

Lake Village Water Association, Inc.
801 Pleasant Hill Drive
Post Office Box 303
Burgin, Kentucky 40310

The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 12th day of January 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hughes moved to approve the minutes from the December 8, 2020 meeting as presented. Vice President Carey seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Director Hager seconded the motion. Motion carried.

Sanford presented the Financial Report for December, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$68,043.89 pointing out that the Water Costs were under budget by \$1,701.83. Sanford went on to report that the Net Income for the month was a loss of \$3,567.37. Sanford concluded by stating that the Net Income for the entire year was \$4,482.69 and that the year was tight financially at times, but did not operate at a loss.

Sanford provided the board with the Non-Revenue Water calculations for December, stating that the percentage was up due to 8 leaks, coming in at 26% before accounting for the leaks, which brought the percentage down to 14% for the month. Sanford stated that the Association purchased 15,190,000 gallons and sold 11,047,500 gallons and that leak detection is ongoing to reduce the percentage. Sanford went on to state that except for the first quarter of 2020, the Non-Revenue Water percentage looked good and much progress was made. Sanford concluded by stating that for 2020, there is approximately 7.5% of water that cannot be accounted for either by meter sales or known leaks and repairs.

Sanford stated that the Board of Directors election process is underway and that a nomination was needed to recommend Director Hager for a second term. Vice President Carey moved to nominate Director Hager for a second three-year term. Director Hughes seconded the motion. Tucker stated that he will prepare the nomination letter to be sent to the Association members and forward the letter to Monson for review.

Sanford provided an update on the customer payment plans that are in place as a result of the PSC order. Sanford stated that 14 payment plans are in place, of which 10 are current, with 4 customers having made no payments since entering the payment plan. Sanford went on to state that the 19th Hole was current and that extra measures, including a disconnection notification had to be sent to Quality Inn to keep the payment plan current. Director Hager asked if most of the accounts were residential. Sanford stated that all are residential except for the 19th Hole and Quality Inn. Sanford went on to add that penalties will be applied this month for the first time

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since February 2020 and that service disconnections for non-payment will also resume, per the PSC order. President Boyd questioned Tucker as to whether there are any potential issues with the PSC regarding the service disconnections. Tucker stated that the PSC order should followed and there should not be any issues. Sanford explained that customers will be notified via a door hanger and given the opportunity to make an arrangement before being disconnected. Director Hughes stated that he reads the Harrodsburg Herald and noted that Sanford has been quoted stating that the Association will work to keep all water service on and that it is clear that the Association will work with customers. Secretary/Treasurer Gross moved to approve the plan for disconnections as presented by Sanford. Vice President Carey seconded the motion. Motion carried.

Sanford presented the resolution to refinance the two RD loans originally in the amount of \$1,544,000 and \$885,000. The resolution authorizes the Association to borrow \$2,100,000 from the Kentucky Rural Water Finance Corporation to refinance the existing debt. Tucker stated that he has reviewed the resolution and that the language was provided by Rubin and Hays, Bond Counsel for the project. Secretary/Treasurer Gross moved to approve the resolution as presented. Vice President Carey seconded the motion. Motion carried.

Sanford presented the Roles and Responsibilities of the Executive Director and stated that it is the first document to begin preparing a final SOP for the position. Sanford went to state that the list was kept open and added to over the past several weeks in an effort to be as comprehensive as possible. President Boyd stated that the document is more detailed than he as expecting for the initial index and recommended that Sanford keep working towards a full SOP. Director Hughes added that an SOP is needed for each position to be fully prepared in the event that the guidance is needed for any of the employees. Sanford stated that he will likely shift to Monson's position since she will be off for 8 weeks starting in March due to a double knee replacement. Sanford went on to state that he will be assuming Monson's job responsibilities while she is out and will be able to test out the efficiency of the SOP.

Sanford stated the Request to Bid was not approved in time for the advertisement to make the Harrodsburg Herald this week, therefore it will go out in the paper next week. Dienst stated that the bid opening will be held electronically on February 11th. Sanford stated that he is still working on three easements for Bellows Mill Road but if the easements are not obtained, the existing easement will be used. Sanford recommended rescheduling the monthly board meeting from February 9th to February 16th to review the bids in a timely manner. Director Hager moved to change the meeting to February 16th at noon. Vice President Carey seconded the motion. Motion carried.

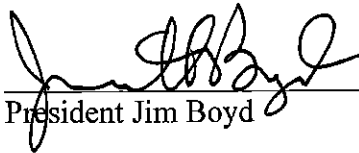
Sanford provided an update on the efforts to address the pressure issues caused by the Northpoint Tank filling cycle. Sanford reported that 56 customers were moved from the KY 33 master meter zone to the Shakertown master meter zone by opening the valve located at Robinson Roe Road and KY 152 and closing the valve located at the intersection of Paradise Camp Road and Hughley Lane. The customers that were moved are located on KY 33, Paradise Camp Road and Robinson Roe Road. Sanford stated that the goal was to move as many

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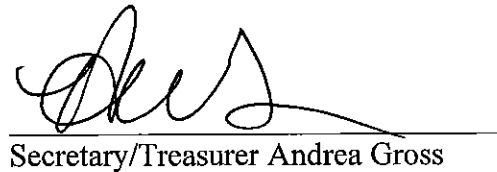
properties as possible that could be served by the Shakertown master meter to reduce the number of properties impacted by the tank filling. Director Hughes questioned whether the building inspector or Planning & Zoning office reached out to the Association or questioned the property owners about pressure during the building process, further stating that more customers could cause pressure issues and complaints in the future. Sanford stated that the only time that the Association has the opportunity to approve or deny connections through the Planning and Zoning process is when the Association reviews and signs off on subdivision plats and main extensions and that for a single dwelling that process does not take place. Director Hughes suggested reaching out to the Building Inspector or Planning and Zoning to gain their opinion on trying to stay ahead of potential pressure issues in the future. Sanford agreed and stated that he will contact Mercer County Building Inspector Jack Coleman for an opinion. Secretary/Treasurer Gross inquired about whether the staff had reached out to property owners to see if the pressures improved. Sanford stated that the property owners were home when the pressure were taken, but he is planning to follow up with them to check on the service.

Sanford stated that there is a vacant maintenance position, and that the Association is currently taking applications and to send any interested applicants to the office. President Boyd suggested contacting the Workforce staff at the ADD for potential applicants.

Director Hughes moved to adjourn the meeting at 12:50 pm. Director Hager seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 16th day of February 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the January 12, 2021 meeting as presented. Vice President Carey seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Vice President Carey seconded the motion. Motion carried.

President Boyd stated that he had spoken with Sanford concerning the Financial Report for January and together they noted a few errors. Due to the ice storm and not being able to travel to the office to correct the report, President Boyd recommended reviewing the report at the next meeting. Sanford stated that when the report was generated it was picking up year to date expenses instead of just January. Sanford will generate the correct report for review.

Sanford stated that he was not able to provide the Non-Revenue Water Percentage because some of the information needed was at the office and he wasn't able to get to the office before the meeting due to the ice storm. Sanford noted that the percentage was similar to the previous month and that he would send the information via email to the board once he gets to the office.

Tucker stated that no nominations were received for the Board of Directors position and that Director Hager is unopposed for the term. Tucker went on to state that Director Hager will be officially installed at the annual meeting in April.

Sanford provided an update on the Customer Payment Plans, stating that the accounts that are on the payment plans due to the pandemic are current, but that service disconnections resumed in January for accounts that are not on payment plans. Sanford went on to state that delinquent account holders were notified via doorhanger one day before the scheduled disconnection were planned to occur and that staff were able to either obtain a payment or make a short-term payment arrangement with each account holder and that no accounts were disconnected due to nonpayment. Sanford reported the following past due balance information for previous months: August- \$20,500, September- \$25,900, October- \$26,721, November- \$19,419, December- \$20,446 and January- \$10,265.

