mr. Salmons said it did not have to be paid upfront, but can be paid any time during the project. Mr. Jacobs said ALC wanted to make sure there would be an insurance procedure done in case there was any damage done to any buildings. Mr. Johnson said the contract would cover that, and he added that most of the work would be done downstream, away from the campus. Mr. Johnson said all of the mess that would be made on-campus has already been done, and he said any work done on the campus would be done on the fringes. Mr. Jacobs said ALC has their executive committee

meeting on the second week of April and wanted to be able to review all documents involved as quickly as possible. Mr. Salmons said he expects to get the PPA well in advance of the March 23<sup>rd</sup> deadline that the Project Manager had set. Mr. Salmons also talked about the Route 7 interconnect with Letcher County. Mr. Johnson gave an update, stating that a pad for the tank was built. He said the tank would be built on the Knott-Letcher line. Mr. Johnson said some pumps had to be upgraded to get water to Route 7, which included some pumps on Highway 582 and doing some changes to the pump on 1410. Mr. Johnson emphasized that the project would be an opportunity to majorly upgrade the district's water system in the event more water needed to be used in the future. Mr. Salmons talked about the increased water withdrawal from the Corps of Engineers and said he had been in contact with Andrew Swafford with Mitch McConnell's office, who is working on getting it approved to allow the district with withdraw more water per day. Chairman Smith entertained a motion to approve Pay Request #2 with the Highway 7 Knott-Letcher interconnect. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. He said it was a substantial list this month, mostly due to an increase amount of water that has had to be pumped out. Due to this, more chemicals had to be purchased and pumps had to be repaired and replaced because of the weather. Mr. K. Smith noted that a KaCo claim was something that is sent out yearly. Mr. K. Smith said he and Mr. Salmons went over everything in the KCWSD system and gave them a more detailed list, causing it to go up from the previous amount. Chairman Smith entertained a motion to approve the Claims List. Mr. Jacobs made a motion, which was seconded by Mr. Mullins.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith gave an update about this year's audit. Chairman Dave Smith provided clarity, per the auditor's request, due to in previous minutes being noted that any future claim under \$3,000 could be settled upon the Chairman's discretion, it was intended for just a specific claim at that time. Mr. K. Smith said it was the highest billing month due to all the high usage around the county and with wholesale customers using more water. Mr. K. Smith said the power bills were up due to the plant operating for longer hours. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced and purchased for the month was much higher. Mr. Salmons said during the really cold time during January, the increased amount of water sold to wholesale customers caused the water loss numbers to go down. Mr. Salmons said there was a stretch where the plant was running for 24 hours, which caused the overtime hours to go up. Mr. Salmons said the fleet was updated this month, receiving two new trucks.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 6:39 P.M. and came out of closed session at 7:34 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 7:34 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

03-20-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

March 20, 2018  
Date

  
\_\_\_\_\_  
David Smith, Chairman

3/20/18  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

3-20-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Wednesday, March 7<sup>th</sup>, 2018 at 3:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 3:14 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Ron Johnson, Johnson Engineering. Both Mr. Jacobs and Mr. King were present by phone.

**Recognizing Media:** No media was present.

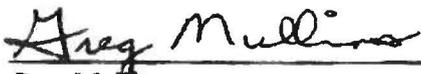
**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

*New Business:*

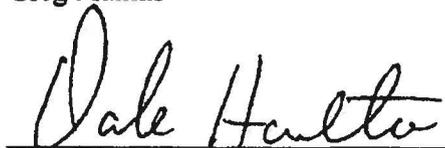
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 3:14 P.M. and came out of closed session at 4:47 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 4:47 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

  
\_\_\_\_\_  
Date



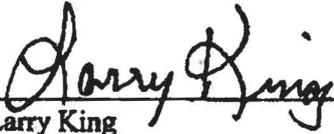
David Smith, Chairman

3/20/18

Date

Terry D. Jacobs

Date



Larry King

3-20-18

Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, March 20<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Matthew Catron, Clerk. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting as well as a special called meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. Hamilton and the motion carried. Chairman Smith asked that a change be made to the special called meeting due to a statement about minutes to a previous meeting being made which did not occur, and he asked that those changed be made and the minutes were approved based on the notion that the change would be made.

***Public Comments:***

A group of community members, Brad Thornsberry, Teanna Stevens, Tina Thornsberry, and Kendra Raleigh, from Railroad Lane and Heritage Drive in Topmost attended the meeting to address concerns about getting county water in the area. They said they thought they were supposed to receive water back when the Branch Lines project was done. Mrs. Raleigh and Mrs. Thornsberry both said they had water that you could not drink and it was difficult to do laundry for the condition of their water. Mr. King explained that the problem was with where the railroad tracks run in the area and the cost involved with running a line along the track and having to bore under the railroad tracks. Mrs. Raleigh said they were under the impression that there had been funding set aside for them to get county water. She said they were informed that they would get water, and the contractors were there and then they left and never came back. The board discussed possible ways of getting water to them from any nearby county waterlines on other properties without having to cross or run along the railroad tracks, assuming the district could obtain and access some right-of-ways to do so. Chairman Smith said they would make them aware if any new information presented itself prior to the next meeting and said they were welcome to attend the next meeting for any updates with the situation.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons gave an update on the Letcher County interconnect. He said the design is about 80% complete and the hydraulic model for the new pump and upgrades would be completed during the month. He said the DOW plans and specs would be submitted around the middle of April. Mr. Salmons said upon approval of those it would be time to start accepting bids for the contract. Mr. Salmons also talked about Runnels Branch and Wagers Branch AML project. He

said the Runnels Branch area has been determined to be AML eligible. Mr. Salmons said AML does not currently have any funding to fund the project, but they expect some funding to be available in July. Chairman Smith said he spoke with Mr. Ellison with AML who said there would be more money in the upcoming budget this year than there was last year, but the Chairman added that there was a lot of places trying to get some of that money to fund different water projects. Mr. Salmons said he has the agreement for the Pippa Passes Waste Water Project for the board to review. He also said pending approval of the agreements, the startup for the lift stations on Highway 80 for the TEA project is scheduled for next week to begin accepting flow from Jamestown. Mr. Salmons presented a pay request for part of the design for the Letcher County interconnect. Chairman Smith asked for a motion to pay Pay Request #3 for the Letcher County-Knott County interconnect. A motion was made by Mr. King, which was seconded by Mr. Mullins and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said the Appalachian States Analytical invoice was higher due to some filtering that had to be done for one of the tests. Mr. Mullins made a motion to approve the Claims List, which was seconded by Mr. King and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue for the month was down to what it normally is along with the expenses. He pointed out the depreciation on the income statement, which had increased about \$5,000. Mr. K. Smith said he had determined that the increased occurred due to assets from the new trucks, the Branch Lines project, and the Red Fox project. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the district had another high production month, which he added the average would be up due to how high January was with leaks and wholesale customers using more water. Operation and overtime hours came down a lot. Mr. Salmons said the plant should be getting closer to not going over the 2 million gallon allowance per day. There were 6 line breaks during the month, which contributed to the 18% water loss. The service crew did 98 work orders during the month. The district gained 14 new customers, did 36 disconnects, 26 reconnects, and there were 23 adjustments.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:50 P.M. and came out of closed session at 6:37 P.M.

Coming out of closed session, Chairman Smith entertained a motion to approve the signing of the core agreement for the Caney Creek Sewer project. Mr. King made a motion, which was

seconded by Mr. Hamilton and the motion carried. Mr. Hamilton also made a motion to give the Chairman the authority to sign any agreements with Phoenix Development and TEA, which was seconded by Mr. King and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:37 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

4/17/18  
Date

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Dale Hamilton, Vice-Chairman

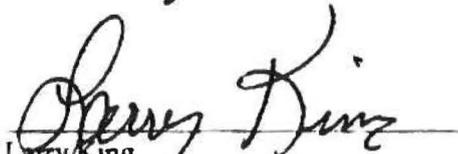
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Date

  
\_\_\_\_\_  
David Smith, Chairman

4/17/18  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

4-17-18  
Date

  
\_\_\_\_\_  
Larry King

4-17-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, April 17<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Ron Johnson, Johnson Engineering; Logan Bartrum, resident from Heritage Drive; and Matthew Catron, Clerk. Mr. Hamilton was not present at the meeting due to being in the hospital.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

*Public Comments:*

Logan Bartrum, a resident of Heritage Drive in the Topmost community of Knott County, was present asking about the potential of getting water ran to his residence. He said the location was along Route 7 and there was residents near him that has county water, but he said his location was across a creek from where the main line runs. The board, along with Mr. Salmons and Mr. Johnson discussed the details of what would need to be done to get water to Heritage Drive. Mr. Johnson said a directional bore would have to be done under the creek. Mr. Salmons said KCWSD had the capabilities of boring under the highway but are not able to bore under the creek. The board asked Mr. Johnson to work up a budget for the project, and the board would come up with a total estimate on how much it would cost to potentially do the project. Chairman Smith asked that someone see if that area was studied previously by AML. If it was not studied, then Chairman Smith asked that it needed to be on the list of areas that needed to be studied.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons gave an update on the TEA-Highway 80 sewer project. He said the District began receiving flow from Jamestown and Phoenix Development during the previous week, and everything is operating within parameters. Mr. Salmons said customers now have the ability to hook up on the county sewer. Mr. Salmons said they need to come in to the office and sign an agreement that the District is presently developing that will be similar to the water user agreement. Mr. Johnson said most people should be ready to sign up, except a few still had to hook up the electrical side of the grinder. Mr. Johnson said not all customers may sign up, but they would still be responsible for a bill whether they are hooked up or not, because that was part of the agreement. Mr. King talked about the gates at the sewer pump stations being on the wrong side. Mr. Johnson said he was aware of it and it was on the list of items to get corrected. Mr.

Salmons said the Pippa Passes PPA was signed. He said once they get an account set up, the project will get started. Mr. Salmons said no funds will be released until the account gets set up. Mr. Johnson said the model looks good for the hydraulics with the Knott-Letcher interconnect project. Mr. Johnson said hopefully the hydraulics would be done during the month and it can be submitted to the Division of Water. Mr. Johnson said there was a Pay Request to pay for some work done to the tank site and the road, and added that it would pay out what is owed to the contractor working on the tank site. Chairman Smith asked for a motion to pay Pay Request #4 for the Highway 7 interconnect project with Letcher County. Mr. Jacobs made a motion, which was seconded by Mr. King, and the motion carried.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith asked if he could add an expense reimbursement for Matt Hopkins in the total of \$96.35 for gas and meals for the week that he was gone to training for his operator license. Mr. K. Smith said he also added \$275.70 to replenish the petty cash funds. Mr. K. Smith said it was probably the lowest claims list he has seen. He said it was probably due to the previous month's list being really high due to purchases and how some of the bills hit. Chairman Smith asked for a motion to approve the claims list. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said it was a really low revenue month, adding that it was off by about \$25,000 from the previous year's average. Mr. Salmons said it more than likely was due to capturing a lot of leaks during prior months. Mr. K. Smith said expenses for the year for the first three months in comparison to last year are up almost \$60,000. Most of that, Mr. Smith added, was due to payroll with the addition of new employees, power bills, and operating costs. Mr. K. Smith said the cost was really high also, adding that it was a direct impact of the lower sales. Chairman Smith acknowledged that the board had reviewed and approved the financial report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was down and sales were down, but he added that it was compared to two big months. Mr. Salmons said water loss was down compared to the average due to some issues that were found, and because of this, Mr. Salmons added that he thought the water loss would be lower in the future. Mr. Salmons said the overtime hours were way down due to a decrease in work orders and not having to run the plant as long as they had during previous months.

Mr. Mullins asked for the status on new fire hydrants that CI Thornburg is supposed to deliver. Mr. Salmons said everything has been ordered, they have followed up with them about it, and everything should be delivered by the following week.

Mr. Mullins also asked about the project on Wagers Branch and if Hicks Brothers Construction were due to begin work on it. Mr. Salmons said it would start during the week, and they had all

easements in hand and all the customers are signed up. Mr. Salmons said the Hicks Brothers are finishing up a job and are going to move on to Wagers Branch once they are finished, which he said would be by the end of the week or beginning of the following week.

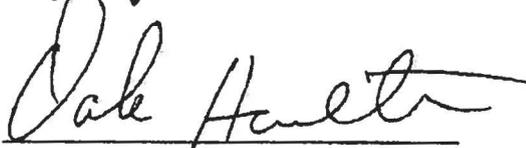
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 6:08 P.M. and came out of closed session at 7:12 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:12 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

5-15-18  
Date

  
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Dale Hamilton, Vice-Chairman

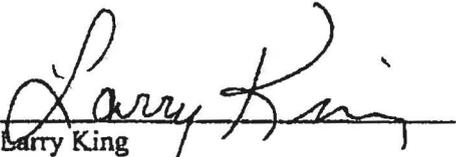
5-15-18  
Date

  
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David Smith, Chairman

5/15/18  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

5-15-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, May 15<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; Shannon Ratliff, KRADD; Calvin Waddles, Magistrate; and Matthew Catron, Clerk. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. King made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Calvin Waddles, Magistrate of the District 4 area in Knott County, was present at the meeting. He asked about some areas in the Beaver area to get customers water at Heritage Drive and Bates Branch. Mr. Waddles also asked about pressure issues with Scip Branch and asked if once the interconnect project is finished if it would help others areas with their pressure. Mr. Salmons said he has been working with them to make sure that once the project is done it will help stabilize things while also helping overall with the pressure in that area. Mr. Waddles talked about an area called Lion Branch, which is in Roaring Branch, where there are two residents that were wanting to get water. He also mentioned Ethel Drive to service two customers, and extending Bill Dee Branch to an extra residence. Mr. Waddles said Judge Weinberg wanted him to ask about the status of Runnels Branch and Dead Man's Branch. Chairman Smith said Runnels Branch and Dead Man's Branch both had been submitted and are on the same project. Mr. Waddles also asked about putting in fire hydrants in other areas of the county to help citizens with their insurance rates. Mr. Mullins said he had two other recommendations for places from fire chiefs, but he was waiting to see how the installation in Thornsby Branch goes. Mr. Waddles also asked about Crimson Road that is in Hindman. Chairman Smith said they are working on a list of all unserved areas, which includes areas in the Hindman system, to try to get water to all areas of the county.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said the Highway 7 interconnect project is progressing forward. He said they are in design of the pump station upgrades, which covers other pump stations in other areas of the water system that assist with getting water to that area. Mr. Salmons said funds for the Pippa Passes sewer rehabilitation project is available to be withdrawn. Mr. Salmons said they are working on the areas that are most critical for the rehab by using a past SSES study that was

done. Mr. Salmons said all of the flow had been received from the Troublesome Creek project. Chairman Smith commented that the project was been closed out last week. Mr. Salmons said he had received an email stating that the warranty period had started and there was a one year warranty on it.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said that the Claims List was double from the previous month, due to the previous month being so low. Mr. K. Smith said a large amount of it was having the master meters tested and one having to be replaced. He said one of the quarterly water withdrawals also fell during that time, and the annual service for the chlorine system through Living Waters was done. Mr. K. Smith said he had the final TEA invoice that has to be reimbursed for expenses related to the Ball Creek sewer plant. Mr. King made a motion to pay the bills, which was seconded by Mr. Mullins and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said it was an average month as far as with revenue and expenses, typical with most months. Chairman Smith acknowledged that the board had reviewed and Financial Report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was up due to correcting some issues with the metering and capturing a few extra days with the billing cycle. Mr. Salmons said the water loss looked good in comparison to the amount of water that was sold, adding that in comparison to the previous year the district is selling a lot more water. Mr. Salmons said there were 9 adjustments, comprised of leaks and bill estimations. Chairman Smith asked that a new column be added to the report to include repeat line breaks. Mr. Salmons said the district has had some training with the software to monitor leaks, but he added that they are working on gathering data and laying the system out which will give a digital database for leaks and repeat leaks. Mr. Salmons said the overtime hours should go down, stating that it was mostly due to some staff being gone to training and having other plant operators come in to cover different shifts.