Dienst stated that the Contract 14 bid opening was held and that no bids were received. Dienst went on to state that six contractors picked up plans and that contact was made with the contractors to seek input on why no one submitted a bid. Dienst stated that there were no comments related to technical aspects or dislikes about the project scope, only comments such as too busy to bid it, ran out of time putting the bid together, difficult contract and couldn't compete

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with local contractors. Secretary/Treasurer Gross asked if the newspaper was the only way that the contract was advertised. Dienst stated that there are plans rooms that advertise the contracts, and that the advertisement was also sent out to contractors that Strand and the Association had worked with in the past. Sanford stated that the local newspaper advertisement is primarily used to try and seek local contractors and to support local companies that could be involved in some aspect of the project. Dienst went on to state that material suppliers will often reach out to contractors to let them know about the contract in order to provide pricing for the material. Secretary/Treasurer Gross asked who the supplier was for material. Sanford stated that Consolidated Pipe provides the Association will most material used in the operations. Dienst and Sanford stated that the engineer estimate might be low due to material prices being so high right now and that might have an impact on contractors being competitive, therefore impacting the bid response. Sanford stated that reducing the scope of work might be beneficial, but the only section of the project that would make sense to remove is Wildwood Subdivision. Director Hughes questioned Dienst on the cost of Wildwood Subdivision. Dienst stated that the cost estimate is \$76,000 for that portion of the project. Sanford stated that the section could be removed by change order if need be. Dienst stated that making Wildwood an alternate in the contract would accommodate our need to possibly remove the section once we have a bid to consider. Director Hager asked if the contract could be rebid and spread out over a longer period of time. Dienst stated that extending the contract length would increase costs due to inspection and other engineering services. Dienst recommended a Pre-bid Meeting to have an opportunity to discuss the project with potential bidders with the hope that we can address the project timeline, including the start date. Sanford agreed that the Pre-bid Meeting is a good idea since we are rebidding. Director Hager moved to readvertise the contract and to include Wildwood Subdivision as an alternate.

Sanford stated that the closing instructions issued by Rural Development included a request to update the By-Laws from draft form. Sanford went on to note that the only copy of the By-Laws has handwritten edits and is viewed by the agency as a draft even though it is fully executed and in force. Sanford stated that an updated document has been prepared, with the edits, and sent to Tucker for review. Tucker stated that RD requested that a dissolution clause be added to the By-Laws and that language guidance has been requested from RD. Tucker went on to state that the revised document, with the dissolution clause, will be sent to the board once the draft document is complete.

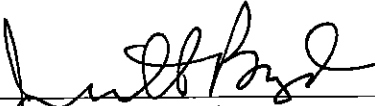
Sanford stated that the annual RD Reports are ready to be submitted and that the reports include a copy of the annual budget on RD Form 442-22, proof of insurance policies, board member information and a copy of the rate schedule. Sanford stated that RD Form 442-22 needs to be signed by Secretary/Treasurer Gross.

Sanford stated that work on the Office Manager SOP has begun in order to have it in place prior to Monson taking medical leave. Sanford stated that a draft of the document will be presented at the March board meeting.


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Sanford stated he reached out to Building Inspector Jack Coleman concerning the building permit application process but has not heard back and has followed up with Coleman. President Boyd asked if anyone had received feedback on the pressures. Sanford stated that he had spoken with Danial Howard and that the pressure is consistent and good. Sanford stated that Howard noted that the pressure was higher before at times before the change, but that they are not experiencing the low pressures any longer. Secretary/Treasurer Gross stated that she had spoken to the Howards and that they were very complimentary of the work and also very grateful.

Secretary/Treasurer Gross moved to adjourn the meeting at 12:38 pm. Director Hager seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

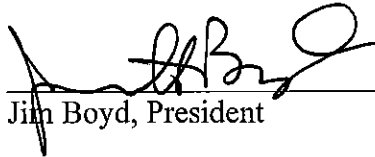
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A special called meeting of the Lake Village Water Association, Inc. was held at 2:00 p.m. on the 26th day of March 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Secretary/Treasurer Andrea Gross, Director Thomas Hager and Executive Director Mike Sanford.

Secretary/Treasurer Gross moved to authorize a 24-month loan, not to exceed \$37,000 for the purchase of a 2021 Toyota Tacoma, further authorizing Sanford to execute the necessary loan documents on behalf of the Association. Director Hager seconded the motion. Motion carried.

Director Hager moved to adjourn the meeting at 2:08 pm. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.



Jim Boyd, President



Andrea Gross, Secretary/Treasurer

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 9th day of March 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the February 16, 2021 meeting as presented. Director Hughes seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Vice President Carey seconded the motion. Motion carried.

Sanford presented the Financial Report for February, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$70,360.66 pointing out that the Water Costs were under budget by \$3,789.45. Sanford went on to report that the Net Income for the month was \$25,945.30. Sanford stated that due to the inclement weather and the inability of customers to get to the office, no penalties were posted to the late accounts. Sanford noted that Miscellaneous Income was up a bit due to having to scrape the parking lot a few times throughout the month, specifically 5 clearings for a total cost of \$1,600. Director Hughes suggested possibly purchasing a blade for the vehicle and having staff clear in parking lot to save money in the future. Sanford agreed that it would be less expensive than frequently hiring the company to clear it. Sanford stated that he will keep watch for a blade, especially during the warmer months.

Sanford presented the Non-Revenue Water Report for February stating that the Association purchased 15.3 million gallons of water and sold 11.5 million gallons. Sanford went on to note that of the 3.6 million non-revenue gallons, 1.8 million can be accounted for through service line leaks throughout the month, leaving approximately 12% to search for and eliminate. Sanford stated that staff are continually looking for the leaks, primarily in the KY 33 master meter service area.

Sanford provided an update on the payment plans established as a result of the PSC order related to the COVID-19 pandemic, stating that previous balances have increased slightly. Sanford went on to note that 19th Hole was current until this month and requested an extension, which was granted due to the season and lack of business. Furthermore, Sanford stated that Quality Inn was placed on the meter pull list and paid \$2,233.03 to maintain the service, but the check was returned. Sanford went on to state that a cash or credit card was demanded to cover the return check and that the owner covered the past due amount. Lastly, Sanford stated that funds will soon be available through the CARES Act to cover delinquent utility bills and will be administered by Kentucky counties and that all counties will be eligible to apply for \$200,000 in relief for water, sewer, electric and gas bills. The program will be made available through a

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Community Development Block Grant and will be administered by the Bluegrass Area Development District. Sanford concluded by stating that the total amount of delinquent balances has been provided to the Boyle and Mercer County Judge Executive offices.

Sanford stated that the City of Danville presented the Association with notification of a Kentucky River Authority Tier 1 Water Withdrawal Fee increase and that the increase will go from \$0.029 per 1,000 gallons, up from \$0.022 per 1,000 gallons. Sanford noted that the fee has remained unchanged since 1996 and that the increase would result in approximately \$650.00 annually based on the current usage. Sanford recommended that the Association absorb the increase. Sanford went on to note that the City of Danville charged the increase to the water bills for six months without notification and has issued a credit to each of the water bills. Lastly, Sanford stated that charging the increase without written notification to the Association and the Public Service Commission is not allowed by statute.

Dienst reported that the second advertisement for the Contract 14 Project has been released and that there are currently two plan holders. Dienst went on to note that the pre-bid conference will be held on Thursday, March 11th at 11:00 am to provide interested parties the opportunity to ask questions and discuss the project. Lastly, Dienst presented the amendment to the Engineer Service Agreement to cover the cost of the additional bidding services. The amendment will increase the fee for services by \$7,000. Vice-President Carey moved to approve the amendment as presented by Dienst. Director Hager seconded the motion. Motion carried.

Sanford stated that President Boyd, MCSD Commissioner Drew Rice and he met to review the existing contract with the Mercer County Sanitation District. Sanford stated that the current agreement accurately reflected the services provided to the District with the exception of the maintenance portion of the language. Sanford noted that the agreement states that all maintenance work will be contracted out to a third-party contractor, but that all maintenance was being performed by Association staff. Sanford went on to state that the original agreement included a fee of \$25,000 annually and was increased in 2017 to \$35,000 annually. Sanford stated that the agreement is primarily for personnel services and that the District covers all operational expenses directly. Based on the amount of time being spent by staff to provide services and the cost of staff pay and benefits, the group recommends an increase to \$40,000 annually with a 3.5% increase annually to cover the increased cost of personnel. President Boyd stated that the group also recommends that the contract be reviewed at the beginning of each year to ensure that the fee and services provided are adequate to meet the needs of both, the Association and the District. Director Hughes asked if the time was being tracked. Sanford stated that the time is being tracked by work orders and that some services are routine, such as daily pump station readings, pump maintenance and package plant assistance. Sanford stated staff track the time as much as possible, but often times it is difficult due to the nature of the work. Sanford stated that staff may have multiple items in one trip that are water and sewer and it's difficult to allocate the time accurately. Director Hughes stated that he has changed out grinder pumps and that one repair may take two hours and next one may take ten hours. Sanford agreed with Director Hughes. Vice-President Carey moved to approve the amendment to

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increase the fee to \$40,000 annually with an annual review by both utilities. Secretary/Treasurer Gross seconded the motion. Motion carried.

President Boyd asked if the work orders are generated by hand and whether the Association has ever researched moving to an electronic system to track the work. President Boyd stated that while employed at Kentucky Utilities, staff would input the work order information at the end of the day into a system that allowed them to track time, material and work order information. Sanford stated the current billing software has the ability to generate and house the work order data, but office staff have not utilized the process at this time. Director Hughes stated that if work orders were generated electronically, it would be good to track the time spent, material and equipment used in an effort to better track the operational expenses. Sanford stated that he will research the process and report back to the board as soon as he can. Secretary/Treasurer Gross noted that there may be a mobile app that would track the work orders in the field and make it easier to implement.

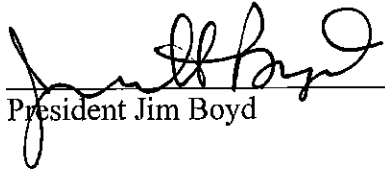
Sanford presented the Office Manger SOP for review, stating that the document was very detailed and should provide great assistance in the coming weeks while Monson is on leave. Sanford went on to note that additional information will be added to complete the document. Sanford stated that he will be working with office staff to prepare the Billing Clerk SOP in the coming weeks. President Boyd recommended that employees review the details often, maybe every couple of months to ensure that the processes are accurate. Sanford agreed and stated that many of the processes are also repetitive in nature.

Sanford stated that the Association has taken two trucks out of service in recent weeks and needs to purchase a truck. Sanford stated that cash flow during this time of year does not accommodate paying for the truck in full, but the PSC does allow for 24-month financing. Sanford stated that a full-size truck isn't needed and that a mid-size model would work better for meter reading and daily work orders. Director Hager stated that used truck prices are near new truck prices and recommended purchasing a new model. Director Hughes stated that his family has dealerships in Ohio and that he would contact them to check on inventory. All agreed that the Sanford should look around for options and present via email to proceed.

Sanford stated that he was contacted by Jack Coleman, Building Inspector, concerning the building permit application process, specifically regarding the availability of water and adequate pressure. Sanford stated that Coleman will begin ensuring that applicants contact the Association as soon as possible to obtain information regarding water service to properties where structures will be built. Coleman agreed that staying ahead of any issues with pressure and water service should be discussed and addressed if possible before construction begins. Sanford stated contacting Coleman was a great suggestion and hopefully this will fill any gaps in the building process for new Association members.

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Director Hager moved to adjourn the meeting. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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A special meeting was held on April 28th at 4:00 pm to discuss the bids for the Contract 14 Distribution System Improvement Project. President Jim Boyd called the meeting to order. Present are Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Thomas Hager, Director Jeff Hughes, Attorney Chris Tucker, Liz Dienst and Mike Sanford.

Sanford stated that continued effort is being made to decide whether to award the contract to Montgomery Brothers Contracting. Sanford stated that RD gave written approval to award. Sanford went on to state that he and Dienst were working on the required documents including the Final Engineering Report. Sanford also stated Montgomery was notified that the price was going to increase on the pipe. Dienst began working with Julie Anderson to figure out how to accept the bid and accommodate the pricing the issue.

Dienst stated that after the contractor's supplier notified him of the price increase, the contractor stated that he can't accommodate a 30% increase in price. Dienst asked RD if they would approve a change order for the increase in the unit price. RD stated that they cannot approve the change order and it will become an unfair bidding situation. RD stated that they experienced these issues with Hurricane Katrina and it's not just our project it is all projects. Dienst stated that good news is we haven't awarded the contract, started construction and the price went up. Dienst worked with Julie Anderson to determine if the project can proceed if the amount of pipe to be installed was reduced. Dienst stated that there is no option to move forward without rebidding. Dienst asked if Sanford forwarded the contractor's letter. Sanford stated that RD was also asked about increasing the contingency and it can't be increased beyond 10%. Dienst stated that even if we had the contingency, RD would not sign the change order. Sanford went on to state that rebidding right now would be in the same environment and likely result in the same situation. Sanford stated that the bottom line from the supplier is good luck getting the pipe and when you get it, good luck paying for it.

Sanford stated that he has shifted from moving forward to assessing the impact. Sanford noted that we have been waiting for over a year and we may have to wait several months and keep in mind that the price may not come down.

Dienst asked if the Association would like to discuss buying the pipe to secure the price. Dienst stated that this seemed like the only way to possibly proceed. Sanford stated that is not possible right now and there are risks associated with it. Dienst agreed that there are risks and you could run the risk of having defective pipe that the contractor isn't responsible for because we purchased it.

Director Hughes posed two questions, what is the cause and effect if we decide to postpone 12 to 18 months and what if we award the contract and adjust the contract contingent on the quoted price or less once construction begins. Sanford stated that the impact to postponing is dealing with the design loan with KRWFC and the other is the rate adjustment. Sanford stated it makes the most sense is to go PSC for a rate adjustment and separate the project from the rate.

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Secretary/Treasurer Gross asked how long RD will hold the interest rate. Sanford stated that they have already held it 14 months but will reach to RD for an answer. Director Hughes stated that the rate would likely go up.

President Boyd stated that he was concerned about Montgomery Brothers Contracting being low and having several change orders. President Boyd went on to state that given the pipe availability there is no choice but to delay. Sanford stated, assuming it's a nationwide issue, think about the number of projects that are going to be waiting. Director Hughes stated that even if we had the money to buy the pipe it is not available. Dienst stated that you would get in line for the pipe and lock in the price and leave the question of who your contractor is. Dienst added that you wouldn't know how much to bid out until you had the pipe purchased. Dienst stated that you can have a contract with the supplier and write into the contract that as soon as the contractor comes on board the contractor assumes the contract with the supplier, reducing the risk and placing the warranty on the contractor.

Director Hughes asked what percentage of the pipe in the past has been bad. Sanford stated not much that we know of. Hughes stated that in the current production environment, there may be an adverse effect on quality.

Vice President Carey stated that Sanford needs to get answers to the questions and the board can decide at the next meeting. Sanford stated that it could be 6 months, 12 months or even 18 months until we start to see the supply and pricing start trending towards normal conditions.

Dienst wondered if Lagco might hold their bid price and at least we have the price, however the same price issue with the supplier holding the price will come up since the supplier stated that they will only hold for 30 days. Director Hughes stated we can't afford the Lagco price. Sanford stated that the other thing to consider is that down the road if the price doesn't come down and the Letter of Conditions stays in place, the scope of the project can be reduced ahead of bidding to accommodate the current price.

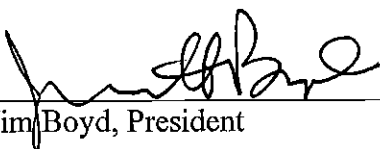
Secretary/Treasurer Gross asked about the proposed rate increase and the lower interest rate savings and whether the savings covered the increased cost and whether we could increase the budget. Sanford stated that he and Dienst started the calculations in the Final Engineering Report but didn't finalize due to the uncertainty of the pricing and it budget was tight. Dienst stated that the calculations got to a rate increase above 10% and was looking closer to 15% to maintain positive cash flow for five years. Sanford stated that a couple for options were looked at. Secretary/Treasurer Gross thought that the 10% rate increase would pay for the project. Sanford stated that once the short-lived assets amount was put into the budget there started to be a shortfall before 5 years. Sanford stated PSC will ultimately set the rate through the Alternate Rate Filing application and the circumstances take us back to square one on a few big decisions we made, including the rate schedule. Secretary/Treasurer Gross stated that the bottom line is

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that there is no room to increase the project budget. Sanford stated the funding commitment from RD also impacts the budget. Director Hughes asked if the rate increase needs to be more than 10%. Sanford stated possibly and we will present new numbers as soon as we can. Director Hughes stated that he believes that we need a higher rate. Sanford stated that Dienst prepared a rate analysis based on actual water usage using the current rates, then proposed. Dienst stated that the 10% rate increase was based on the original cost estimate and also the operations from over a year ago. Dienst stated that the PSC is going to make us raise the rates, so go ahead go through the process and look at rates again when we decide to do the project. Director Hughes stated that we need two rate increases, one now and a second with the project.

Sanford questioned whether the board should officially reject both bids in this meeting. Vice President Carey stated that we don't have a choice. Sanford stated either tonight or on May 11th but doing it now would release Montgomery Brothers Contracting from the bid. Secretary/Treasurer Gross asked if they are canceling the bid or are we rejecting or is it a formality at this point. Dienst stated that the board should reject both bids. President Boyd asked if there was motion to reject the bids from Lagco and Montgomery Brothers. Vice President Carey moved to reject both bids for the project. Director Hager seconded the motion. Motion carried. President Boyd questioned whether the board needed to authorize a rate application to PSC. Sanford stated that the process will be lengthy and KRWA will assist with the application and that he will begin the process. Sanford stated he will get to work on the next steps and start preparing for the Alternate Rate Filing application.

The meeting was adjourned at 4:45 pm.



Jim Boyd, President



Andrea Gross, Secretary/Treasurer

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A special called meeting of the Lake Village Water Association, Inc. was held at 3:30 p.m. on the 6th day of April 2021 via Zoom webinar.