Mr. Mullins asked about fire hydrants on Thornsbury Branch. Mr. Salmons said those had come in, but due to a few line breaks they have not been able to get them installed. Mr. Salmons said they intend to get it installed this week.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:39 P.M. and came out of closed session at 6:37 P.M.

Coming out of closed session, Mr. Mullins made a motion to adjust the policy to allow installment payment plans on new hookups. Mr. King seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:37 P.M.

**Approval of Minutes:**

\_\_\_\_\_  
Greg Mullins

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Smith, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry King

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, June 12<sup>th</sup>, 2018 at 4:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 4:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randy and Leslie Harness, community members from Longhorn Branch; Teresa Cornett, community member from Beechnut Road on Big Branch.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. King made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Randy and Leslie Harness were present to talk about the possibility of getting access to county water at their home in Longhorn Branch, just off of Highway 721. Mr. Harness presented the board with a jar full of discolored water that came out of their well. Mrs. Harness said the filters in her well are supposed to be changed every three months and she can change them once or twice a week. Mr. Harness said they purchased the home five years ago. He said the house is the last house in the hollow and they are the last of six houses on Longhorn Branch. Mrs. Harness said Ernie Ellison had talked with them and said that the studies had already been done to determine if the area was eligible for funding. Mr. Harness said he did not want to lose his home, but his water problem is so bad that it is becoming a place they can no longer live. Chairman Smith said he thought their area was submitted on a project that they are still awaiting approval from AML. Mr. Salmons asked if they have considered hooking up a temporary holding tank to hold water, but he said they would have to find a way to get the water to their home to the tank. Mrs. Harness asked if they got a storage tank how they would get water for it. Mr. Mullins said they could work something out with a nearby fire department to bring them the water. Mr. Salmons said the district could work out a wholesale price with them. Mr. Mullins said if they got a storage tank to let him for Mr. King know and they would coordinate something with the fire department. Mr. and Mrs. Harness thanked the board for their time and consideration.

Teresa Cornett from Beechnut Road was also present at the meeting. She said when the water was ran in the area, they allowed through a right-of-way for blacktop to be dug up for the waterline to be ran and in return they would get a fire hydrant and a water meter. She said it was a long time ago, but she had put off coming and saying anything about it. She said they did not sign anything but had a verbal agreement for the fire hydrant, but said there was supposed to be

funds at the time set aside for them to get the water meter. Mr. Salmons asked for her phone information and said he would work out a time to visit the property and see what could be done.

Greg Mullins stepped away from the board for a moment to address the board about a situation that occurred when he hooked up on water. Mr. Mullins said when he was hooked up on water he had to run his own waterline 650 feet from the meter to his home. Mr. Mullins said 500 feet of that was ran along a county road. Mr. Mullins asked if his meter could be moved from where it is to at least the end of the county roadway. Mr. Mullins said he has occasional pressure problems that he felt was attributed to the distance that the water is having to travel from the meter to his home. Mr. Salmons said they have done other relocations of barrels and did not see a problem with it. Mr. Salmons said he would look at everything to make sure there would not be any problems with moving it.

#### *Capital Project Updates and Contractor Claims:*

Mr. Salmons gave an update that he spoke with Ron Johnson about the Rte. 7 interconnect project. He said he has the hydraulic model put together and he wanted to review the flows they are anticipating with him. Mr. Salmons said he also spoke to Mr. Johnson about the Pippa Passes project and they thought they would get underway in the near future with that project.

#### *Claims List*

Mr. K. Smith presented the Claims List. Mr. K. Smith said there are a lot of invoices for K & S Truck Repair due to them getting behind in sending the invoices. Mr. K. Smith said there were two towing invoices, one to tow a wrecked water district truck and another to tow a truck that had broken down. Mr. K. Smith said one of those would be reimbursed. Mr. King made a motion to approve the Claims List, which was seconded by Mr. Jacobs and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said he spoke with the auditors and they had received the state retirement information they had been waiting on for pension liability so they could finish the audit. Mr. K. Smith said they are planning on being at the July board meeting to present their report. Mr. K. Smith said it was a good revenue month. He had looked at the previous three years and the district averaged about \$30,000 less than what was received during May of this year. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the district was below average with water produced, but was in line with the amount of water that was sold. He said the plant hours have ran lower during the month and overtime hours have went down.

**Other New Business:**

Mr. Mullins said he had three bad fire hydrants reported by the Ball Creek fire department, one in front of the Mennonite school, one on Rock Fork, and he said that he has still heard that the fire hydrant in front of the Ball Creek fire department is not working even though it had previously been worked on. Mr. Mullins said there was also a fire hydrant on Kite and one at Alice Lloyd College that they were having problems with.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 6:02 P.M. and came out of closed session at 6:13 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 6:13 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

7-17-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

7-17-18  
Date

  
\_\_\_\_\_  
David Smith, Chairman

7/17/18  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

7-17-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF SPECIAL CALLED MEETING  
Wednesday, March 7<sup>th</sup>, 2018 at 3:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 3:14 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Randall Tackett, KCWSD Attorney; and Ron Johnson, Johnson Engineering. Both Mr. Jacobs and Mr. King were present by phone.

**Recognizing Media:** No media was present.

*New Business:*

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 3:14 P.M. and came out of closed session at 4:47 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 4:47 P.M.

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, July 17<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, Clerk; Teresa Cornett, a resident of Beechnut Road; and Brett Hays, RFH CPA's. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

***Public Comments:***

Teresa Cornett, a resident of Beechnut Road on Big Branch Road, came to the meeting for an update on when someone would be out to look at her property for a water tap and to install a fire hydrant. Mr. Salmons said he wanted to go back and talk with the engineer about it, and talk with the board about prioritizing all of the fire hydrants that need to be installed around the county. Mr. Salmons said he would try to be out to take a look at it the following day. Mrs. Cornett thanked everyone for their help.

***2017 Auditor's Report:***

Brett Hays with RFH CPA's was present to provide the auditor's report for the Knott Co. Water & Sewer District 2017 audit. Mr. Hays presented a draft of the report to the board. Mr. Hays said the district received a clean opinion with financial statements, which is as good opinion that you can receive. He said the district was able to pay its current liabilities with its current assets. Mr. Hays said the income had increased a little bit and operating expenses were up. He said the district's grant income was down in comparison to the previous year. Mr. Hays said there were a few pages about the district's retirement and how the state's retirement plan is underfunded. The last part of the report talked about the internal control and financial reporting. He said there was one finding, which was the same finding they had during the previous year. Mr. Hays stated the finding did not have anything to do with the day-to-day financial management of the district, but was due to under professional standards the district is required to be able to draft its own financial statements including footnotes. Mr. Hays said 95% of their clients are unable to do the footnotes. He said it is a common finding that they see at all but a couple of their clients. Mr. Hays added that overall the district had a good year. Chairman Smith entertained a motion to accept the formal draft of the 2017 auditor's report. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons gave an update on the capital project updates. Mr. Salmons said he spoke with Ron Johnson who said early August is when they are looking at starting the I & I rehabilitation project in Caney. He said the majority of the rehab work has already been done on Alice Lloyd's campus and he said what was left to be done could be done after school hours. Mr. Salmons said he met earlier in the day with RM Johnson's inspector for the pump station site for the Route 7 interconnect project. Mr. Salmons said he thought it was going to work well for the district, it will help with some hydraulic situations and help fix some areas having pressure problems. Mr. Salmons said there were no pay requests to present at this time.

*Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said a few of the bigger claims were for KACo, one for workers comp and one for insurance coverage on vehicles and buildings. He also mentioned that the district was in the process of changing testing companies for samples, and noted that the Mineral Labs listed on the claims was the new testing company that the district was using. Mr. K. Smith said an annual payment of \$4,000 had to be paid to the Public Service Commission this month. Mr. K. Smith said some electrical work had to be done at the sewer plant, which was also noted on the claims list. He also talked about the Xerox copier that was listed on the claims list, which was a cost saving method rather than to continue to pay almost \$500 per month to lease a copier from another company. Chairman Smith entertained a motion to approve the claims list. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the district had the first month of the year in the red due to the KACo invoices that were due to be paid. Mr. K. Smith said revenue for the month was close to the average for the year. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was around the annual average, the purchased water was lower due to some oddities that did not reflect, and the sales have been running good. Mr. Salmons said the annual average for water loss is under 10%. Mr. Salmons said there were some line breaks in one area, but they could not locate a link that caused them to happen. Mr. Salmons said the work orders for the month were average in comparison to previous months. Mr. Salmons said water sold and water loss both look better in comparison to this time last year.

*Other New Business:*

Mr. Mullins said he had three bad fire hydrants reported by the Ball Creek fire department, one in front of the Mennonite school, one on Rock Fork, and he said that he has still heard that the fire hydrant in front of the Ball Creek fire department is not working even though it had

previously been worked on. Mr. Mullins said there was also a fire hydrant on Kite and one at Alice Lloyd College that they were having problems with.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:32 P.M. and came out of closed session at 6:31 P.M.

Coming out of closed session, Mr. Mullins made a motion to pay the commissioners for the Red Fox tank condemnation. Mr. King seconded the motion, and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:32 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

8-21-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

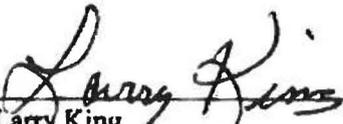
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
David Smith, Chairman

8/21/18  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

8-21-18  
Date

  
\_\_\_\_\_  
Larry King

8-21-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, August 21<sup>st</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Shannon Ratliff, KRADD; Jared Salmons, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Johnson gave an update on the Route 7 Letcher Co. interconnect project. He said the plans and specs were submitted in June. Mr. Johnson said he did not think AML had cleared the environmental studies on the project yet. He said once they get approval from the Division of Water they should be able to go to bid soon after. Mr. Salmons said he met with the owner of the pump station property and said he would probably need to meet again with the engineer to discuss things. Mr. Johnson said they would also be upgrading two pumps in the area as well. Mr. Johnson also talked about the Pippa Passes I & I project. He said they are finishing up plans and specs this week, which will then go to the Corps for approval. Mr. Johnson hoped the project would be able to go to bid within the next 30 days. Chairman Smith entertained a motion to approve Pay Request #5 for the Knott-Letcher interconnect project for a total amount of \$7,078.00. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said there was a substantial claims list this month. Mr. K. Smith said some extra samples had to be done during the month, there were some issues with pumps within the plant that needed to be repaired, and it fell to where more chemicals had to be ordered during the month. Mr. K. Smith also said the quarterly withdrawal payments to the state and a quarterly payment to Micro-Comm had to be paid this month. Chairman Smith entertained a motion to approve the claims list. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the district had a good month for July almost the exact amount of what was loss during the month of June. Mr. K. Smith said the cost of our water for the month of July is cheapest it has been for the year. Mr. K. Smith said he had binder copies of the audit to hand out to the board members. Chairman Smith acknowledged that the board had reviewed and accepted the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the district was above average on water produced for the month, and the residential sales were above average as well. Mr. Salmons said plant hours were about average, overtime hours were down, line breaks were normal with a couple of smaller lines being repaired during the month. Mr. Salmons said there were more adjustments this month due to billing with the sewer having to be separated so it can be tracked by the CFO, which required taking the sewer amount from one service type and being moved over to the Ball Creek sewer service. Mr. Salmons said the water loss was down and the overall average for the year is looking really good.

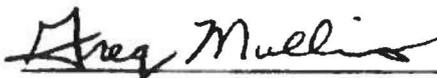
*Other New Business:*

None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:27 P.M. and came out of closed session at 7:03 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 7:03 P.M.