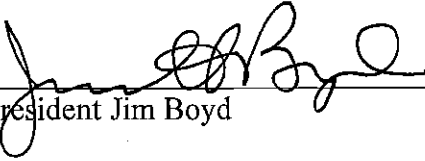
President Jim Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Thomas Hager, Director Jeff Hughes, Attorney Chris Tucker, Liz Dienst and Mike Sanford.

Dienst provided an update to the board regarding the Contract 14 bid opening, stating that a bid was received from Lagco Construction in the amount of \$2,607,425 with an Alternate No. 1 cost of \$150,194. Dienst went on to state that a second bid was apparently submitted by Montgomery Brothers Contracting but was not able to be viewed at the time of bid opening. Dienst stated that Ryan Montgomery contacted her with information and screen shots with indicating that the bid was submitted but a technical difficulty had occurred and he was not able to submit the bid forms. Dienst stated that the bid amount is \$1,747,049 with an Alternate No. 1 cost of \$53,179. Sanford stated that he had discussed the bids with Tucker and that they were working to determine whether the Montgomery Brothers bid could be accepted. Sanford went on to state that RD's position is that the agency will be good with the bid if the local attorney states that all applicable laws were followed during the bidding process. Tucker stated that there are risks involved with accepting the bid. Dienst stated that she contacted Quest to retrieve the activity information for the contractor and that Tucker would have to request the information. Director Hager stated that he would be comfortable accepting the bid with the documentation provided by the contractor. President Boyd recommended accepting the bid if RD will accept and provide the funding for the construction. President Boyd went on to question whether funding was available anywhere else. Sanford stated the RD is the only funding option at this time, especially this far into the project.

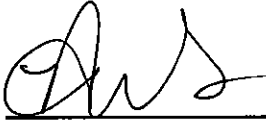
Sanford stated rebidding the project and rejecting both bids would present the lowest risk for the Association but would cost the Association more engineering fees and delay for another month. Dienst stated that the bid time is typically 21 days. Director Hager stated that the risk is low with accepting the Montgomery Brothers bid and supports taking the risk. Director Hughes asked Sanford whether the Montgomery Brothers bid appeared to be complete. Sanford stated that the bid did look complete but appeared low on some unit prices. Secretary/Treasurer Gross asked if there was a statute of limitations on the amount of time that Lagco had to object to the decision and file a complaint. Tucker stated that there isn't enough information available on the electronic bidding process at the moment and that he is unsure. Director Hughes pointed out that both bids are over budget and Montgomery Brothers doesn't stand to gain anything and also doesn't know the other bid amount. Director recommended accepting the bid and moving along. President Boyd stated that if we rebid, we have the authority to reject those bids as well if the bids are over budget and agreed with moving along since this is the second round of bidding. Director Hughes moved to decline the Lagco Construction bid and accept the Montgomery Brothers Contracting bid contingent on the commitment from RD to accept the contract and fund the project and also contingent on receiving the proper information from Quest to document the bid entries. Director Hager seconded the motion. Motion carried.

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Director Hager moved to adjourn the meeting at 4:15 pm. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 11th day of May 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the March 26, 2021, April 6, 2021, and April 28, 2021, meetings as presented. Vice President Carey seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Vice President Carey seconded the motion. Motion carried.

Sanford presented the Financial Report for April, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$82,879.99 pointing out that the Water Costs were under budget by \$2,920.79. Sanford went on to report that the Net Income for the month was a loss of 4,087.08 due to the RD debt service payment in the amount of \$26,580.00. Lastly, Sanford stated that the Net Income for the year is a loss of \$37,866.20, \$33,464 ahead of the budget.

Sanford presented the Non-Revenue Water Report for April stating that the Association purchased 16.5 million gallons of water and sold 12.2 million gallons. Sanford went on to note that of the 4.4 million non-revenue gallons, approximately 3 million can be accounted for through service line leaks throughout the month, leaving approximately 7% of the water purchased unaccounted for. Sanford stated that leak detection in ongoing and during the last period 6 service line leaks were located and repaired. Sanford stated that the non-revenue water percentage is improving each month and looing ahead will improve in the next period. Sanford stated that based on the daily usage totals the reduced water costs are looking to be approximately \$6,000 monthly from the City of Danville.

Sanford reported to the board that the funds from RD for the Contract 14 Project are available for 36 months from the date the funds were obligated, which was May 2020. The interest rate will remain 2.375% as obligated originally and will allow 24 months to complete the project. Dienst asked if any updates were available from material suppliers. Sanford stated that Consolidated Pipe notified staff that plastic meter boxes and lids were not available and are on back order, but then the order appeared a week or so later. Dienst stated that she will stay in contact with Hayes Pipe. Sanford stated that he is also planning to stay in contact with suppliers the best he can. Dienst noted that an extension with RD might be able to be requested due to the circumstances if necessary. Director Hughes stated that he researched the pipe shortage since the last meeting and that Diamond Plastics is one of the largest suppliers globally. Director Hughes went on to note that the available information indicated a global shortage of PVC materials, not

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just in the United States. Secretary/Treasurer Gross asked how we will know when to proceed and what is the best way to keep an eye on the market. Sanford stated that Dienst will stay connected to staff in her office and communication will be maintained with the suppliers. Sanford also stated the BGADD Water Management Council will serve as a good resource to keep up with what is going on with area projects and utilities operations.

Sanford stated that President Boyd presented the health insurance renewal for the upcoming year for consideration. President Boyd stated that he would like to excuse himself from the conversation to give the board an opportunity to review the renewal packet. Vice President Carey led the meeting and discussion. Sanford stated that a second bid was requested from Colonial Insurance and that President Boyd provided quotes from Humana, United Health Care and Anthem. Sanford stated that the rate for the current Anthem plan has been locked in for 18 months and the Association incurred significant savings from the previous United Health Care plan. Sanford stated that keeping the current plan will result in an increase of approximately \$13,000 annually. Sanford stated that staff currently do not pay anything for insurance and that the Association pays the entire premium. Sanford went on to note that the PSC's position is that employees make a contribution for insurance. Director Hager suggested that the Association pay half of the increase and the employees pay half, which is approximately \$20.00 per pay period. All agreed that staff input is important. Sanford stated that a staff meeting will be called this afternoon to discuss whether the staff are in favor of plan changes, such as an increase in the deductible and Out-of-Pocket max or making a contribution to the health care costs. Sanford stated that he will inform the board of the staff's opinion this afternoon via email. President Boyd returned to the meeting at the conclusion of the discussion.

Sanford stated that the Alternate Rate Filing application will be forthcoming in the next few months. Sanford stated that contact has been made with Gary Larimore with the Kentucky Rural Water Association to obtain assistance with the application process. Sanford noted that the non-revenue water percentage needs to be as low as possible before submitting the application and that staff are still conducting leak detection.

Sanford reported to the board that a developer is extending a 4" water main along A.T. Dean Road in the U.S. 68 corridor. Sanford went on to note that the development includes 5 tracts of land and that the water main will provide service to each lot. Sanford noted that the construction application and design plans are being prepared by Monty Brody, a licensed engineer from Lawrenceburg and once prepared, the plans will be reviewed by staff prior to acceptance and submittal to the Division of Water. Director Hughes asked whether the extension would impact pressures in the area. Sanford stated that there is good pressure and volume along U.S. 68 to supply the new main and customers.

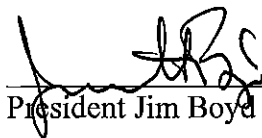
Sanford stated that Kevin Cooley, owner of Gwinn Island Marina contacted the Association about individually metering the marina and cabins located on the property. Sanford stated that individual meters would result in approximately 20-25 taps over time, but the Association would have to assume ownership of the infrastructure located on the property in

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order to install the meters. Sanford went on to state that he met Cooley on the property to discuss the location and Cooley stated that the 2" water main and valves is approximately 10 years old. Director Hughes stated the Association should be cautious taking over existing infrastructure that we don't know anything about and in this particular case, a significant portion of the water main located on the bridge is under water several times per year and would cut off the customers on the island until the water level receded. Sanford noted that there could be possible contamination of the public water system is there was a leak while the lake level was over the infrastructure. President Boyd added that if the lake was over the road, work orders could not be completed on customers that are isolated. Secretary/Treasurer Gross asked if there was any way that Cooley could keep the infrastructure and maintain it. Sanford stated that Cooley would like for each unit to receive an individual bill monthly. Sanford recommended working with Cooley to figure out how he can efficiently meter the units himself to achieve the same outcome. Sanford stated that he will look into available options.

Sanford stated that each year the Association partners with MAFEW and the school systems in the county to host Healthy Kids Day for the county's fourth graders and that water bottles are provided to each student to take home in an effort to promote drinking tap water. Sanford stated that the bottles approximately \$500. Vice President Carey moved to participate in the event and to provide water bottles to the kids. Director Hughes seconded the motion. Motion carried.