**Approval of Minutes:**

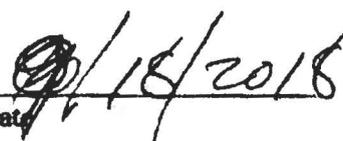
  
\_\_\_\_\_  
Greg Mullins

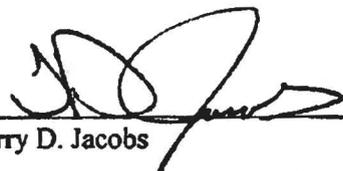
9-18-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

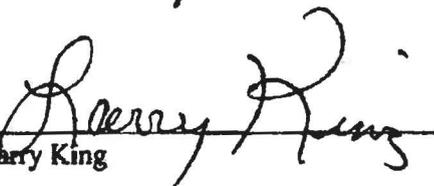
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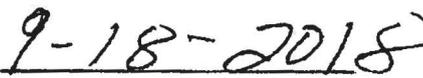
  
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David Smith, Chairman

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

  
\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, September 18<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Shannon Ratliff, KRADD; Jared Salmons, Plant Manager; Kyle Smith, CFO; Ernie Ellison, Division of Abandoned Mine Lands; Calvin Waddles, Magistrate; and Matthew Catron, Clerk.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Jacobs made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Ernie Ellison with the Division of Abandoned Mine Lands was present to present the MOA for \$850,000 to the Knott County Water & Sewer District for the Runnells Branch Water Supply Project, which will supply potable water for 58 residents. Mr. Ellison said the project would need to be completed by June 30<sup>th</sup>, but he said he felt it would be completed before that, especially if there was a good contractor. He said they are waiting on the Authorization to Proceed (ATP), which had been submitted last month and should be received at any time. Chairman Smith spoke on behalf of the water district and said they are grateful for the award and look forward to serving the customers in Runnells Branch.

Mr. Ellison also asked about the Highway 7 interconnect and asked how far the district was from bidding the project. Mr. Salmons said the design has already been submitted to the Division of Water, and they have had some correspondences back and forth. Mr. Salmons said he spoke with Ron Johnson with Johnson Engineering who thought the project would get started this year. Mr. Salmons said the tank site has been billed out. He said there was some additional information that Ron Johnson had to give to the Division of Water. Mr. Salmons thought it could get started by around November, adding that the critical timeline would be getting the pump built and ordered.

Mr. Salmons added that the DOT is doing some roadwork at Rock Lick Branch. Mr. Salmons said we do not have any customers in that area, but the district has a water line in the area that

they are going to reroute with some HTP line and redo the connection. Mr. Salmons said there is a contract that he has to be signed.

Mr. Salmons also talked about the Pippa Passes Sewer Rehabilitation Project. Mr. Salmons said they are still waiting on the environmental assessment. He said no construction work can be done until the environmental assessment is completed. Mr. Salmons said most of the work around Alice Lloyd College had already been done, and in the event something had to be done on campus it would be schedule around the time of classes. Chairman Smith asked for a motion to approve payment to RM Johnson for the Pippa Passes Sewer Rehabilitation Project Phase II. Mr. King made a motion, which was seconded by Mr. Jacobs and the motion carried. Chairman Smith also asked for a motion to approve signing the document to approve the relocation of a KCWSD water line by the Department of Transportation (Knott County 00BRZ1203407). Mr. King made a motion, which was seconded by Mr. Jacobs and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith pointed out an item involving the two copiers the district leased that was trying to be sent back. Mr. K. Smith said to ship the copiers back was going to cost \$1,000 and the district could own them for \$1,740, so Mr. K. Smith said there was a need for them at one of the sewer plants and having one for the plant operators to use. Chairman Smith asked for a motion to approve the Claims List. Mr. Jacobs made the motion, which was seconded by Mr. Hamilton and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said August was the highest expense month for the year based on operating expenses. Mr. K. Smith said it was a combination of a repair on the pumps, an additional week of payroll, and an increase in chemicals purchased. He said the quarterly withdrawal payment to the state also had to be made during the month as well. Chairman Smith acknowledged that the board reviewed and accepted the financial report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the district was down in water that was produced. The water loss is really low. Mr. Salmons said the meter was calibrated and those numbers will reflect differently in the next month, but he felt the numbers would remain around the same as the yearly average. Mr. Salmons said there were five line breaks and an increase in work orders. Mr. Salmons said there was an increase with usage from wholesale customer and he anticipated that this would be the biggest wholesale year in comparison to previous years. Mr. Salmons said they are producing more water, selling more water, and they are losing less water.

*Other New Business:*

Magistrate Calvin Waddles was present to ask about the status on some of the unserved areas around Route 7 and a project on Squire Lane. Mr. Salmons said there was an issue getting enough pipe in to get the type of pipe they wanted to prevent leaks. Mr. Salmons said they were late getting some of the supplies and with meter reading it would be the next week until he could get with the service crew and find a time to start working on it. Chairman Smith said they are working on addressing as many unserved areas as they can by going out and meeting with people to see who would be willing to hook up on the water. Mr. Waddles also asked about adding fire hydrants. Chairman Smith said they are taking work orders through the judge's office to suggest where the need for fire hydrants are. Mr. Salmons confirmed that two fire hydrants had been installed with three more left to be installed. Mr. Salmons said he hoped to have the hydrant in Mullins Branch installed before the next meeting. Mr. Waddles asked if a group of a community, five or six houses, went together to pay for a fire hydrant if the water district would have any problem doing the labor to install it. Mr. Salmons said he did not have a problem with that.

Shannon Ratliff with KRADD spoke about a water operator training at the KRADD office in Hazard from 8:00 AM to 4:00 PM. She said it would count as six credit hours, and it was also for magistrates, judges, mayors, and operators.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:35 P.M. and came out of closed session at 7:00 P.M.

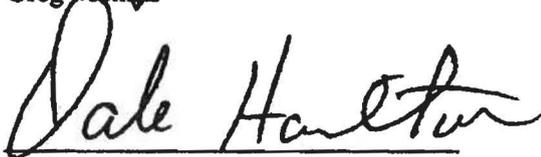
After coming out of closed session, Mr. Jacobs made a motion to approve the borrowing of \$150,000 contingent on the receipt of \$150,000 in matching funds from the Knott County Fiscal Court for a total of \$300,000 in operating funds to supply county residents with KCWSD water lines. Mr. Hamilton seconded the motion, and the motion carried. Mr. Jacobs also made a motion to assume ownership of phase III of the TEA sewer line and drone port at Ball Creek upon completion by TEA of the sewer line and contingent upon acquiring funding and acceptable contractual terms. The motion was seconded by Mr. Hamilton, and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 7:02 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullis

10-16-2018  
Date

  
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Dale Hamilton, Vice-Chairman

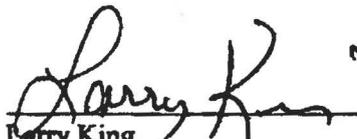
10-16-2018  
Date

  
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David Smith, Chairman

10/16/18  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Barry King

10-16-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, October 16<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Shannon Ratliff, KRADD; Jared Salmons, Plant Manager; and Kyle Smith, CFO. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

*Public Comments:*

None.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons said Mr. Tackett has been researching and doing the deed work for the tank site with the Route 7-Letcher County interconnect. Mr. Salmons also said that as soon as the environmental review is done they will be ready to move on with the I & I project in Pippa Passes.

*Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said the invoice for the audit is on the list for \$16,000. Mr. K. Smith also said there was an annual software support invoice for United Systems. He said the district will be using a new mapping company, but due to the timing with the contracts it will not cause a change in pay from the previous mapping company the district had used. Mr. Mullins made a motion to approve the claims list, which was seconded by Mr. Hamilton and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue was down from average and expenses were about the same. Mr. K. Smith said at this time of the year in comparison to the previous year our overall revenue is up 8% and the expenses are up 14%, which results in the net income being down by 31%. Mr. K. Smith said he looked at the budget and in most employee related fields of the budget look good. He said the retirement is down by 20%, which he thought was attributed to hiring part-time employees. He said the electricity is 7% over what they budgeted for the year. Mr. K. Smith said the operating supplies is 67% over

and he anticipates having to adjust before the end of the year. Chairman Smith acknowledged that the board reviewed and accepted the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the district is about average on the water produced and water sold, which is still significantly higher than last year at this time. He said the water loss is up for the month, but the annual average is still staying right around 8%. He said operational hours were lower and overtime hours were down. Mr. Salmons said there were a few line breaks during the month, which contributed to the higher water loss number. Mr. Salmons said wholesale numbers are average at this time, but will trend higher as it gets in to the winter months.

*Other New Business:*

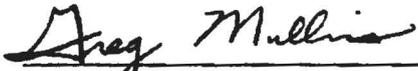
None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried. The board went in to closed session at 5:12 P.M. and came out of closed session at 7:17 P.M.

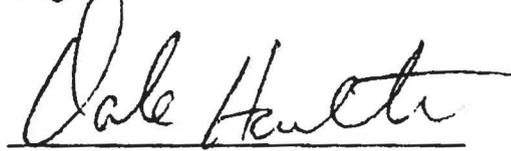
After coming out of closed session, Mr. Mullins made a motion to send out wholesale contract water purchase agreements for the purpose of rate change restructuring. Mr. King seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:18 P.M.

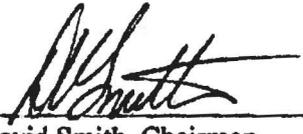
**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

11-15-18  
Date

  
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Dale Hamilton, Vice-Chairman

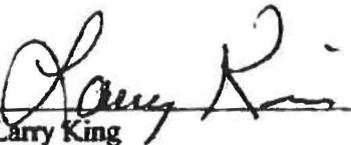
Nov 15, 2018  
Date

  
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David Smith, Chairman

11/15/18  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

11-15-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, November 15<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Josh Duvall, Vanguard Mapping Solutions; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon and Tommy Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

***Public Comments:***

Josh Duvall with Vanguard Mapping Solutions gave a presentation on his mapping program and how it could benefit the district. Using a laptop computer, Mr. Duvall showed the board visually what his program looks like and gave a walkthrough of the basics of working the program. Mr. Duvall said the program would help the district better manage its assets by keeping track of all valves, pump stations, meters, master meters, water and sewer lines, and all other assets to the district. He said this is not a one-size-fits-all program, but they meet with each utility to build a program that meets their demand. Mr. Duvall said the program can also track what field personnel are doing, letting you know when something is being done and whether or not the employee is at the particular work site they are designated to be at. Mr. Salmons gave some insight, stating that each field worker can pull the forms up on their phones to do while they are at each site, adding that it will actually show whether the field worker is at the site. Mr. Duvall said he would be contacted when the district needs a report and it would cut down on the total paperwork that Mr. Salmons has to go through. Mr. Salmons said it will help greatly with helping field workers find where meters are, especially in an instance when it may be a new employee who is not familiar with a particular area. Mr. Duvall said his company provides essentially a full time employee to the district at a fraction of the cost.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons talked about the Pippa Passes sewer rehab project, which he said the Corps of Engineers is still doing the environmental assessment. Mr. Salmons said the Corps is funding most of the project, and the district is at their mercy until they are ready to proceed. Chairman Smith asked when it is anticipated to start. Mr. Salmons said Mr. Johnson is ready to go when he gets the approval and it will go to bid that day. Mr. Salmons said he hoped to be ready to move forward by the date of the next board meeting.

Mr. Salmons also gave an update on the Letcher County-Knott County interconnect project. Mr. Salmons said the project is coming along and they have verbal approval from the Division of Water, but have not received a written copy yet. Mr. Salmons said that project should be moving along pretty soon as well.

Mr. Salmons also talked about the State Highway Department repairing a bridge at Rock Lick Branch off of Route 7, which would result in a KCWSD water line needing to be relocated. Mr. Salmons said the state would be paying to relocate the water line.

Mr. Salmons said he had an invoice for Runnels Branch for the mapping that was done for the project and for some of the design phase. Chairman Smith entertained a motion to approve pay request #1 for the Runnels Branch project. Mr. King made a motion, which was seconded by Mr. Mullins and the motion approved. Chairman Smith also entertained a motion to approve paying pay request for the Rock Lick requisition #1. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith went over some of the larger items on the list. He said there was an invoice for Aulich for an entire tote of a chemical, which was more than what was ordered but they kept it because it would end up being used eventually. Mr. K. Smith talked about the Goss-Sanford invoice being for their part in assisting with the PSC deviation. Mr. K. Smith said there were several invoices for K & S Truck Repair. He said they have been keeping their invoices and sending numerous invoices for different months all at once. Mr. K. Smith said they had talked with them before about getting the invoices to the district on a monthly basis. Mr. K. Smith said there was the payment to the Corps of Engineers they talked about last month, but it hit the Claims List this month. Chairman Smith entertained a motion to approve the Claims List. Mr. Mullins made a motion, which was seconded by Mr. Hamilton and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the good news is the revenue for the month in comparison to last year is up, but the expenses are up about \$18,000 per month from what they were at this time last year. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced and sold is significantly higher than it was at this time last year. Mr. Salmons said the water loss is up a little bit, but the annual average is 8.1% which he said was really good. He said everything was a little high with work orders and adjustments. Overtime hours were down for the month in comparison to the annual average, and wholesale customers were running close to average for the month.

**Other New Business:**

None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:41 P.M. and came out of closed session at 7:16 P.M.

After coming out of closed session, Mr. King made a motion to approve the bids for the Rock Lick project, to accept the lowest bid, and to send notification to the state that they have awarded the project to the lowest bidder. Mr. Mullins seconded the motion, and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 7:17 P.M.