Vice President Carey moved to adjourn the meeting. Director Hager seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 8th day of June 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford, Rita Monson, Craig Butler and Chad Robinson.

Craig Butler and Chad Robinson of Kerbaugh, Rodes and Butler presented the 2020 Financial Audit for the Association. Robinson stated that the Association's financial performance was very similar to the previous year that there were no material findings and that everything looked good. Robinson noted the need for a rate increase, which is planned and also that Association staff were very helpful throughout the auditing process. President Boyd sought questions from the board. Hearing none, President Boyd thanked Butler and Robinson for the work performed on the audit.

Vice President Carey moved to approve the minutes from the May 11, 2021, meeting as presented. Secretary/Treasurer Gross seconded the motion. Motion carried.

Vice President Carey moved to approve the invoices as presented. Director Hager seconded the motion. Motion carried.

Sanford presented the Financial Report for May, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$85,115.05 pointing out that the Water Costs were under budget by \$1,076.37. Sanford went on to report that the Net Income for the month was \$17,643.67. Lastly, Sanford stated that the Net Income for the year is a loss of \$23,574.53. Sanford reminded the board that the annual budget does include the anticipated rate increase that has not occurred due to the project delay. Director Hager asked Sanford how he felt about the financial performance after five months. Sanford stated that considering the delay in the rate increase, he felt good about the performance and that he is watching all expenses closely and cutting everywhere possible. President Boyd asked when the rate increase application process would begin. Sanford stated that he is shooting for late July to begin the process. Director Hughes questioned whether the rate increase would be the same for residential and commercial customers. Sanford stated that the rate increase percentage would be the same for all customers, including the wholesale rate to Northpoint Training Center.

Sanford presented the Non-Revenue Water Report for May stating that the Association purchased 15.7 million gallons of water and sold 12.6 million gallons. Sanford went on to note that of the 2.9 million non-revenue gallons, approximately 2.8 million can be accounted for through 7 service line leaks throughout the month and 1 main line break, leaving approximately 1% of the water purchased unaccounted for. Sanford stated that leak detection is ongoing and that staff have been trying to locate a leak in the US 127 master meter zone for the past month but have not been able to locate it. Consolidated Pipe is scheduled for Friday to provide assistance using new leak detection equipment.

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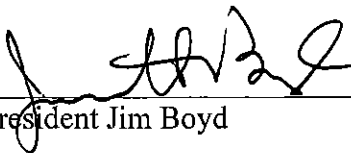
Sanford stated that he has submitted the Contract 14 Distribution System Improvement Project application to the 2021 Cleaner Water Program administered by KIA. The state legislature appropriated \$250 million in grant funds for water and sewer projects throughout the state. Sanford stated that the intent is to secure grant funds to cover the anticipated increase in PVC costs that utilities are currently experiencing. Sanford stated that there are already more requests than funding statewide.

Sanford presented a proposed agreement with the Mercer County Sanitation District to obtain easements for the Gwinn Island Sanitary Sewer Project. Sanford stated that the Management Agreement with the District does not include services such as easement acquisition. Sanford stated that the proposed rate for services is \$50.00 per hour and that the District approved the rate. President Boyd stated that Sanford's services cost more than \$50.00 per hour if benefits are considered. Dienst stated that the design is 80% complete on the project and that plans are far enough along to obtain the easements. Vice-President Carey questioned whether Sanford had the time to devote to obtaining the easements. Sanford stated that he can work it in over the next few months. Director Hager stated that he is good with the agreement but will abstain from voting since his property will be served by the project and he will be executing an easement with the District. Sanford stated it is beneficial for him to be directly involved with property owners during this phase of the project. Secretary/Treasurer Gross stated that she is good as long as Sanford is good with the agreement. Tucker noted that either party can withdraw from the agreement with a 30-day notice. Vice-President Carey moved to enter into the agreement as presented. Director Hughes seconded the motion. Motion carried.

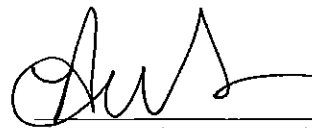
Sanford stated that there has been an increase in the number of tap fees that the Association is receiving. For comparison Sanford stated that in May there were 4 tap fees paid and last week there were already 6 tap fees paid.

President Boyd questioned whether the board wanted to continue meeting via Zoom or if meeting in person is preferred. Director Hughes stated that he will be traveling for the next two months. President Boyd stated that meeting via Zoom seems to be working just fine and that he is good with continuing virtually. Sanford stated that he is planning to work with the ADD to see about setting up Zoom in the board room for future meetings.

Secretary/Treasurer Gross moved to adjourn the meeting. Vice President Carey seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 13th day of July 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Vice President Carey moved to approve the minutes from the June 8, 2021, meeting as presented. Director Hughes seconded the motion. Motion carried.

Director Hughes moved to approve the invoices as presented. Director Hager seconded the motion. Motion carried.

Sanford presented the Financial Report for June, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$100,175.81 pointing out that the Water Costs were under budget by \$3,262.91. Sanford went on to report that the Net Income for the month was \$14,102.45. Sanford noted that the Net Income for the year is a loss of \$15,779.84. Sanford stated that the Gross Profit was on budget for the year at \$526,732.83 and that expenses for the year was near budget at \$385,973.25. Director Hager inquired about the Office Supplies expense and noted that it is twice the budget amount. Sanford stated that return checks are posted to the account and that the Association had received \$7,131.00 in return checks from Quality Inn earlier in the year. Sanford went on to note that the account is current and has also been placed on automatic bank draft each month. Sanford stated that 19th Hole is also current and had a very large past due balance for several months. Lastly, Sanford stated that the previous balances have dropped significantly to \$4,713.00 which is a \$10,969.00 decrease from the month before. Director Hager questioned whether the Net Income for the year would reach the budget amount. Sanford stated that we would have a positive Net Income but likely would not reach the budget amount. Sanford noted that the income portion of the budget included a rate increase beginning in May that has not occurred, but that the increase in tap fees, reduction in water costs and debt service savings will offset a significant portion of the reduced revenue. Director Hager stated that we may have a \$100,000 net income looking ahead. Sanford stated he thought that was possible. Director Hughes questioned why the water costs were down and sales were increasing. Sanford stated that staff have been doing a great job reducing the non-revenue water percentage and that it is reflected in the water costs each month.

Sanford presented the Non-Revenue Water Report for June stating that the Association purchased 15,094,672 gallons of water and sold 13,809,100 gallons. Sanford went on to note that the non-revenue water loss can be accounted for through 7 service line leaks and 2 main line repairs. Sanford stated that over the past month staff have been looking for a leak in the US 127 zone and had sought help from Consolidated Pipe, but the company was unable to locate the leak. Sanford stated that staff continued to look for the leak and found a meter on an inactive account was turned on by someone and was running approximately 4,000 gallons of water per day into a field on Faulkner Station. Sanford concluded by stating that the non-revenue water

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percentage for the month was 9% noting that this is the best he has seen the percentage since he started in 2006.


Sanford presented the Loan Resolution and Assistance Agreement to authorize the loan in the amount of \$2,250,000 with the KRWFC to refinance two existing loans with Rural Development. Loan 91-09 in the amount of \$885,000 and Loan 91-10 in the amount of \$1,544,000 will be refinanced with the new loan. Vice-President Carey moved to authorize President Boyd and Secretary/Treasurer Gross to execute the documents as presented. Director Hughes seconded the motion. Motion carried.

Sanford stated that meetings are scheduled with the utilities from Boyle and Mercer Counties to allocate the county portion of the Cleaner Water Grant Program funds. Sanford went on to note that the BGADD Area Water Management Council meets next week, and he will question the group on recent experiences with material pricing and availability, as well as bidding. Sanford questioned Dienst on whether she had an update. Dienst stated that she will work to get an update on current conditions.

Sanford stated that the project profile for Contract 15 is complete and will be submitted to the Area Water Management Council for approval at the upcoming meeting. Sanford stated the project will be submitted to the Cleaner Water Grant Program for planning and design funding. Sanford went to state that the project will replace 18,400 LF of water main along Waterworks Road, 2,400 LF of water main along Spears Lane, 11,200 LF of water main along Sunrise Shores and Lakeview Point and 5,700 LF of water main along Dix Dam Road. The project will also replace 285 existing service lines from the Contract 13 East Zone Upgrade Project. The estimated cost of the project is \$2,470,700.

Sanford informed the board that Kim Todd will be retiring on August 13, 2021, after nearly 28 years of service. Sanford stated that while sad to see Kim retire, they are very happy for her. Sanford will begin the replacement process and also will finalize the SOP for the position.

Director Hager moved to adjourn the meeting. Vice President Carey seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 10th day of August 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the July 13, 2021, meeting as presented. Vice President Carey seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Director Hughes seconded the motion. Motion carried.