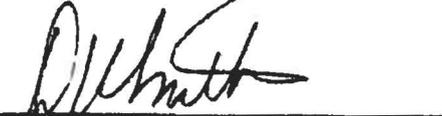
**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

12-18-18  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

Dec 18, 2018  
Date

  
\_\_\_\_\_  
David Smith, Chairman

12/18/18  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

12-18-18  
Date

  
\_\_\_\_\_  
Larry King

12-18-18  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, December 18<sup>th</sup>, 2018 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jeff Dobson, Knott Co. Judge Executive elect; Jared Salmons, Plant Manager; Kyle Smith, CFO; Shannon Ratliff, KRADD; Columbus and Faye Humble, residents of Bill Dee Branch; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

***Public Comments:***

Columbus and Faye Humble, residents of Bill Dee Branch, were present at the meeting to talk about getting the main line in their area extended up to their residence. Mr. Humble said he lived about seven or eight-tenths of a mile from where the line ends. They said they have very dirty, rusty well water. Mrs. Humble stated that they paid \$1,250 to have a new well drilled, but she said the next day after it was drilled they hooked it into the house and the water was not fit to drink. Mr. Humble commented about what a waste of money it was having the well drilled for the quality of the water. Mrs. Humble said she spoke with the contractor when they were in the area and they said they did not have orders to run the water line any further than they were running it. Chairman Smith said they will have someone look at it and see if it could be added to the project to extend water lines in the county.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said he was notified by the engineer that they are going to advertise for bids on the following Friday for the Route 7 interconnect project. Mr. Salmons said they have everything worked out as far as property goes with the project. He also talked about the Pippa Passes sewer rehabilitation project, and said Ron Johnson has been in contact with the Corps of Engineers about some environmental issues and he thought they had all of those worked out. Mr. Salmons said he they should be able to start on it after the first of the year, but he said they are at the mercy of the Corps of Engineers since they are providing the match money. Chairman Smith asked about the Rock Lick project. Mr. Salmons said the equipment is moved in and the lines are marked. He said all the contracts are signed and everything is moving along with it. Mr. Mullins asked about the Runnels Branch project. Mr. Salmons said they working on the design and the mapping with the Runnels Branch project. He said once the approval is received from the Division of Water, it will be ready to go to bid. Chairman Smith asked about the line

extension project that was funded by the county. Mr. Salmons said Stellas Lane has been completed. He said today the service crew is flushing the lane and getting the customers ready to hook up.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said the list is fairly high this month due to some carry-over from the previous month due to a shorter claims list. He said the motor for the 1410 pump station and the labor to put it in was a large invoice on the list. Mr. K. Smith said there were a lot of invoices from electrician Piercy Mullins that he had held on to for a while. He also said there were a couple deliveries of fuel that fell on the list as well as the annual quarterly withdrawal payment. Mr. K. Smith said an item that is not on the list is the renewal for the accounting software, Sage 50, that the district uses, costing \$1,661.95 that is due by the end of the month. Chairman Smith asked for a motion to approve the claims list. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said November correlates with the claims list, stating that the district ended in the red a little bit. Mr. K. Smith said some changes needed to be made in regards to changes with the retirement for the upcoming year, as well as with operating supplies due to producing more water and the need for more chemicals in the following year going up, and the buildings and grounds would need to be amended due to being over-budgeted the previous year. Chairman Smith asked for a motion to change the line items. Mr. King made a motion, which was seconded by Mr. Hamilton. Chairman Smith acknowledged that the board reviewed and approved the financial report.

Mr. K. Smith presented the 2019 budget to the board. Mr. K. Smith talked about the operating revenue, which was increased by \$177,000 with wholesale customers using more water. On the other revenue, it was increased from \$40,000 to \$210,000. Mr. K. Smith said \$150,000 of that amount is the money that is coming from the fiscal court. On the operating supplies, Mr. K. Smith said it would be quite a bit higher due to expected hydrant work and line extensions that will come out of that \$150,000. Mr. K. Smith said the numbers are set by the current state we are in and at any time changes are made in regards to the water withdrawal fees, they will ask for an amendment to the budget. Chairman Smith asked for a motion to approve the 2019 budget. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was above average for the month. He said they anticipate major growth during the winter months. Mr. Salmons said water purchased was below average. He said operating expenses are going up and more water has been sold. Mr. Salmons said there were some leaks for the month, but said he feels good about the yearly average water loss of 8.4%. Mr. Salmons said he felt good about instilling the GIS system in 2019 and how it will help with leak detection. Mr. Salmons said work orders, disconnects, and reconnects fluctuate for the month, but were a little higher than

normal. Mr. Salmons said he has been looking at some new billing systems for the district. He said the district has had some webinars with a few different companies. Mr. Salmons said he felt the current billing software is outdated and there were some issues with getting it worked out to use the current billing software to print bills in house rather than using an outsource printing company. Mr. Salmons said he wants to use a web-based service because it had a lot more options. Mr. Salmons said they would store everything and back all the information up. He said with work orders they can be sent straight to the service crew rather than the service crew having to come in to the office to get a paper work order, which could potentially get lost. Mr. Salmons said it would also provide a customer portal, which would allow each customer to have access to their account to see their payments, work orders, be able to print copies of their bills, etc. Mr. Salmons said he felt Muni-Link is the company that has the best billing software. Mr. Salmons said he would need to get approval from the board to move forward with signing the contract with Muni-Link. Chairman Smith asked for a motion to approve and agree to sign the contract using Muni-Link as the district's new billing software. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

*Other New Business:*

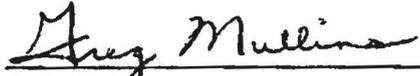
Mr. Mullins said he was contacted by Magistrate Calvin Waddles. He said there was an area called Ethel Drive that did not have county water and it would service two houses. Mr. Salmons said they had already visited the area, and it would involve a road bore and a creek bore. Mr. K. Smith said both he and a member of the service crew had visited with a resident of the area and they refused water service when they heard they would have to pay a tap fee. Mr. Mullins said Mr. Waddles had also mentioned a resident in Robin Lane that wanted their meter moved. Mr. Salmons said he had spoken with Mr. Waddles about it. Mr. Salmons said the person at Robin Lane has water, but has had some pressure problems due to where the meter is set. He said he has it on his list and plans to check it out when he is out in the field. Mr. Mullins also asked about setting a fire hydrant at the Carr Creek Fire Dept. Mr. Salmons said that CI Thornburg would have to come tap the line and they have all of the materials in already that they need to complete the project. Mr. Salmons said he just needed them to mark where on the line that they wanted it done.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 5:56 P.M. and came out of closed session at 7:03 P.M.

After coming out of closed session, Mr. Jacobs made a motion that in relation to all wholesale customer agreements, all sales be converted to a month-to-month as opposed to a long term contract. Mr. Mullins seconded the motion and the motion carried unanimously.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 7:04 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

1/15/19  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
David Smith, Chairman

1/15/19  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

1-15-19  
Date

  
\_\_\_\_\_  
Larry King

1-15-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, January 15<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Ron Johnson, Johnson Engineering; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney. Dale Hamilton was not present at the meeting.

**Recognizing Media:** No media was present at the meeting.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Jacobs made a motion to approve the minutes, which was seconded by Mr. King and the motion carried.

*Public Comments:*  
None.

*Capital Project Updates and Contractor Claims:*

Ron Johnson was present at the meeting and gave an update on capital projects. Mr. Johnson said they bid a job the previous week for the Letcher County interconnect project on Route 7, which he said would also upgrade two pumps Highway 582. He said the project is several projects put together by AML. He said it is put together by a couple different pots of money and the money expires by the end of June. Mr. Johnson said due to the project being bid during the holidays there were fewer bidders than there would have been. Mr. Johnson said the tank in the project would be a stainless steel tank. He said in contract 28 some non-essential items had to be taken out to help with budgeting. Mr. Johnson said a generator for the project had been removed for now, but he anticipated adding it back in later. He said the Dept. of Transportation asked them to put some asphalt at the approach of the tank road going up the hill, and to put a trough drain in. Mr. Johnson said they needed to get the bonds, do pre-construction, and give the notice this month to get it done by June. Chairman Smith asked for a motion to approve the awarding of the bids. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

Mr. Johnson talked about the Pippa Passes Waste Water project. Mr. Johnson said they are waiting on the Colonel with the Louisville Corps of Engineers to sign off on the FONSI (Finding of No Significant Impact). Mr. Johnson said once the FONSI is received they will be ready to go to bid. He said the administrator sent it in in early December and it has to have seven signatures on it before the Colonel can sign it. Mr. Johnson said he was informed that by next week it should be signed.

Mr. Johnson also talked about the Runnels Branch project. He said they have plans and specs that will go in to the Division of Water. He was not sure how long it would take once they were submitted to DOW. Mr. Johnson said they are doing some culvert work on Hwy 160 and they are trying to find out where the culverts are being put in between Hwy 582 and Runnels Branch. Mr. Johnson said two pay requests: one for G&W Construction doing work on Rock Lick (Pay Request #2) and the design fee for the Letcher County project (Pay Request #6). Chairman Smith asked for a motion to approve Pay Requests #2 and #6. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said one of the bigger things on the list was some work that had to be done to the 1410 pump station, involving three different vendors having to do work on the pump station. Mr. K. Smith said an item on the list for CI Thornburg for \$3,210 would be reimbursed to the district from the Corps of Engineers. Mr. Salmons said the invoice was for materials that the district ordered for the Corps to hook up on the county water. Mr. K. Smith said with Mineral Labs for water and sewer samples have been less than usual and should be less going forward due to DOW no longer requiring some additional testing. Chairman Smith asked for a motion to approve the Claims List. Mr. Jacobs made a motion, which was seconded by Mr. Mullins.

#### *Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said that with 2018 coming to an end, he was able to compare the numbers between 2018 and 2017 with revenue and expenses. Mr. K. Smith said the net income 2018 and 2017 were almost in line with each other. Mr. K. Smith said the revenue was way up, but expenses were as well. Chairman Smith acknowledged that the board had reviewed and accepted the Financial Report.

Mr. K. Smith said it was time to do the KCWSD 2018 audit. He said he received a letter from RFH, the firm that did the previous audits for the past two years, stating that their price was still the same. Mr. K. Smith said he had checked previously on getting quotes from other firms, but the prices were higher than RFH, and he said working with them each year has made for a smoother audit with them already being familiar with the district and how the process goes. Mr. K. Smith said the price would still be the same and it was his recommendation to continue using RFH as the district's auditor. Chairman Smith asked for a motion to approve using RFH as the firm to conduct this year's audit. Mr. Jacobs made a motion, which was seconded by Mr. Mullins and the motion carried.

#### *Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was high and water sold was above average as well. Mr. Salmons said the high usage was common with this time of the year, and surrounding water systems have had some problems with leaks, which he stated the district was able to help meet their needs. Mr. Salmons said the district has had some leaks as well, which he said a couple were significant. Mr. Salmons said even with these

leaks the district still has a better water loss than this time last year. Hours of operation for the plant were on average and overtime hours are trending down.

Mr. Salmons talked about E-1 replacement pumps, residential grinder pumps for sewer, which he said was becoming a problem due to their cost and the difficulty making a profit. Mr. Salmons said he was looking at a few different options to cut the cost down on replacement pumps.

Mr. Salmons said he received a PSC request about the district's water loss. Mr. Salmons said he went back and worked with the previous KCWSD Manager, LJ Turner, and he also looked back over the PSC guidelines, and he said everything fell in line with how it should look and the water loss decreased a little bit after he had looked over it.

Mr. Salmons also talked about the GIS mapping software to give a mapping of the sites within the system. Mr. Salmons said it was utilized for the first time in December. Mr. Salmons said with it the software company will be able to compile all of the information that is sent in and he will be able to give that directly to PSC when they need it.

Mr. Salmons said a webinar was scheduled for the following day with Muni-Link, the new billing software company the district will be using. Mr. Salmons said the cost saving was great, but he felt the new software is much better than what the district has been using.

*Other New Business:*

None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:46 P.M. and came out of closed session at 6:11 P.M.

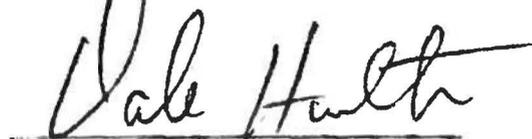
After coming out of closed session, Mr. Jacobs made a motion to permit the moving of the emergency product money in the interest-bearing checking accounts into interest-bearing CD's. Mr. King seconded the motion, and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Mullins and the motion carried. The meeting ended at 6:12 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

2-19-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

2-19-19  
Date

  
\_\_\_\_\_  
David Smith, Chairman

2/19/19  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

2-15-19  
Date

  
\_\_\_\_\_  
Larry King

2-19-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, February 19<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said they received approval from the Corps of Engineers to move forward with the Pippa Passes waste water project. He said they are waiting on a Phase I environmental study. Mr. Salmons said he got the notification that Ron Johnson has submitted Runnels Branch to the Division of Water. Mr. Salmons said Route 7 was bid out. He said the big part of it is getting the submittals in and reviewed. He said he saw the submittals for the pump stations, which the engineers are reviewing at this time. Mr. Salmons said he had a claim for Runnels Branch for some engineering work and one for Rock Lick. Chairman Smith entertained a motion for Pay Request #3 for the Rock Lick Project and Pay Request #2 for the Runnels Branch Project. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said it was a large one this month. He said the VFD at the 1410 pump station was a big one on the list. Mr. K. Smith also said it was a big month for chemical orders for the plant due to the increase in water produced in the last few months. Mr. Salmons added that more DelPAC has to be ordered that this time of the year due to the water chemistry. Mr. K. Smith said the quarterly withdrawal had to be paid this month as well as a quarterly payment to Micro-Comm, and a payment to our billing software company. Chairman Smith asked for a motion to approve the Claims List. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said it was a high expense month along the same lines as the Claims List. He said the RC bond payment was due this month and the electric bill was up. Mr. K. Smith said maintenance and repairs were up due to the VFD having to be replaced. Chairman Smith acknowledged that the board had reviewed and accepted the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said there was not as many problems as they had during the previous winter with line breaks and other problems with surrounding counties water systems. Mr. Salmons said there were a few slides that resulted in line breaks. He also said leaks went on for longer due to there being so much water and the ground already being wet. Mr. Salmons said work orders were up for the month and the total number of customers is trending up.

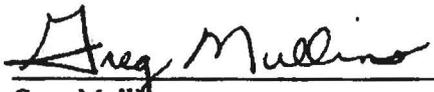
*Other New Business:*

None.

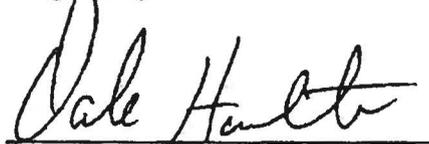
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried. The board went in to closed session at 5:23 P.M. and came out of closed session at 5:55 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 5:55 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

03-19-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

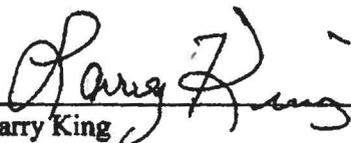
March 19, 2019  
Date

  
\_\_\_\_\_  
David Smith, Chairman

3/19/19  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

3-19-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, March 19<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney. Mr. Salmons, Plant Manager; and Mr. Jacobs, Board member, were unable to attend the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

**Public Comments:**  
None.

***Capital Project Updates and Contractor Claims:***

Mr. K. Smith gave an update on the Capital Projects in Mr. Salmons' absence. Mr. K. Smith said there was a bid opening that was awarded to the lowest bidder, Akins Excavating, for Phase II of the Pippa Passes Waste Water Rehab Project. Mr. K. Smith presented the Pay Request #2 for the design and engineering costs for Phase II of the Pippa Passes Waste Water Rehab Project. Mr. K. Smith also had a Pay Request #7 for the Knott-Letcher Highway 7 Interconnect, and Pay Request #3 for engineering costs for the Runnels Branch Project. Chairman Smith asked for a motion to approve the notice for contract 29 for Phase II of the Pippa Passes Waste Water Rehab Project. Mr. King made a motion, which was seconded by Mr. Mullins and the motion carried. Chairman Smith also noted that the motion gave him the ability to sign the notice of award. Chairman Smith also asked for a motion to approve Pay Request #2 for Phase II of the Pippa Passes Waste Water Rehab Project, Pay Request #7 for the Knott-Letcher Highway 7 Interconnect, and Pay Request #3 for the Runnels Branch Project. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said he was on the Claims List due to him serving on an asset management committee, and it was to reimburse him for taking his personal vehicle to a meeting in Frankfort. Mr. K. Smith said the Vanguard Mapping invoice is on the list twice for quarterly update maintenance fees and the second one is an older one that was overlooked. Chairman Smith asked for a motion to approve the Claims List. Mr. King made a motion, which was seconded by Mr. Mullins.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the onsite work for the audit was completed. Mr. K. Smith said the auditors did not have any initial findings during their onsite work. He expected them to be done by the end of the month, but they will not have all of the pension information until they get that information sometime during the summer. Mr. K. Smith said Rural Water is wanting to use the 2018 numbers to do their rate analysis, so he said the auditors said they would send a draft of the financials in the next few weeks to help with that. Mr. K. Smith said the revenue for February was similar to January, but they were able to get the expenses down some. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

*Manager's Report*

Mr. K. Smith gave the Manager's Report in Mr. Salmons' absence. Mr. K. Smith gave the members time to review the report they were given, and also noted that they would start having a spreadsheet included in their packets each month of the adjustments that had been done. The board reviewed the adjustments. Chairman Smith had a few questions about two adjustments and asked that Mr. Salmons get back with them on explaining some details about the adjustments. Chairman Smith asked about the water loss being at 21%. Mr. K. Smith said Mr. Salmons could probably provide more details about it, but Mr. K. Smith said winter months typically were higher due to more water being used and more stress being put on water systems from the cold weather.

*Other New Business:*

None.

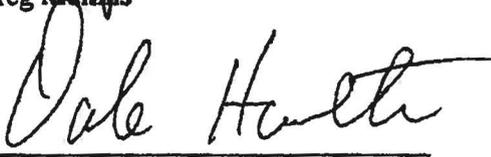
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:37 P.M. and came out of closed session at 6:44 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:45 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

4-16-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

4-16-19  
Date

  
\_\_\_\_\_  
David Smith, Chairman

4/16/19  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

4-16-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, April 16<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney. Terry D. Jacobs, Board member, was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Kings and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons gave an update on the Capital Projects. Mr. Salmons said the Knott-Letcher interconnect is underway with the majority of the equipment being ordered, and the tank site materials have been delivered. Mr. Salmons said they are ready to start erecting the tank and he has a substantial pay request for it. Mr. Salmons said the other project going on is the Pippa Passes Sewer Rehabilitation Project. Mr. Salmons said it has been awarded, but they have not had the pre-construction meeting yet. He said the contractor has agreed to do any work on Alice Lloyd's campus during non-class hours or during the summer break. Mr. Salmons said most of the campus' sewer line had already been done, but there may be some laterals that need repaired on some of the creek crossings. Chairman Smith asked for a motion to approve Pay Request #8 for the Knott-Letcher interconnect. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said he had two items to point out that were added after he emailed the list to the board members. He said one was listed under Knott Co. Water & Sewer, which was to replenish the petty cash account, and to reimburse KCWSD Sewer Operator, Michael Jacobs, for expenses during training. Chairman Smith asked for a motion to approve the Claims List. Mr. Mullins made a motion, which was seconded by Mr. King and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue is in line with what was budgeted for the first quarter so far, and he added the expenses are close as well. Mr. K. Smith said the cost per thousand gallons was high this month due to it being a month where less water was sold. Chairman Smith acknowledged that the board had reviewed and approved the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons talked about water loss. He said the District had repaired a few leaks during the month and found a few residential meters that had not been registering any usage. Mr. Salmons said he feels like it will be down to 11-12% by the next meeting. He said a few wholesale meters were not capturing all the water that was being used, which will also help lower the water loss. Mr. Salmons said less water was sold during the month and production was lower as well. Mr. Salmons said where the period included part of February it caused fewer days to be in the reporting period. He said operating hours were down, overtime hours were down, and overall line breaks were down. Mr. Salmons said there were a few leaks left to repair, which the district is continuing to try to locate. Mr. Salmons said there were seven adjustments, which he explained to the board. He explained that billing errors are not lost revenue and explained how some of these can give such a large reading when they go through the billing software. Mr. Salmons said a few were leak adjustments and there was an instance where a check was stuck together and an extra check was sent to the bank, which had to later be taken off that account. Chairman Smith asked about the status on implementing the new billing software. Mr. Salmons said he had been trying to provide the new company with all of the information they need without having to use the current billing software to save on cost. Mr. Salmons said about 25% of the data he will have to be sent by United Systems to Muni-Link. Mr. Salmons talked about how the district has exceeded with organic removal from the water. Mr. Salmons said the district has been able to reduce the amount of chlorine gas that needs to be used and the district is producing better quality water. He said he is in talks with CI Thornburg about having them do some maintenance on chemical tanks at the plant and purchasing chemicals from them in bulk, which he added would be cheaper and would also lock in the price at an amount so that if the price of the chemical was to change, the district would only have to pay the locked in price.

*Other New Business:*

None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:27 P.M. and came out of closed session at 6:37 P.M.

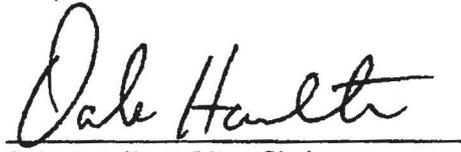
Coming out of closed session, Mr. Mullins made a motion to move money from emergency funds to an interest bearing account. The motion was seconded by Mr. Hamilton and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:37 P.M.

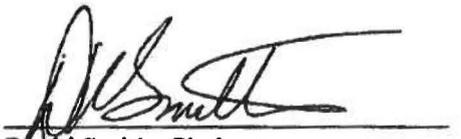
**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

05-16-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

May 16, 2019  
Date

  
\_\_\_\_\_  
David Smith, Chairman

5/16/19  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Larry King

5-16-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, May 16<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney. Terry D. Jacobs, Board member, was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. Hamilton and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons gave an update on the Capital Projects. Mr. Salmons said the Knott-Letcher interconnect is close to being completed, stating that new pumps and VFD's had been installed in Steer Creek in Pinetop. He added that the pump station is at West Fork and the electricity is scheduled to be turned on the following week. He said the tank erection would start the following week as well and should take about three weeks. Mr. Salmons said they had some trouble finding a master meter location that was acceptable to DOT, which would have to be discussed further with DOT. Mr. Salmons said there was one pay request for the project. He said they had received all DOT approvals for the Pippa Passes project. Mr. Salmons said the pre-construction meeting would be on the Tuesday after Memorial Day. He said Ron Johnson had told him that Runnels Branch was approved and the approval had been sent out for approval from the Division of Water. Mr. Salmons said they hoped to advertise the next week and he hoped that parts of Runnels Branch would have water by the winter. Chairman Smith asked for a motion to approve the Pay Request under that condition that the board be provided with additional information about the project budget and a change order. Mr. Hamilton made a motion, which was seconded by Mr. Mullins and the motion carried.

***Claims List***

Mr. K. Smith presented the claims list. Mr. K. Smith said it was a high claims list. He said a few things were not typical items, which he listed as paying for fuel, the quarterly withdrawals, annual service for Chlorinators and Living Waters, and a lot of chemical payments were due during the month. Mr. Mullins asked about two towing bills. Mr. Salmons said there had been

some trouble with one of the service trucks. Chairman Smith entertained a motion to approve the claims list. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said in comparison to 2018 at this time of the month the district is about spot on with revenue, but the expenses have increased by about 10%. Mr. K. Smith said some of the things increasing the expenses is the increase in retirement, vehicle repairs, and maintenance and repair materials make up most of it. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said water produced is about average, water purchased was high due to a substantial leak from a few months ago. Mr. Salmons said the water sold to residence and wholesale customers is about average. He said the district continues to try to find leaks in the system to decrease the water loss. Mr. Salmons showed some water line with a hole in it from a service line to show how a small hole in a line can lead to a large amount of water loss. Mr. Salmons said a big leak was fixed last night, but it will not be until July that the board will see a difference in the water loss. Mr. Salmons said his goal is to get back in the single digits for water loss and he was confident with the changes the district has made that they will get back to those numbers.

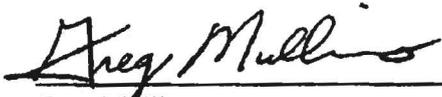
*Other New Business:*

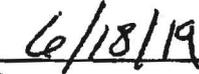
None.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, which was seconded by Mr. King and the motion carried. The board went in to closed session at 5:33 P.M. and came out of closed session at 6:33 P.M.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. King and the motion carried. The meeting ended at 6:33 P.M.

**Approval of Minutes:**

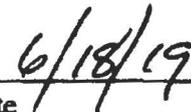
  
\_\_\_\_\_  
Greg Mullins

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
David Smith, Chairman

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

~~Larry King~~  
Ricky M<sup>c</sup>DANIEL  
Ricky Z McDaniel

\_\_\_\_\_  
Date

6-18-19

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, June 18<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; Randle Tackett, KCWSD attorney; Michelle Barrett and Kathy Marshall, KACo; Lucas Campbell and John Delpont, Blue Ridge Insurance; and Ernie Ellison, AML. Ricky McDaniel, a newly appointed Board member, was present and this was his first meeting on the water board. Board members, Terry D. Jacobs and Dale Hamilton, were not present at the meeting, but Mr. Hamilton was present via Facetime from his phone.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Mullins made a motion to approve the minutes, which was seconded by Mr. McDaniel and the motion carried.

***Public Comments:***

Michelle Barrett and Kathy Marshall with KACo provided information to the board showing the benefits of continuing to have property, liability, and worker's compensation insurance through KACo. John Delpont and Lucas Campbell with Blue Ridge Insurance were also present at the meeting and countered what KACo had said, giving the benefits and advantages of having insurance through Blue Ridge Insurance. The board had a few questions to each insurance provider about aggregates and deductibles. Mr. Salmons wanted to know some particular information on flood insurance as the district has had some problems with flooding in the past. Chairman Smith asked Mr. K. Smith to coordinate with the insurance companies about getting any additional information needed. Chairman Smith made a motion to delay choosing an insurance provider until all final quotes are received, which was seconded by Mr. Mullins.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons gave an update on the Capital Projects. Mr. Salmons said he has the final pay request for the Knott-Letcher interconnect. Mr. Salmons said everything is in budget with \$23 left over. He said Runnels Branch went to bid. Mr. McDaniel asked about four houses up in Runnels Branch that were not included in the project. Mr. Ellison with AML said there was only one house and it was originally cut out of the project due to the cost. Mr. Ellison said at the request of Representative John Blanton they added it as a separate bid item. Mr. Ellison said that if the other home was included they would not fund the project and would put that money somewhere else. Mr. Salmons asked about if other nearby areas like Dead Man's Branch could be included in the project. Mr. Ellison said he had done a survey but a study would need to be

done. Mr. Ellison said at this time other areas could not be added to the project because they do not have OSM approval to proceed. Chairman Smith asked if a study could be done to get those areas in the project. Mr. Ellison said there would not be any way to get a study done in time to include those areas with the Runnels Branch project. Chairman Smith asked for a motion to pay the final pay request for the Knott-Letcher Interconnect project. Mr. Mullins made a motion, which was seconded by Mr. McDaniel and the motion carried. Mr. Salmons gave the board an update that contracts were awarded with the Pippa Passes Waste Water project to help with the I & I issues with the sewer system. Mr. Salmons said construction on that project should begin before the next meeting. Mr. Salmons spoke again about the Runnels Branch Project. He said Ron Johnson has a call in to Bob Scott with AML to push to get the other areas included in that project. Mr. Salmons said he thought there was a possibility that they could get included. Chairman Smith reviewed paperwork for the bid on the Runnels Branch Project. He said that it was Ron Johnson's recommendation that the board accept the lowest bid from G & W Construction as the contractor to do the project. Chairman Smith asked for a motion to accept G & W as the lowest bidder and to award them the contract to complete the Runnels Branch Project. Mr. Mullins seconded the motion, and the motion carried. Chairman Smith said there was a pay request (#4) for the design and bid of the Runnels Branch Project. Chairman Smith asked for a motion to pay the pay request. Mr. McDaniel made a motion, which was seconded by Mr. Mullins.

#### *Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said it was a large claims list, which was mostly due to the motor at Bruce Walters Ford for the district's dump truck. Mr. Salmons gave some details on what had happened with the dump truck. Mr. Salmons said they attempted to put a used motor in it, which still had a warranty, but when it was installed the cylinder was down. Mr. Salmons said then they went with a remanufactured motor from the dealer, which was installed, ran for 15 minutes, and then blew up. Mr. Salmons said he asked for some clarification about it blowing up, but it was not explained any clearer than that. He said it was currently at Bruce Walters Ford to see if the problem was an installation issue or a problem with the motor. Mr. Salmons said they are currently waiting on more information to see what is going on. Mr. K. Smith said he was not going to send the payment until they knew more, which Chairman Smith and the board agreed. Mr. K. Smith said some fuel had to be delivered this month, which was an item that was not always on the list. Mr. K. Smith said an item that is not on the list which they needed to discuss was the possibility of purchasing some used MXU's from the city of Bridgeport in West Virginia. He said Sensus is no longer making the MXU's the district currently used by the district and to completely switch over to what they are using would be a substantial cost. Mr. Salmons said the MXU's the district would be purchasing would be anywhere from being new to a few years old, and would drop the cost from \$135 a piece to \$35 a piece. Chairman Smith entertained a motion to pay the claims list with the provision that they were not going to pay for the dump truck motor at this time, pending additional information be provided as to what caused the motor to not work properly. Mr. McDaniel made a motion, which was seconded by Mr. Mullins and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the revenue account was different than normal due to him having to be off on the last day of the month, which resulted in him not being able to take some additional deposits to the bank for the month. Chairman Smith acknowledged that the board had reviewed and accepted the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said water loss was down to 11%, which is under the PSC mandated amount of 15%. He said the district is currently at an average of 17.4% water loss for the year, which he anticipates to continue to drop with some other leaks that have been fixed. Mr. Salmons said wholesale customer usage was pretty high for the month.