Sanford presented the Financial Report for July, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$93,664.38, pointing out that the Water Costs were under budget by \$5,738.30. Sanford went on to report that the Net Income for the month was a loss in the amount of \$6,963.41 due to debt service payments in the amount of \$43,500.25, noting that the final debt service payment for the year was made. Sanford noted that the Net Income for the year is a loss of \$17,895.13. Director Hughes inquired about the type of accounting software used for the bookkeeping and reporting. Sanford stated that the Association uses QuickBooks to manage the finances. Director Hughes noted that the City of Burkin is on city wide Boil Water Advisory and inquired about how the Association would handle a system wide advisory, specifically customer notification. Sanford stated that a system wide boil water advisory is uncommon and has not happened with the Association to his knowledge. Sanford went on to state that typically when an advisory is issued the affected area is small enough to place a doorhanger notification at each residence to issue the advisory and also to lift the advisory. Sanford went on to note that the website, app and Facebook can also be used, but the customer reach is unknown. Lastly, Sanford stated a system wide boil water advisory would be reported to local radio and television stations in order to ensure that as many households as possible were notified. Director Hughes stated the ability to email or text the advisory would be great. All agreed. Sanford stated that he would think further on the notifications and research what options are available.

Sanford presented the Non-Revenue Water Report for July stating that the Association purchased 15,305,518 gallons of water and sold 13,434,100 gallons, resulting in 12 % non-revenue water for the month. Sanford went on to note that the non-revenue water loss can be accounted for through 7 service line leaks and 2 main line repairs, including a significant repair at E.W. Brown and along Dix Dam Road. Sanford concluded by stating that leak detection is on going throughout the distribution system, but primarily in the KY 33 zone.

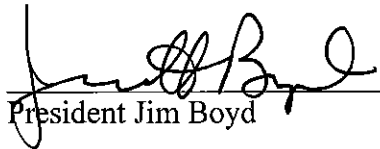
Sanford reported that county meetings were held to discuss the Cleaner Water Grant Program funding and that the local allocation is planned to be split evenly between the 5 utilities located within Mercer County. The approximate allocation is \$166,000 per utility will be used

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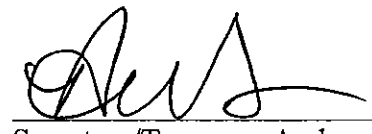
for Contract 15. Sanford stated that a request for \$350,000 for the cost overrun on Contract 14 was also made to KIA. Lastly, Sanford stated that Sandy Williams with KIA reported to the 409 Water Management Council that the estimated need for the state is likely going to reach \$500,000,000, well above the \$250,000,000 allocated. Williams also noted that the deadline for the applications is November 19, 2021, at which time the exact amount of the requests will be determined. Sanford stated that an additional request will be made to the General Assembly in the 2022 legislative session.

Sanford reported that Kim Todd's last day with the Association is Friday and acknowledged her 28 years of service, noting that Mary Lu Harlow was hired to fill the position and is doing a great job. Sanford went on to note that Evan May resigned and that Coleman Clark has left to attend school at Western Kentucky University. Sanford concluded by stating that the loss in staff will impact the workload significantly and the positions will be filled as soon as possible. Lastly, Sanford stated that a subcontractor has been hired to assist with clean up and paving.

Vice President Carey moved to adjourn the meeting. Director Hughes seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 15th day of September 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the August 10, 2021, meeting as presented. Secretary/Treasurer Andrea Gross seconded the motion. Motion carried.

Vice President Kenny Carey moved to approve the invoices as presented. Director Hughes seconded the motion. Motion carried.

Sanford presented the Financial Report for August, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$115,649.17, pointing out that the Water Costs were under budget by \$11,198.54 and are approximately 22.8% of the monthly water sales. Sanford went on to report that the Net Income for the month was \$47,654.80. Sanford noted that the Net Income for the year is \$37,123.66 and is \$7,993 ahead of the \$29,130.46 YTD budget amount. Director Hager commented that the finances are looking good.

Sanford presented the Non-Revenue Water Report for July stating that the Association purchased 17,366,307 gallons of water and sold 15,757,800 gallons, resulting in 8% non-revenue water for the month. Sanford went on to note that the non-revenue water volume of 1,608,507 can be accounted for through 7 service line leaks and 4 main line repairs. Sanford concluded by stating that leak detection is on going throughout the distribution system and that the most recent numbers are fantastic. All agreed with Sanford.

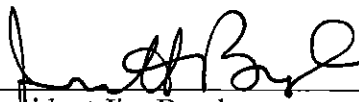
Sanford presented the Office Clerk SOP for review. Sanford stated that Mary Lu Harlow replaced Kim Todd as is currently utilizing the document to perform work functions. Secretary/Treasurer Gross stated that the SOP looked good. Vice President Carey questioned whether the document would be reviewed to stay up to date if processes and job duties change. Sanford stated that the SOP will be reviewed annually and updated when necessary. Secretary/Treasurer Gross moved to approve the SOP as presented. Vice President Carey seconded the motion. Motion carried.

Sanford provided a staffing update, stating that Mary Lu Harlow is doing a great job as Billing Clerk and has been in the position for 6 weeks. Sanford went on to state that the changes in staffing this year, along with the water cost reduction and debt service cost reduction have allowed for a fourth staff member to be added to the maintenance team. Sanford stated that Josh Woods was hired to fill the vacant maintenance position and has nearly 2 years of water and sewer experience. Woods resigned from the City of Harrodsburg to join the Association team. Sanford went on to state that Evan May contacted him to ask for his job back. Sanford stated

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that May left on good terms and did an excellent job while employed with the Association. Lastly, Sanford stated that the addition of the fourth maintenance staff member will allow for the necessary time and attention it takes to maintain an acceptable non-revenue water percentage and maintain timely execution of many other aspects of the operations. Sanford noted that during summer months when there are four staff members in maintenance due to the internship, there is a noticeable difference in efficiency and workload on each employee in the field.

Vice President Carey moved to adjourn the meeting. Director Hager seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 12th day of October 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson. Also present are A.T. Dean property owners Joey Svec, Braden Kapteyn and Kevin Charles.

President Boyd welcomed the A.T. Dean property owners to the meeting. Sanford introduced the guests to discuss the Champion Woods Water Main Extension planned for A.T. Dean Road. Sanford went on to state that he had met with Joey Svec and Frank Ratliff to discuss the water main extension shortly after the properties were purchased and that the seller was to install the water main prior to selling the property. Sanford stated that the property owners are present to request assistance with the water main installation. Joey Svec spoke on behalf of the property owners and requested that the cost of the water main extension be included in the 2022 operating budget.

Tucker inquired about the property owners' understanding of their obligation when the property was purchased. Svec stated that he knew that the water main was being studied and that plans were drafted for the main, further stating that they knew there were no utilities at the time of purchase. Sanford added that the water main should have been installed at the time of purchase. Director Hughes stated that he does not think that the Association should be responsible for the installation costs. Vice President Carey agreed. Sanford stated that the extension is approximately 3,000 feet and the cost is estimated to be approximately \$25,000. Svec stated that the estimate that he received was in the \$36,000-\$40,000 range, which includes clearing the trees and installing the water main. Sanford stated that he reached out to Shawn Moore with Planning and Zoning to inquire about the plat, specifically the utility requirements. Sanford stated that Moore forwarded the original plat, along with an amendment that subdivided the property into five tracts. President Boyd questioned if there was a zone change when the plat was amended. Vice President Carey questioned whether the tracts are still zoned for agricultural use. Sanford stated that the property is zoned A-2. Secretary/Treasurer Gross questioned whether Svec or the other owners had contacted the seller to see if they could provide assistance. Svec stated that the seller is out of the picture.

Vice President Carey recommended getting the water main to the property from US 68 and letting the property owners continue with the extension. Secretary/Treasurer Gross noted the Association is a non-profit organization and that if the Association paid for the extension, the cost would be passed on to the other members. Tucker stated that he and Sanford have discussed the extension and that the tariff prohibits the Association from paying the costs related to an extension for a developer. Sanford stated that other properties such as the Stocker Extension along Handy Pike, Curds Creek and The Hunt Farm have been paid for by the property owner developing the land. Director Hughes stated that the Association cannot install and pay for a private water main. Vice President Carey stated that he feels bad for the property owners but does not see any way that the Association cannot abide by the rules. Director Hughes stated

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that the Association will pay for and install the first 50' of the water main to get the water to the property, which includes the road bore underneath US 68. Svec stated that providing the first 50' is going along way for them and they are very appreciative of the Association's time and consideration. Sanford stated that he will coordinate the water main installation with the property owners and will also prepare and submit the KYTC Encroachment Permit for the work being performed within the right-of-way. Vice President Carey moved to pay for and install the first 50' of the water main extension to include the road bore and associated permitting. Director Hughes seconded the motion. Motion carried.