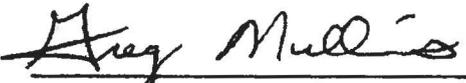
*Other New Business:*

Mr. Salmons said he would like to propose that board give approval from him to purchase 25 used MXU's from the city of Bridgeport, West Virginia. Mr. Salmons said the purchase would be through CI Thornburg and would cost the district \$875. Mr. McDaniel asked if the warranty would be carried over with the MXU's and Mr. Salmons said it would. Chairman Smith asked for a motion to approve the purchase of the used MXU's. Mr. McDaniel made a motion, which was seconded by Mr. Mullins.

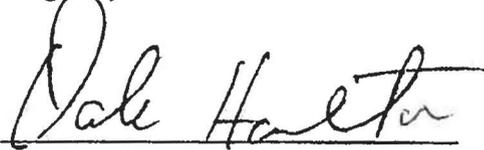
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. McDaniel made a motion, which was seconded by Mr. Mullins and the motion carried. The board went in to closed session at 6:15 P.M. and came out of closed session at 6:43 P.M.

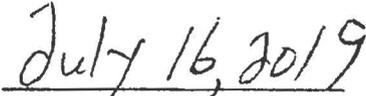
**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Mullins made a motion to adjourn, which was seconded by Mr. McDaniel and the motion carried. The meeting ended at 6:43 P.M.

**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
David Smith, Chairman

7/16/19  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ricky McDaniel

7-16-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, July 16<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; Randle Tackett, KCWSD attorney; Jessica Leedy, KRADD; Ernie Ellison, AML; and Alan Vilines, Kentucky Rural Water Association. Terry D. Jacobs was not present at the meeting. Tyler Fallon with RFH was present via web chat to present the 2018 auditor's report.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. McDaniel and the motion carried.

***Public Comments:***  
None.

***New Business:***

Ernie Ellison with the Division of Abandoned Mine Lands was present at the meeting in case anyone would be present at the meeting that had any follow up questions from the previous meeting he attended about the upcoming Runnels Branch Project. Chairman Smith said he did not have any questions about the project, but said he would be happy to talk to anyone that comes to a meeting with any questions about the project. Mr. Ellison said he had discussed with a homeowner in Runnels Branch that there were three houses where they lived, two of which were not occupied. Mr. Ellison said the homeowner received their water from one of the other unoccupied houses that had a well with a cistern. Mr. Ellison said he offered to move the cistern to their home if it would help with the problem and he said they would consider buying a larger cistern and arrange for the district to set up some type of agreement for him to purchase water. Chairman Smith said they would keep that in mind if any questions are asked in the future about it.

Tyler Fallon with RFH was present via web chat to present the auditor report for the water district's 2018 audit. Mr. Fallon started with the independent auditor's report. He said they gave the district a clean opinion on the financial statements. There was an increase in liabilities over the course of the last year mostly due to the increase in the net pension liability, which is related to the state retirement system and all of its participants having to record their share of that liability this year. Mr. Fallon said everyone who participates in the state retirement system has to carry this liability on their financial statements. He added that the district made all of the needed

contributions and there was nothing else that could have been done. Mr. Fallon talked about internal control and he said the only finding they had was a finding that they have every year which was due to the government auditing standards stating that the district is required to have internal controls in place that enable it to prepare and complete financial statements. He said their finding was that they had to assist in the preparation of the financial statements. Mr. Fallon said this is not an unusual finding but it is something that they are required to include in the report. Chairman Smith thanked Mr. Fallon for his presentation and conducting the audit. Mr. Fallon thanked everyone and said everyone at the district is always very helpful with getting them what they need when they conduct an audit.

Alan Vilines with the Kentucky Rural Water Association spoke with the board about a rate study he had recently completed. Mr. Vilines said he had done a pretty thorough review regarding the district's rates on water only. He said he found that the district's water rates are too low. He pointed out that the last rate increase was eight years ago, and he added that the district was overdue for a rate increase. Mr. Vilines said the need for increase is due to the time that has elapsed and the fact that no expenses stay the same during that time span. Mr. Vilines said he saw an increase in the rates as being very much warranted. He had a draft form of the rate report, which he stated was not finalized at this time, but he needed to report it to the board to get their feedback on their findings. Chairman Smith said they would discuss it further in closed session.

*Capital Project Updates and Contractor Claims:*  
None.

*Claims List*

Mr. K. Smith presented the claims list. Mr. K. Smith said the big items on the list were the two annual payments to KACo, which is the district's worker's comp and general liability insurance. He said the district accrues the money throughout the year to make the payment when it is due. He talked about an invoice with OTP for a VFD that failed due to a power surge. Mr. K. Smith said a check was received for less than a \$500 deductible to pay for the VFD. Mr. K. Smith said all other items on the list were standard operating supplies and repair materials. Mr. K. Smith said it was largest claims list of the year, but that was due to the KACo payment and having to pay for the VFD. Chairman Smith entertained a motion to approve the claims list. Mr. McDaniel made a motion to pay the claims list, which was seconded by Mr. Mullins and the motion carried.

*Financial Report*

Mr. K. Smith presented the Financial Report. Mr. K. Smith said the district broke even for the month. He said expenses were up for the month due to the annual KACo payments that were due. Mr. K. Smith said other than that payment, it would have been a lower month. Chairman Smith acknowledged that the board had reviewed and approved the Financial Report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was higher this month, trending above average. Mr. Salmons said the water purchased was down for the month. He said water sold was higher this month in both residential and wholesale. Mr. Salmons said water loss was down to 10.6%. With another lower month, Mr. Salmons added that the annual water loss average for the year should get back down. He said overtime hours were up due to the distribution crew having to work over due to the outage in Gibson Branch. Mr. Salmons said there were 4 adjustments during the month for leak adjustments and billing errors. Chairman Smith asked that Mr. Salmons compile a list of areas that he felt could potentially have a similar situation in the future like what had occurred at Gibson Branch and to get the cost associated with fixing those to try to prevent any future long-term water outages.

Chairman Smith asked for an update on the district's dump truck that is in the shop being worked on. Mr. Salmons said it is currently at the dealer. He said they have one other vehicle in front of it to be repaired and it is next in line to be looked at. Mr. Salmons said they could not give an estimate on how long it would be to repair it.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. McDaniel and the motion carried. The board went in to closed session at 5:39 P.M. and came out of closed session at 7:00 P.M.

Coming out of closed session, Mr. Hamilton made a motion to submit a rate increase to the Public Service Commission based on the recommendation from Rural Water and to allow the Chairman and Manager to sign all applicable documents. Chairman Smith seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. McDaniel and the motion carried. The meeting ended at 7:02 P.M.

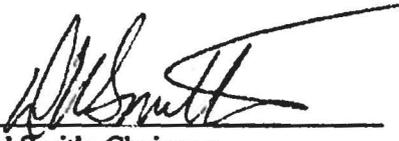
**Approval of Minutes:**

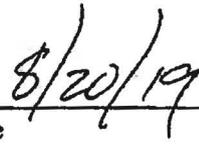
  
\_\_\_\_\_  
Greg Mullins

08-20-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

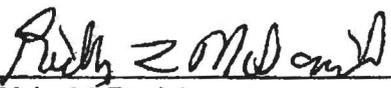
AUG 20 2019  
Date

  
\_\_\_\_\_  
David Smith, Chairman

  
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Date

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Terry D. Jacobs

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ricky McDaniel

  
\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, August 20<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; Randle Tackett, KCWSD attorney. Mr. Jacobs was not present at the meeting.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said there was two pay requests: one for the Runnels Branch Project and one for Pippa Passes sewer rehabilitation Phase II. Mr. Salmons said the majority of the line and manhole repairs are done. He said he thought the majority of the repairs would be done within the next few weeks, but to gauge how well the repairs have done they will have to wait for a rain event. Chairman Smith made a motion to approve Pay Request #5 with the Runnels Branch Project and Pay Request #3 with the Pippa Passes Project. Mr. Mullins made a motion, which was seconded by Mr. McDaniel and the motion carried.

***Claims List***

Mr. K. Smith said this month was a high Claims List due to geo-tech engineering that was done for the access road to the Red Fox tank. Mr. K. Smith said there was also additional expenses to pay for the audit that had been done and to purchase some additional meter due to some recent meter replacements. Mr. K. Smith said the district also had to pay a quarterly withdrawal fee this month, had the gas tank filled, and had to purchase some telemetry replacement parts from Micro-Comm. Chairman Smith asked for a motion to approve the Claims List. Mr. McDaniel made a motion, which was seconded by Mr. Mullins and the motion carried.

***Financial Report***

Mr. K. Smith gave the Financial Report. He said the district operated a little bit in the red for the month due to the high Claims List. He also said the KACo invoice that had been approved at the previous meeting fell as a July expense. Mr. K. Smith went over a list he had compiled in which he color coded that items by their expense, which had items written in red for more expensive

items and blue writing for items where the district was saving money. Mr. K. Smith talked about the "Outside Services" tab and said that involved any time the district had use an electrician to do any work, where Rumpke takes away the sludge, and it CI Thornburg had to come to do any work. Chairman Smith acknowledged that the board had reviewed and accepted the financial report.

*Manager's Report*

Mr. Salmons presented the Manager's Report. Mr. Salmons said the water produced was down for the month and water sold for the month was down. Mr. Salmons said the water loss was not as low as he hoped but is trending down, stating that the average for the year now is at 15.6%. He said the plant hours were around normal and overtime hours have went down. Mr. Salmons pointed out that the work orders were up and stated that it was due to some meter inspections that were done, replacing meters that were no longer reading. Mr. Salmons talked about how well the summer workers did helping with meter replacement and other duties that needed to be done. Mr. Salmons said CI Thornburg had reached out to them about doing an agreement for five years that would lock in the district's chemical costs, which Mr. Salmons added was probably what fluctuated the most. Mr. Salmons said in addition to the deal the district would be getting cone-bottom tanks as replacements for the current chemical tanks. He said this would be all done at no cost if the district signed the agreement. Mr. Salmons said if a competitor came in during the five-year agreement, the district could still go with the competitor but the agreement gives CI Thornburg the right to come in and compete for the district's business. Chairman Smith asked for a motion to enter in to the agreement with CI Thornburg. Mr. McDaniel made a motion, which was seconded by Mr. Mullins and the motion carried.

Mr. Salmons also talked about postage fees with doing in-house billing. He said Mr. K. Smith would have to have the ability to pay the postage when he goes to the post office. Mr. K. Smith said there is a \$200 annual fee that would have to be paid. Mr. K. Smith said that by having this account set up it would save the district \$0.07 per bill. Mr. K. Smith said this would give him the authority to take a check to pay the fees without having to have a meeting to approve the payment every month. Chairman Smith asked for a motion to give Mr. K. Smith the ability to pay the postage for the billing. Mr. Mullins made a motion, which was seconded by Mr. McDaniel.

Mr. Salmons showed the board some pictures from the plant due to the recent situation with a line rupturing in the plant. Mr. Salmons said he thought some mixers in the line broke, which got caught in the elbow of the line, causing a surge in pressure, which resulted in the rupture in the line. Mr. Salmons showed some concrete supports that were damaged during the event. Chairman Smith thanked Mr. Salmons and all people involved both with the district and outside of the district with keeping everyone in water and managing to get everything repaired in a timely fashion. Mr. Salmons said no tanks or connections lost water while the plant was shut down. Mr. Salmons said one of the wholesale customers were out of water, but it was not due to a leak and not what happened at the water plant. Mr. Salmons said CI Thornburg came in and assessed everything today, and they are going to put together costs on the repairs that need to be

done. He said he talked with CI Thornburg about the amount of time to repair it and they said it could be done during the time that the plant is shut down. He said some things could be done while the plant is running, but most could be done while it is shut down.

Mr. Salmons also showed the board a video that was sent to him by the mechanic working on the district's dump truck. Mr. Salmons said the dump truck was sent back to Bruce Walters to be looked at. Mr. K. Smith said the first time it was sent to Bruce Walters they found that a spacer was missing, but the video showing the motor making a loud noise was done after it was back at Greg Howard's and they put the spacer on.

Mr. Salmons also showed the board what the new billing software looked like and how the work orders portion of the software worked. Mr. Salmons said the district would be using it starting on the following Tuesday. He showed how the work orders would be sent to a tablet that each member of the service crew had, notifying them that they had a work order, and they would have the ability to complete the work order on their tablet. Mr. Salmons also showed the mapping system on the software that showed where water lines were ran and what size the lines are. Mr. Salmons also talked about how much the new billing software will help making paying bills more convenient for customers, giving them access to a customer portal where they can pay their bill and they can also choose to have their bills emailed to them.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Mullins made a motion, which was seconded by Mr. McDaniel and the motion carried. The board went in to closed session at 6:01 P.M. and came out of closed session at 6:58 P.M.

Coming out of closed session, Mr. Hamilton made a motion giving Chairman Smith the authority to sign all future documents, be involved with legal advice, etc., to follow through with the district's recent proposal to the Public Service Commission for a rate increase. Mr. Mullins seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. McDaniel and the motion carried. The meeting ended at 6:58 P.M.

**Approval of Minutes:**

\_\_\_\_\_  
Greg Mullins

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Smith, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ricky McDaniel

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, September 17<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; Randle Tackett, KCWSD attorney; Leroy Lackey (Phoenix Property Owners Association, Phoenix Development); and Mike Campbell (Phoenix Properties Board Member).