Secretary/Treasurer Andrea Gross moved to approve the minutes from the September 15, 2021, meeting as presented. Director Hager seconded the motion. Motion carried.

Vice President Kenny Carey moved to approve the invoices as presented. Director Hager seconded the motion. Motion carried.

Sanford presented the Financial Report for September, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$107,523.77, pointing out that the Water Costs were under budget by \$5,446.10. Sanford went on to report that the Net Income for the month was \$42,265.52, noting that \$26,420 was refunded to the Association from RD due to overpayment of the loan that was recently refinanced. Sanford noted that cleanup was hired out to catch up and get everything completed before the growing season ends and that the parking lot was also sealed. Sanford noted that the Net Income for the year is \$83,984.39 and is \$14,842.67 ahead of the \$69,141.72 YTD budget amount. Sanford concluded by providing a comparison to the September 2020 YTD, stating that this time last year the net income was approximately \$18,000.

Sanford presented the Non-Revenue Water Report for August stating that the Association purchased 15,118,096 gallons of water and sold 12,429,400 gallons, resulting in 17% non-revenue water for the month. Sanford went on to note that of the non-revenue water volume of 2,524,996 gallons, 1,478,500 gallons can be accounted for through twelve service line repairs, leaving 1,046,496 gallons unaccounted for. Sanford stated a recent water main leak was found on Dix Dam Road and resulted in a significant reduction of daily water use within the zone. The leak appears to have been running for a couple of weeks before it was found.

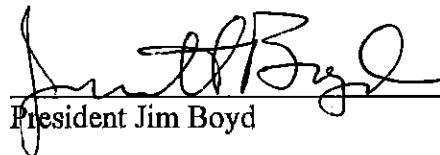
Sanford presented the board with the calculations for the annual staff SEP contribution. Sanford stated that typically the contribution is made in April of each year, but due to other obligations, the Association has not been able to make the contribution until now. Sanford provided ranges from 4%-10% of the total salary for the 2020. Sanford went on to note that the Association is maintaining approximately \$120,000 in cash in all accounts and that the contribution can be made at this time. Vice President Carey recommended contributing the 10% to each staff member as in previous years. Director Hager stated that performance for the year has been good and that staff need to know that the performance allows for the contribution

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to be made. Secretary/Treasurer Gross agreed with Director Hager. Vice President Carey moved to contribute 10% of the 2020 salary for each employee to the SEP accounts. Director Hager seconded the motion. President Boyd questioned if we always pay the contribution after the year has ended. Sanford stated that the contribution is accrued throughout the year based on the annual budget and then decided on after the close of the year based on the financial performance of the year. Director Hughes questioned whether the Association always made a 10% contribution because a small business typically would contribute around 6% of each employee's salary. President Boyd agreed with Director Hughes further stating that when the SEP accounts were first set up the goal was to contribute 10% as long as the Association's finances would allow for it since the company is a public utility. Director Hughes stated that Christmas bonuses are coming up and was making sure the contributions were appropriate. Director Hager stated that the Christmas bonus of \$600 is budgeted each year. Secretary/Treasurer Gross stated that employees should be reminded that the benefits are possible because of hard work. Vice President Carey agreed that everyone is doing a great job for the Association.

President Boyd questioned whether the group would like to continue meeting via Zoom or would like to meet in person. All agreed that either is fine but meeting via Zoom is working very well. All agreed to continue meeting via Zoom.

Vice President Carey moved to adjourn the meeting. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.



President Jim Boyd



Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 9th day of November 2021 via Zoom webinar.

Vice President Kenny Carey called the meeting to order. Present: President Boyd, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the October 12, 2021, meeting as presented. Secretary/Treasurer Andrea Gross seconded the motion. Motion carried.

Director Hager moved to approve the invoices as presented. Director Hughes seconded the motion. Motion carried.

Sanford presented the Financial Report for October, stating that the financial performance for the month was good, further stating that the finances look good for the year. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$88,718.61, pointing out that the Water Costs were up but under budget by \$1,302.05. Sanford went on to report that the Net Income for the month was \$18,388.17. Sanford stated that Maintenance of Mains for the month is over budget due to road bore expense, material expense and clean up. Sanford went on to note that a credit was given on the health insurance premium due to the recent changes to the coverage. The credit will be reflected in the November financial report. Sanford noted that the Net Income for the year is \$102,372.56 and is \$4,000.42 short of the \$106,372.98 YTD budget amount.

Director Hughes inquired about the Curds Creek Development figure found on the Balance Sheet, specifically when does the Association stop paying. Sanford stated that the Association has already stopped paying when taps are made and that the total is carried forward on the Balance Sheet. Sanford went on to state that during his time with the Association, one property owner contacted him about the repayment, but the term had expired. Director Hughes inquired about whether the Association has a Reserve Fund for Maintenance of Mains. Sanford stated that the Association does have a reserve account that is funded monthly and that the balance has been higher in previous years than it is currently. Director Hughes questioned whether the maintenance staff perform cleanup on all the leaks. Sanford stated that work orders are made out for the leaks and that the clean up is completed at the first opportunity. Sanford went on to state that sometimes the clean up is forgotten or missed and that property owner will call to request the cleanup. Sanford stated that this is an area that he has always pushed for improvement with. Director Hughes stated that he knew of a handful of locations that could use cleanup. Sanford stated that he will follow up with the staff on the issue. Vice President Carey inquired about the leak location on Dix Dam Road, specifically inquired about whether the ditch was left open. Sanford stated that he was unaware that the ditch was left open and will follow up with staff directly after the meeting.

Sanford stated that the Public Service Commission order for the debt refunding included a requirement for the submission of an Alternate Rate Filing application. Sanford stated that he

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reached out to Strand to provide a cost estimate and scope of work as well as KRWA. Sanford stated that KRWA provided a proposal that includes completion of the rate study and preparation of the Alternate Rate Filing application. The total cost of the proposal is \$6,625 and all the costs will be covered by KRWA through a grant with the Division of Water. Sanford stated that the rate study will determine whether the rates are adequate or need to be adjusted. Director Hughes stated that based on the current rates and the financial condition, the rates appear to be adequate and that the rate study will not cost the Association, providing us an outside look.

Secretary/Treasurer Gross also questioned the purpose of the rate study if no increase is necessary. Sanford stated that the rate study will look at the current financial condition ahead of the Contract 14 project, which we know will require a rate adjustment due to the increased debt obligation. President Boyd moved to accept the proposal from KRWA for the rate study. Director Hughes seconded the motion. Motion carried.

Sanford presented a request to the board for staff Christmas bonuses. Sanford stated that the bonuses are given each year and that last year \$600.00 was given to each staff member. Director Hughes stated that staff have done a great job this year and that he thinks we should move forward with the bonuses. Secretary/Treasurer Gross inquired about whether the bonuses are budgeted. Sanford stated that the bonuses are budgeted annually. Director Hughes moved to provide \$600.00 bonuses to each staff member. Secretary/Treasurer Gross seconded the motion. Motion carried.

Sanford provided updates to items and work that is currently in progress and upcoming in 2022.

Sanford stated that he is currently preparing the 2022 Operating Budget and will present the proposed budget at the December meeting. Sanford stated that he will review the current year's performance as well.

Sanford stated that he is currently working on the Emergency Response Plan to comply with the EPA American Water Infrastructure Act requirement. Sanford stated that the Risk Assessment has been completed and that weather, fire, cybersecurity, water supply availability and contamination are the greatest concerns to address.

Sanford stated that he is shooting for the end of the year to have the staff SOPs in draft form. Sanford stated that the current focus is on the Maintenance positions.

Sanford stated that the Champion Woods Water Main Extension is occurring in 2022 and that no further progress has been made by the property owners. Sanford stated that he will follow up with Joey Svec regarding the work.

Sanford stated that the 2021 Cleaner Water Grant Program deadline is approaching on November 19, 2021, at which time the projects will hopefully move forward. Sanford stated that there is a funding request to KIA for \$350,000 for the Contract 14 cost overrun, a \$150,000 request for Contract 15 Planning and Design and the MCSD Gwinn Island Sanitary Sewer Project for an approximate \$1,101,000 in grants funds.

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Sanford stated that he and staff will begin obtaining the Gwinn Island Sanitary Sewer Project easements soon and that he anticipates having the first group of documents this week from Larry Catlett. Sanford went on to note that the project will provide new sewer service to Gwinn Island Road, Cold Springs, portions of Beaumont Avenue, US 127 South and Kennedy Bridge Road near Herrington Lake.