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. McDaniel made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Leroy Lackey and Mike Campbell were present on behalf of Phoenix Property Owners Association and the Phoenix Development community. Mr. Campbell spoke to the board about the possibility of Knott Co. Water taking over Phoenix's water system due to the ongoing expense of Phoenix having to handle it internally. Mr. Lackey said they had a tank that needed to be redone. He said the one tank served 28 houses and there was a larger tank that holds 200,000 gallons. Mr. Lackey said they have a total of 110 customers. Mr. Lackey mentioned the Jamestown Village trailer park and said it was served out of the larger tank. Mr. Salmons asked when the bulk of the system was put in. Mr. Lackey said most of it was put in in 1998. Chairman Smith asked about the size of the lines in the system. Mr. Lackey said there were 6-inch PVC lines down the street, but in some areas there were 3-inch lines. Mr. Lackey said they would continue to own the system, but KCWSD would have the full use of it and the full responsibility for it, including the billing. Mr. Lackey said somewhere down the line if KCWSD wanted to own the system they could look at working something out with the association. Chairman Smith said now that they have a dialogue started the district needs to look at crunching some numbers and get some more definitive proposals together. Mr. Salmons asked about the meters. Mr. Lackey said the customers had meters that they read, but Jamestown is a bulk customer that uses a 6-inch meter, and they pay them based on the water that has went through that meter. Mr. Tackett said Phoenix would need to send a letter to KCWSD to include their offer and most importantly to say that they will cooperate in answering any technical questions staff may have about the system, and then get everyone together to see if it is compatible and is something everyone would be interested in. Chairman Smith asked how much of the system is in Knott County. Mr. Lackey said about a quarter in terms of acreage and homes of the system and the rest is in Perry County. Chairman Smith asked that they draft something with their proposal and they would go from there.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons said the Runnels Branch Project as of last week was showing to be 47% complete with 50% of the time elapsed. Mr. Salmons said a large part of that was setter installations and tie-ins, but he added that they felt they were closer than that to being complete. Mr. Salmons said the Pippa Passes Sewer Rehab Project is showing to be 73% complete with 37% of the time elapsed. He said a longer contract time was done to observe changes that had been made following a heavy rain event, but it has been longer than anticipated due to it not raining in a long time. Chairman Smith asked for a motion to approve Pay Request #6 for the Runnels Branch Project and Pay Request #4 for the Pippa Passes Sewer Rehab Project. Mr. Mullins made a motion, which was seconded by Mr. Jacobs and the motion carried.

Mr. K. Smith said there was a new AML account that needed to be set up. Mr. K. Smith said he needed the board to authorize him to set up the account. Mr. Salmons said the account was for the 476-Hwy 80 interconnect project. Mr. Jacobs made a motion, which was seconded by Mr. Hamilton and the motion carried.

*Claims List*

Mr. K. Smith said there is a new vendor listed, which was the billing card stock for the next year of billing that the district will be doing internally. Mr. K. Smith said the new billing software company, Muni-Link, was listed, along with the old billing software, United Systems, due to them having to send some information to Muni-Link to switch systems. Chairman Smith asked for a motion to approve the Claims List. Mr. McDaniel made a motion, which was seconded by Mr. Jacobs.

*Financial Report*

Mr. K. Smith gave the Financial Report. He said the Pippa Passes Project pay request that was approved during the last meeting for \$129,000, Alice Lloyd gave the district \$100,000 of the total \$150,000 they said they would pay. Mr. K. Smith said ALC is holding the other \$50,000 until the project is completed, but the district was able to use the \$100,000 to put towards that \$129,000 pay request. He said the district is waiting on reimbursement from the Corps of Engineers. Mr. K. Smith said other than that it was a pretty average month. Chairman Smith acknowledged that the board had reviewed the Financial Report.

*Manager's Report*

Mr. Salmons gave an update on the Manager's Report for the month. He said the district was on average with yearly totals on water produced, above average on water sold to residence, and lower on water sold to wholesale customers. Mr. Salmons said year-to-date water loss numbers are below 15% and the district is still working on getting water loss numbers down. Mr. Salmons said overtime hours were up due to the issue that happened with the plant and having additional staffing around 24 hours to ensure all repairs were going to hold. Mr. Salmons said some items were lower due to switching billing software, and he thought going in to the next meeting those numbers would look more normal. Chairman Smith asked about the status with

the repairs to the plant. Mr. Salmons said he reached out to the vendor that will handle the repairs and parts, and he said once all parts were received they would schedule a time to come and do the permanent repairs to the plant.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, seconded by Mr. Hamilton. The meeting went in to closed session at 5:34 PM and came out of closed session at 6:59 PM.

Coming out of closed session, Chairman Smith nominated Mr. Jacobs as secretary and treasurer of the water district. Mr. Mullins seconded the motion and the motion carried.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 7:00 P.M.

**Approval of Minutes:**

\_\_\_\_\_  
Greg Mullins

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Smith, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry D. Jacobs

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ricky McDaniel

\_\_\_\_\_  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Tuesday, October 15<sup>th</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; Randle Tackett, KCWSD attorney; Calvin Waddles (Magistrate); Bud Anderson; and Daniel Yoder.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. McDaniel made a motion to approve the minutes, which was seconded by Mr. Mullins and the motion carried.

***Public Comments:***

Calvin Waddles, Magistrate of the Beaver and Caney area of Knott County, was present to ask about the status of some projects to be done in Railroad Lane, Lindsey Drive, Dellas Lane, and Heritage Drive. Mr. Salmons said the district received the \$150,000 from the county at the end of 2018. He said they began the process of getting the CSX application on the projects that require railroad crossings, which he said were all of the areas except for Lindsey Drive. Mr. Salmons said they looked at other options to run around the railroad and it was going to be too expensive to do. Mr. Salmons said they were getting ready to start on these projects and then they were made aware that ARC money could be coupled with the money they already had, which has lengthened the process. Mr. Salmons said they also wanted to use an electro-fusion machine on the lines, which the district had not received until the past week. Mr. Salmons said there was six locations on the list, which one had already been completed and Lindsey Drive was the next on the list. Mr. Waddles asked for an update on the timeframe of the project because people in these areas were needing to update their water systems at home, and they did not want to put the money in it if they were going to be getting access to the county water soon. Mr. Salmons said his goal is to get Lindsey Drive done before the weather gets cold. Mr. Salmons said he tried to get an answer on the status from CSX, and he said the process takes about a year to get done. Mr. Mullins asked if there was a period of time that they had to use the money that the county gave them. Mr. Salmons said he was with the county judge recently and he contacted DOG, and they said as long as the district started spending the money before 2020 that it locks it in and the district could ask for an extension if they needed one. Mr. Waddles also asked about the district's proposal for a rate increase. Mr. Salmons said the district sent a proposal to the Public Service Commission, and the PSC has come to the office and reviewed the district's financial records, and it will not raise until the PSC decides on a rate increase. Mr. Waddles asked what the purpose of the rate increase was. Chairman Smith said the district has to cover

long term replacement of the facility and ongoing operations. Mr. Waddles also asked about putting in some fire hydrants. Mr. Salmons said the initial plan was to do one every two months, but when the district's operating expenses got close to their revenue they backed off a little bit. Mr. Salmons said he asked for an updated list of some of the ones that were more critical and they are doing them as the district can afford to.

Daniel Yoder was also present to ask the board about getting water access to some property he has on a strip mine. Chairman Smith asked how close he was to an existing water line. Mr. Yoder said the closest water line to the property was probably in John S Combs Branch, and he said the property, according to the power company, was about 1900 feet back. Mr. Salmons said if it has a 911 address he could look at it and figure out the best way to go about getting water to it. Mr. Yoder said he was not asking the district to put the line in, but he said he needed information about what size line he would need or any type of pump he would need. Mr. Salmons said if he had any questions he could call back at the plant.

*Capital Project Updates and Contractor Claims:*

Mr. Salmons said there were two ongoing projects. He said the Pippa Passes Sewer Rehab Project is about 98% complete. Mr. Salmons said the timeframe on it has been pushed back until February of 2020, because there were some remaining funds that could be used and they wanted to wait for bigger rain events to be able to see if the additional funds could be used in another area to help with needs in that project. Mr. Salmons said the Runnels Branch Project is about 90% complete and there is a progress meeting later in the week. Mr. Salmons said he had pay requests for both projects. Chairman Smith asked for a motion to pay Pay Request #7 for Runnels Branch and Pay Request #5 for the Pippa Passes project. Mr. Mullins made a motion to pay the Pay Requests, seconded by Mr. Jacobs and the motion carried.

Chairman Smith also asked for a motion to approve Terry Dean Jacobs as an authorized signer of accounts for the Knott County Water and Sewer District. Mr. Hamilton made a motion, which was seconded by Mr. McDaniel.

*Claims List*

Mr. K. Smith said this was the biggest claims list of the year. He said the annual Corps of Engineers withdrawal was on the list, as well as \$16,000 from CI Thornburg for repairs to the plant. Chairman Smith asked for a motion to approve the Claims List. Mr. Jacobs made a motion, which was seconded by Mr. McDaniel.

*Financial Report*

Mr. K. Smith gave the Financial Report. Mr. K. Smith said he explained most of the financial report with the claims list, but said everyone could review it and ask any questions if they had any. Chairman Smith acknowledged that the board had reviewed the Financial Report.

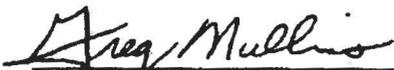
**Manager's Report**

Mr. Salmons gave an update on the Manager's Report for the month. He said production was up, water sold to residents and wholesale customers was up, and water loss was down. Mr. Salmons said water loss was at 9.8%. Plant hours were up, overtime hours were up due to the previous issues with the plant. Mr. Salmons said new customers were up for the month.

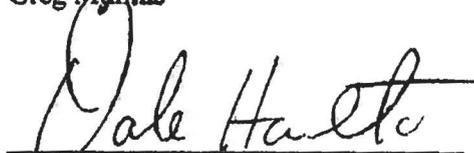
**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Jacobs made a motion, seconded by Mr. Hamilton. The meeting went in to closed session at 5:41 PM and came out of closed session at 7:10 PM.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Hamilton made a motion to adjourn, which was seconded by Mr. Jacobs and the motion carried. The meeting ended at 7:10 P.M.

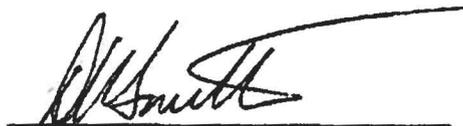
**Approval of Minutes:**

  
\_\_\_\_\_  
Greg Mullins

11-21-19  
Date

  
\_\_\_\_\_  
Dale Hamilton, Vice-Chairman

11-21-19  
Date

  
\_\_\_\_\_  
David Smith, Chairman

11/21/19  
Date

  
\_\_\_\_\_  
Terry D. Jacobs

11-21-19  
Date

  
\_\_\_\_\_  
Ricky McDaniel

11-21-19  
Date

**KNOTT COUNTY WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
Thursday, November 21<sup>st</sup>, 2019 at 5:00 P.M.**

**Call to Order:** Chairman Smith called the meeting to order at 5:00 P.M.

**Recognizing Audience:** Chairman Smith welcomed all people who were present at the meeting, including Board members; Jared Salmons, Plant Manager; Kyle Smith, CFO; Matthew Catron, clerk; and Randle Tackett, KCWSD attorney.

**Recognizing Media:** Sharon Hall with the Troublesome Creek Times was present.

**Approval of Minutes:** Chairman Smith asked for a motion to approve the minutes from the previous meeting. Mr. Hamilton made a motion to approve the minutes, which was seconded by Mr. Jacobs and the motion carried.

***Public Comments:***  
None.

***Capital Project Updates and Contractor Claims:***

Mr. Salmons said the Runnels Branch project is completed. He said all samples were back and residents have started signing up for service. Mr. Salmons said 49 barrels had been set and around 14 have signed up. Mr. Salmons said the initial rehabilitation with Pippa Passes has been finished and they are still collecting data and pulling manholes to see if there are any other areas that I/I could get in to the system. Mr. Salmons said there have been some rain events to see what change has been made with the sewer system, but he added that it would take a sustained rain event to really know how well the changes that have been made are going to work. Chairman Smith asked for a motion to pay Pay Request #8 for the Runnels Branch project. Mr. Jacobs made a motion, which was seconded by Mr. McDaniel and the motion carried.

***Claims List***

Mr. K. Smith said it was a large claims list. He said a Mineral Labs invoice was left blank and should have been listed for \$955. Mr. K. Smith pointed out the invoice for the Aqua Aerobic Systems, which was for an interface panel for the Ball Creek sewer plant. He also asked if the board wanted to postpone paying the KACo invoice for bonding Mr. Jacobs as the new treasurer. Mr. K. Smith asked if they wanted to postpone paying it until they look at it further to see what the requirements are. Chairman Smith asked for Mr. K. Smith to check on it and they would get together and agree on what to do. Mr. K. Smith said this month had the quarterly withdrawal fee to the state on it. Chairman Smith asked for a motion to pay the claims list. Mr. Mullins made a motion, seconded by Mr. McDaniel and the motion carried.

*Financial Report*

Mr. K. Smith gave the Financial Report. Mr. K. Smith said October had been the highest of the year mostly due to three VFD's that had to be replaced as well as the repairs that were done underneath in the processing portion of the plant from the incident that occurred back in August. Chairman Smith acknowledged that the board had reviewed the Financial Report.

Mr. K. Smith also presented the 2020 budget. He said there were not any major changes from the previous year's budget. Mr. K. Smith said although the district is pursuing a rate increase, he can't assume what the rate will be and has to factor all the numbers in based on what is known. He said the revenue was increased 3% from what was budgeted for the previous year, which Mr. Salmons added was based off of empirical data. Mr. K. Smith said the budget for the previous year for maintenance and repairs was \$125,000 and it was increased to \$150,000. Talking about the operating expenses for 2020, Mr. Salmons said even though they were over that amount now, they felt like there were some anomalies that took place this year that normally would not occur. With operating expenses, Mr. Salmons said they are locked in with the clean water agreement, which locks in the chemical costs for the next five years. Mr. Salmons also said he thought vehicle repair would be lower this year due to a large amount of the vehicle fleet being replaced since last year. Chairman Smith asked for a motion to approve the 2020 budget. Mr. Jacobs made a motion to approve the 2020 budget, seconded by Mr. Hamilton and the motion carried.

*Manager's Report*

Mr. Salmons gave an update on the Manager's Report for the month. He said water loss was at 11.9%, which he said is continuously getting lower. Mr. Salmons said production-wise the district is on average. He said water sold to residents was higher and water sold to wholesale was down. Mr. Salmons said work orders were up, some major line break and smaller breaks were repaired, and overtime hours were average for the month. Mr. Salmons said overall it was an average month and he felt the yearly average of water loss would continue to come down. Mr. Salmons said the district's dump truck is back, but a check engine light is on. Mr. Salmons said it would be taken back tomorrow, but they think it is an oil temperature sensor and some wires had gotten crossed.

**Closed Session – Personnel and Legal Issues:** Chairman Smith entertained a motion to enter in to closed session. Mr. Hamilton made a motion, seconded by Mr. Mullins. The meeting went in to closed session at 5:32 PM and came out of closed session at 7:00 PM.

**Adjournment:** Chairman Smith entertained a motion to adjourn. Mr. Jacobs made a motion to adjourn, which was seconded by Mr. Hamilton and the motion carried. The meeting ended at 7:00 P.M.

**Knott County Water and Sewer District  
Case No. 2019-00268  
Commission Staff's Second Request for Information  
Issued December 20, 2019**

2. Provide a copy of the bond required by KRS 75.020(5) for each Commissioner on the Board of Commissioners.

**Response:**

Please see the attached documents which provide blanket bond/insurance coverage for KCWSD's Commissioners. Please also see the attached document which provides a separate bond for KCWSD's Treasurer. KCWSD assumes that this request is referring to KRS 74.020(5) and not KRS 75.020(5) as stated in the request for information.



# The Ohio Casualty Insurance Company

## BOND

No. 82C233777

### KNOW ALL MEN BY THESE PRESENTS:

That we Terry Dean Jacobs of 215 Frogtown Rd, Hindman, KY 41822, as Principal

(Insert Full Name [top line] and Address [bottom line] of Principal)

and The Ohio Casualty Insurance Company, a corporation organized and existing under the laws of the State of Ohio, (hereinafter called the Surety), are held and firmly bound unto Commonwealth of Kentucky for Use & Benefit of

Knott County Water & Sewer District, 7777 Big Branch Rd, Vicco KY 41773

(Insert Full Name [top line] and Address [bottom line] of Obligee)

in the aggregate and non-cumulative penal sum of Two Million Dollars and no/100

( \$ 2,000,000.00 )

DOLLARS, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents

SIGNED, SEALED and DATED November 7, 2019

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That Whereas, the said Principal has been elected or appointed to (or holds by operation of law) the office of Treasurer

for a term beginning on 10/15/2019 and ending on Continuous Until Cancelled  
It being understood that the Surety shall not be responsible for acts of omission or commission occurring prior to 10/15/2019.

NOW, THEREFORE, If the said Principal shall well, truly and faithfully perform all official duties required by law of such official during the term aforesaid, then this obligation shall be void: otherwise to remain in full force and effect.

### THIS BOND is executed by the Surety upon the following express conditions

First: That the Surety may, if it shall so elect, cancel this bond by giving thirty (30) days notice in writing to Knott County Water and Sewer District and this bond shall be deemed canceled at the expiration of said thirty (30)

days, the Surety remaining liable, however, subject to all the terms, conditions and provisions of this bond, for any act or acts covered by this bond which may have been committed by the Principal up to the date of such cancellation; and the Surety shall, upon surrender of this bond and its release from all liability hereunder, refund the premium paid, less a pro rate part thereof for the time this bond shall have been in force.

Second: That the Surety shall not be liable hereunder for the loss of any public moneys or funds occurring through or resulting from the failure of, or default in payment by, any banks or depositories in which any public moneys or funds have been deposited, or may be deposited, or placed to the credit, or under the control of the Principal, whether or not such banks or depositories were or may be selected or designated by the Principal or by other persons; or by reason of the allowance to, or acceptance by the Principal of any interest on said public moneys or funds. any law, decision, ordinance or statute to the contrary notwithstanding

Third: That the Surety shall not be liable for any loss or losses, resulting from the failure of the Principal to collect any taxes, licenses, levies, assessments, etc., with the collection of which he may be chargeable by reason of his election or appointment as aforesaid.

By: Terry Dean Jacobs  
THE OHIO CASUALTY INSURANCE COMPANY

By: Marie C. Skinner Attorney-in-fact



This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual Insurance Company  
The Ohio Casualty Insurance Company  
West American Insurance Company

Certificate No: 8198116-971278

### POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Marie C. Skinner

all of the city of Frankfort state of KY each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 6th day of December, 2018.



Liberty Mutual Insurance Company  
The Ohio Casualty Insurance Company  
West American Insurance Company

By: David M. Carey

David M. Carey, Assistant Secretary

State of PENNSYLVANIA ss  
County of MONTGOMERY

On this 6th day of December, 2018 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Teresa Pastella, Notary Public  
Upper Merion Twp., Montgomery County  
My Commission Expires March 28, 2021  
Member, Pennsylvania Association of Notaries

By: Teresa Pastella  
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

**ARTICLE IV - OFFICERS: Section 12. Power of Attorney.**

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

**ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.**

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

**Certificate of Designation** - The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

**Authorization** - By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this \_\_\_\_\_ day of \_\_\_\_\_.



By: Renee C. Llewellyn

Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

# Kentucky Association of Counties

## All Lines Fund

400 Englewood Drive  
Frankfort, KY 40601

### Declarations Page

Policy Number P&C0871

Policy Period: 7/1/2019 to 7/1/2020

**Insured Name and Address**

Knott County Water and Sewer District  
7777 Big Branch Road  
Vicco, KY 41773

For customer service please call  
(800)264-5226

Issued: 1/3/2020

**Business Description** Water District

In return for the payment of the premium, and subject to all the terms of the policy, we agree to provide the insurance stated in the binder.

Coverage			Deductible
General Liability (Per OCC/AGG)	3,000,000	5,000,000	0
Law Enforcement (Per OCC/AGG)	NCD	NCD	NCD
Errors/Omissions (Per OCC/AGG)	3,000,000	3,000,000	1,000
Employment Practices (Per claim / AGG) Retroactive Date: 07/01/2003	3,000,000	3,000,000	1,000
Cyber Liability (Per claim / AGG) Retroactive Date: 07/01/2015	1,000,000	1,000,000	2,500
Auto Liability (CSL)	3,000,000		0
Auto Comprehensive	ACV		500
Auto Collision	ACV		500
P.I.P. (No Fault)	10,000		0
Under Insured/Un-Insured	60,000	60,000	0
Non Owned Auto Coverage	Primary		
Property/Buildings	As Per Statement on File		1,000
Personal Property	As Per Statement on File		1,000
Boiler & Machinery	15,000,000		1,000
Inland Marine & EDP	As Per Statement on File		1,000
Business Income	500,000	500,000	0
Flood	1,000,000	1,000,000	0
Earthquake	NCD	NCD	NCD
Crime (Other than Employee Dishonesty)	150,000		500
Employee Dishonesty (Policy #: CIC1964)	150,000		250
Legal Defense Coverage	200,000		0

Authorized Representative

*Kris Dunn*

Date 1/3/2020

**Knott County Water and Sewer District  
Case No. 2019-00268  
Commission Staff's Second Request for Information  
Issued December 20, 2019**

3. Refer to Knott District's response to Commission Staff's First Request for Information, Item 3.
- a. Provide an explanation of the benefits, including policy type, level of coverage, and monthly premium, for each Commissioner of the Knott District's Board of Commissioners.
  - b. Explain the discrepancies between the amounts paid for the Federal Insurance Contributions Act (FICA) by Knott District for each of its board members.

**Response:**

- a. The charts below show the explanation of benefits for 2019 and the projected explanation of benefits for 2020.

**2019**

<b>Employee Name</b>	<b>Coverage Level</b>	<b>Wages</b>	<b>FICA</b>	<b>Health Ins.</b>	<b>Vision Ins.</b>	<b>Dental Ins.</b>	<b>Life Ins.</b>	<b>Total</b>
Hamilton, Dale	Single	\$6,000.00	\$459.00	\$8,752.08	\$74.88	\$340.68	\$12.00	\$15,638.64
Jacobs, Terry	Couple	\$6,000.00	\$167.28	\$15,255.36	\$149.64	\$681.24	\$12.00	\$22,265.52
King, Larry	Single	\$2,500.00	\$191.25	\$4,256.76	\$37.44	\$170.34	\$6.00	\$7,161.79
McDaniel, Ricky	N/A	\$2,700.00	\$206.55	\$0.00	\$0.00	\$0.00	\$0.00	\$2,906.55
Mullins, Greg	Couple	\$6,000.00	\$459.00	\$0.00	\$149.64	\$681.24	\$0.00	\$7,289.88
Smith, David	Family	\$6,000.00	\$185.52	\$14,301.72	\$223.44	\$1,394.52	\$12.00	\$22,117.20
<b>Total</b>		<b>\$29,200.00</b>	<b>\$1,668.60</b>	<b>\$42,565.92</b>	<b>\$635.04</b>	<b>\$3,268.02</b>	<b>\$42.00</b>	<b>\$77,379.58</b>

**2020 (Projected)**

<b>Employee Name</b>	<b>Coverage Level</b>	<b>Wages</b>	<b>FICA</b>	<b>Health Ins.</b>	<b>Vision Ins.</b>	<b>Dental Ins.</b>	<b>Life Ins.</b>	<b>Total</b>
Hamilton, Dale	Single	\$6,000.00	\$459.00	\$8,781.84	\$79.32	\$371.88	\$12.00	\$15,704.04
Jacobs, Terry	Couple	\$6,200.00	\$459.00	\$0.00	\$158.64	\$743.64	\$0.00	\$7,561.28
McDaniel, Ricky	N/A	\$6,000.00	\$459.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,459.00
Mullins, Greg	Couple	\$6,000.00	\$459.00	\$0.00	\$158.64	\$743.64	\$0.00	\$7,361.28
Smith, David	Family	\$6,000.00	\$431.16	\$14,404.80	\$236.88	\$1,505.40	\$12.00	\$22,590.24
<b>Total</b>		<b>\$30,200.00</b>	<b>\$2,267.16</b>	<b>\$23,186.64</b>	<b>\$633.48</b>	<b>\$3,364.56</b>	<b>\$24.00</b>	<b>\$59,675.84</b>

\* Monthly Health Insurance Premium for Dale Hamilton is \$731.82 with the district paying the full amount

\*\*Monthly Health Insurance Premium for David Smith is \$1,500.50 with the district paying \$1,200.40

\*\*\* For 2020 Terry Jacobs will no longer receive health insurance coverage through KCWSD and has obtained coverage from another source.

b. FICA contributions are automatically calculated by KCWSD's accounting software once an individual's information such as marital status and allowances have been entered. David Smith deducts his contribution for health insurance from his wages which results in less taxable income and less FICA withholdings.

**Knott County Water and Sewer District  
Case No. 2019-00268  
Commission Staff's Second Request for Information  
issued December 20, 2019**

4. Refer to Knott District's Response to the Attorney General's Second Request for Information, Item 5.
  - a. Provide the approximate age of the discontinued equipment referenced in Item 5(a), and state how Knott District intends to account for any remaining balance on its depreciation schedule for customer meters.
  - b. In its response to Item 5(a), Knott District stated that it was required "to purchase new radios moving forward that are more advanced meters." Explain in detail whether Knott District is replacing the entire unit, including both the meter and the radio transmitter, or just the radio transmitter.
  - c. Provide information pertaining to any bids that were solicited for the replacement of the discontinued equipment.
  - d. Provide a schedule for the projected replacement of the metering equipment.
  - e. State whether Knott District believes that it will be required and intends to file for a Certificate of Public Convenience and Necessity for the AMI system referenced in item 5(c).

**Response:**

- a. KCWSD has begun the replacement of some of its radio transmitters ("MXUs"), however KCWSD has only replaced approximately 50 MXUs of the current 3,000 MXUs. Although some of KCWSD's MXUs are no longer manufactured, these MXUs are still in operation on KCWSD's system and will remain in operation until either a problem occurs with the MXU or it reaches the end of its useful life. These MXUs will continue to be depreciated until they are replaced, at which time any new MXUs purchased would be added to KCWSD's depreciation schedule.
- b. Only the MXUs are required to be replaced because of the change in the product's technology. KCWSD has had to purchase additional meter reading equipment because of the new technology but KCWSD is still able to read the old MXUs on its system.
- c. KCWSD purchases MXUs through CI Thornburg who carries the Sensus meters,

MXUs, and meter reading equipment. CI Thornburg is the only option of Sensus equipment in KCWSD's area. Since KCWSD only purchases a small amount of MXUs at a time, no bid has been solicited for the replacement of the discontinued equipment. The discontinued MXUs will continue to be in service on KCWSD's system until the end of their useful lives or have problems that require replacement.

d. KCWSD plans on changing meters and MXUs at the end of their useful lives or when they have problems which require replacement. Due to the age of KCWSD's system, a large portion of the system is nearing ten years old, KCWSD plans on replacing approximately 30 meters and MXUs a month beginning in 2020, if budget and personnel constraints allow.

e. KCWSD will be replacing MXUs that are currently used for our AMR system with MXUs that have both AMR and AMI capabilities. Years down the road, KCWSD may consider switching to an AMI system and at that time KCWSD will be able to alleviate some of the costs of switching to an AMI system since it will have MXUs that will work with an AMI system. In KCWSD's mountainous terrain, it is not cost effective at this time to put the necessary towers and other infrastructure in place to go to an AMI system. Since KCWSD is not replacing the entire AMR system or all of the MXUS, KCWSD does not believe that a CPCN is necessary. The MXUs are currently being replaced on an as needed basis as part of the routine maintenance of the system, conducted in the ordinary course of business.