Sanford stated that he is working with Cathy Akins to facilitate a watershed plan proposal for the Dry Branch Salt River Basin Watershed. Sanford went on to note that Mercer County is divided into two watershed basins, the Salt River and Kentucky River basins. Sanford stated that the Salt River Basin will be the first proposal submitted and that there will be subsequent proposals if funding allows. Sanford stated that completion of the watershed plan will allow for the community to access EPA 319 grant funds for septic tank repairs, public sewer lateral connections and other environmentally friendly needs, such as community education and outreach. Sanford stated that Strand Associates and BGADD are current stakeholders and that the group will be actively seeking additional stakeholders if the proposal is selected for funding. Sanford stated that the proposal deadline is December 3, 2021.

Sanford stated that he will be working with the Mercer County Health Department to hold a public meeting for Riverview Subdivision property owners to discuss the need for public sewer in the subdivision. The meeting is planned for early 2022. Sanford stated that an informational meeting is desired versus a mail survey in which the property owners lack the necessary information to make a sound decision.

Sanford stated that the Utility Bill Assistance Program funds from the state will be available soon and that staff will be working with customers that have a past due balance to help access the funds. The funds will be administered through the Bluegrass Community Action Agency in Mercer and Boyle Counties. Sanford stated that past due balances are approximately \$4,300 currently.

Dienst commended Sanford for preparing the Emergency Response Plan, stating that it is a complex process and that many utilities contract with a third party to prepare the plan.

Director Hughes stated that Sanford's workload and the upcoming projects shows how important the SOP is for the Association. Director Hughes stated that Sanford has a full workload, and that the Association would be in shock if something happened to Sanford. Vice President Carey stated that the Association is very blessed to have Sanford on board. Sanford stated that he is very thankful for his job and for the board.

Director Hughes inquired about whether water shortage or the inability to purchase water would be included in the Emergency Response Plan. Sanford stated that luckily, we have two sources for water and that the emergency plans from both cities will be included in the Emergency Response Plan. Vice President Carey inquired about the length of the Water Purchase Contracts. Sanford stated that the contracts were recently extended to accommodate the RD loan terms and that the terms were extended for 50 years.

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Secretary/Treasurer Gross agreed with Director Hughes that Sanford is very important to the Association and that the Association needs Sanford. Secretary/Treasurer Gross went to state that if Sanford needs assistance from the board or needs additional staffing to please ask for it. Secretary/Treasurer Gross stated that the board does not want Sanford to be overwhelmed and overworked and if the workload becomes too much, inefficiencies could occur in areas of the operations. Sanford stated that he appreciates the comments and will keep all of them in mind as we move forward.

President Boyd moved to adjourn the meeting. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.

President Jim Boyd

Secretary/Treasurer Andrea Gross

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The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 14th day of December 2021 via Zoom webinar.

Vice President Kenny Carey called the meeting to order. Present: Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hughes moved to approve the minutes from the November 9, 2021, meeting as presented. Director Hager seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Director Hughes seconded the motion. Motion carried.

Director Hughes recognized the emergency that is ongoing in Western Kentucky as a result of the tornados that touched down in the Mayfield, Dawson Springs and Bowling Green areas and questioned whether the Association had the funds to purchase water or other supplies for those affected by the emergency. Sanford stated that he has received correspondence from KRWA, AWWA and DOW about the emergency, specifically how to help. Sanford stated that he will work to determine what options for assistance the Association has and report back to the Board through email. Vice President Carey questioned whether partnering with another water utility might be an option. Secretary/Treasurer Gross stated that she would be willing to donate the monthly Director Fee to purchase bottled water. Sanford stated that he will have information to the Board by the end of the week.

Sanford presented the Financial Report for November, stating that the financial performance for the month was good, further stating that the finances look good for the year. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$74,654.11, pointing out that the Water Costs were over budget by \$3,519.42. Sanford went on to report that the Net Income for the month was \$15,270.68. Sanford noted that the Net Income for the year is \$118,685.01 and that the Year-to Date budget is \$86,566.24. Sanford stated that water sales are in the seasonal low and will remain consistent through March 2022. Sanford also noted that Northpoint Training Center usage was up for the previous period and will result in increased water costs. Sanford stated that so far in 2021, 36 new water taps have been installed. Vice President Carey questioned whether the tap fee cost will increase. Sanford stated that the fee will be determined with the Alternate Rate Filing application. Director Hughes stated that the Maintenance of Mains budget for the year is \$50,000 and seemed high. Director Hughes questioned what the maintenance expense includes. Sanford stated that all material costs are posted to Maintenance of Mains and that the increased number of taps and the increase in material costs across the board have impacted the annual cost. Director Hughes questioned how much inventory is on hand. Sanford stated the Association maintains \$20,000 - \$22,000 in inventory and that when material is used, replacement supplies are ordered. Director Hughes questioned whether the Association has a reserve account for this type of expense. Sanford stated that \$1,500 per month is deposited into the reserve account and that the material costs come from the Operation & Maintenance Account. Director Hughes stated that now is a

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good to time to try and replenish the inventory if necessary. Sanford stated that Colby Harper, Distribution Operator, does an excellent job at maintaining the inventory and maintains constant communication with the material suppliers. Director Hughes stated that Harper also saved the Association money with the meter purchases in 2020.

Sanford presented the Non-Revenue Water volumes for the 10/15-11/15 usage period, stating that the Association purchased 16,793,000 gallons during the period and sold 12,509,000 gallons during the period. Sanford went on to note that approximately 1,800,000 gallons can be accounted for through eleven service line leaks and four main line repairs, leaving 14% of the water purchased unaccounted for. Sanford concluded by stating that leak detection is ongoing in both the Shakertown and KY 33 hydraulic zone and will continue in the coming weeks.

Sanford presented the proposed 2022 Operating Budget for consideration by the board. Sanford began by reviewing the proposed income for the upcoming year, stating that the income could be adjusted pending the Alternate Rate Filing application that will be submitted to the Public Service Commission in early 2022. Sanford went on to note that project expense reimbursement is planned to occur in 2022 in the amount of \$80,488 and that 25 new water taps will be budgeted for the upcoming year, noting that the proposed number of taps is below the 2021 number of taps, but it is unknown how long the current building pace will continue. Sanford proposed \$1,614,638 in income for the upcoming year. Sanford stated that the Water Costs for the current year will be significantly under budget due to the continued focus on leak detection and reduction of the Non-Revenue Water volume. Sanford stated that the proposed Water Costs expense for 2022 is \$500,000 and is optimistic that staff can achieve the same level if not more success in maintaining the water costs for the upcoming year. Sanford covered each expense item in detail, stating that the General and Administrative Salaries includes seven full time staff members. Sanford stated that most of the line items remained consistent from the previous year and that slight increases to items such as Utilities and Transportation Expense were increased. Sanford stated that the proposed budget includes expenses that total \$726,224. Sanford stated that the budget includes an annual Debt Service payment to Rural Development in the amount of \$28,044 and an annual Debt Service obligation to the Kentucky Rural Water Finance Corporation in the amount of \$209,750. Sanford concluded by stating that the proposed budget has a Net Income of \$150,620 and recommended waiting until the Alternate Rate Filing application process was complete to allocate the surplus amount to Capital Outlay through a budget amendment. Director Hager agreed that one amendment to the budget is best way to proceed with the pending rate application.

Director Hughes questioned whether the Association has equipment needs. Sanford stated that the Association is in need of another truck and that a second Toyota Tacoma would be great and very productive for the Association. Sanford stated that the computers in the office are due for replacement as well. Director Hager questioned whether the proposed purchases and the proposed budget would have an impact on the rate analysis. Secretary/Treasurer Gross questioned if there were other needs such as additional staff. Sanford stated that at the moment staffing levels are good but will keep additional staffing in mind as things are sorted out with Lorne Patterson's return to work. Sanford stated that often, an additional staff member would be

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helpful, but it would need to be determined whether the position would be administrative, maintenance or both. Sanford stated that the SCADA computer could be replaced and that the cost estimate is \$6,500. Vice President Carey questioned the cost of an additional truck. Sanford stated that the Toyota Tacoma was \$36,000 after taxes and fees. Director Hughes questioned whether the trucks were driven home by staff. Sanford stated that Patterson drives his truck home and often the staff member on call will drive a truck home. Vice President Carey stated that he would keep watch for a vehicle and that there could be good pricing available now. Director Hughes stated that he recently purchased a new truck from Dan Cummins and that the vehicle came with a lifetime powertrain warranty. Director Hager noted that the warranty may not be available on a commercial purchase.

Director Hager moved to approve the proposed 2022 Operating Budget as presented. Director Hughes seconded the motion. Motion carried.

Sanford stated that the Watershed Plan for the Dry Branch Salt River Basin has been submitted to the Division of Water and that the District will know whether an invitation to apply will be extended by the end of the year. Sanford stated that if the proposal proceeds, he will administer the funding and serve as the local contact for the project.

Secretary/Treasurer Gross moved to adjourn the meeting. Director Hughes seconded the motion. Meeting adjourned.

Vice President Kenny Carey



Secretary/Treasurer Andrea Gross