

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
MOUNTAIN WATER DISTRICT FOR A) CASE NO. 2022-00367
GENERAL ADJUSTMENT OF SEWER RATES)
)

**MOUNTAIN WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Mountain Water District submits its Response to Commission Staff's Second Request for Information.

Dated: June 5, 2023

Respectfully submitted,



Gerald E. Wuetcher
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Lexington, Kentucky 40507-1801
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Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

Counsel for Mountain Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on June 5, 2023 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.


Counsel for Mountain Water District


VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF PIKE)

The undersigned, Carrie Hatfield, being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and that the answers contained therein are true and correct to the best of her information, knowledge and belief.


Carrie Hatfield

Subscribed and sworn to before me, a Notary Public in and before said County and State, this ____ day of June 2023.

 (SEAL)
Notary Public

My Commission Expires: January 16, 2024

Notary ID: KYNP616

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF PIKE)

The undersigned, Kevin Lowe, being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



Kevin Lowe

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this _____ day of June 2023.


_____ (SEAL)
Notary Public

My Commission Expires: January 16, 2024

Notary ID: KYNP616

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF PIKE)

The undersigned, Mike Spears, being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

Mike Spears
Mike Spears

Subscribed and sworn to before me, a Notary Public in and before said County and State, this _____ day of June 2023.

Tammy Olson (SEAL)
Notary Public

My Commission Expires: *January 16, 2024*

Notary ID: *KYNP616*

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF PIKE)

The undersigned, Tammy Olson, being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and that the answers contained therein are true and correct to the best of her information, knowledge and belief.



Tammy Olson

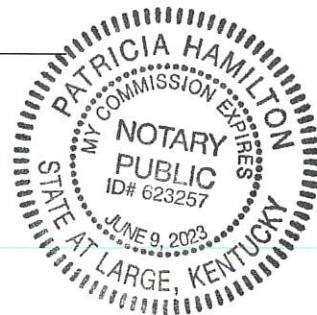
Subscribed and sworn to before me, a Notary Public in and before said County and State, this _____ day of June 2023.



Notary Public (SEAL)

My Commission Expires: 06/09/23


Notary ID: 623257



VERIFICATION


COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MERCER)

The undersigned, Connie L. Allen, being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and that the answers contained therein are true and correct to the best of her information, knowledge and belief.



Connie L. Allen

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of June 2023.



Notary Public (SEAL)

My Commission Expires: 11/24/25

Notary ID: 22032

MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 1

Responding Witnesses: Michael Spears/Tammy Olson/Carrie Hatfield/Legal Counsel

- Q-1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible:**
- a. The general ledger for the Test Year; and the trial balance for the Test Year.**
 - b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the Test Year.**
 - c. Minutes from Mountain District's commissioner meetings for the calendar years 2020, 2021, and 2022.**
 - d. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.**
 - e. A document listing the name of all commissioners for each of the five previous years, and state, individually, the total amount of each benefit paid to, or on the behalf of, each commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).**
 - (1) Confirm if commissioners have completed all required Commission approved training.**
 - (2) Provide Fiscal Court minutes approving Commissioner appointment and compensation.**
 - f. Refer to the Application, Exhibit 6, Schedule of Adjusted Operations Reference. Provide all workpapers used to generate the proposed adjustments.**
- A-1.**
- a. See the Excel files named 001_GeneralLedger_MWDIncomeStatement.xls and 001_GeneralLedger_MWDBalanceSheet.xls. These files were filed separately with this Response. Mountain Water District does not maintain separate registers for its water and sewer operations. Accounts ending in ".17" are related to sewer operations.**
 - b. No audit of Mountain Water District's records for the test period exists. Mountain Water District operates on a calendar fiscal year (January 1 – December 31). Audits are annually performed for those periods. The most recently completed audit was for the period ending December 31, 2021. The test period is July 1, 2021 – June 30,**

2022. No audit has been performed for this period. Mountain Water District’s auditors will shortly begin their audit of the water district’s records for the year ending December 31, 2022. The unaudited balances can be found in the Excel files. Note that for the Excel file named 001_GeneralLedger_MWDIncomeStatement.xls the account balance at the end of the test period appears under the column labeled “Current Amount”. For separate listing of end-of-test period balances, see Attachment 2-1b.

- c. See Attachment 2-1c.
- d. For the last 5 years Mountain Water District has provided each employee with medical and dental insurance. Employees are not required to contribute to the cost of the single core medical health plan or the single core (PPO) dental plan. However, employees that choose the single buy up plan are required to pay \$25.91 per month for the medical and \$ 5.24 per month for the single premier dental plan. Employees may obtain family plans but are responsible for the set amount below:

Anthem Core Plan		
	Monthly	Payroll Period
Employee + Spouse	\$186.07	\$ 85.88
Employee + Child	\$111.65	\$ 51.53
Family	\$353.51	\$163.16

Anthem Buyup Plan		
	EE Monthly	Each payroll
Employee Only	\$ 25.91	\$ 11.96
Employee + Spouse	\$234.74	\$108.34
Employee + Child	\$165.04	\$ 76.17
Family	\$386.43	\$178.35

Mountain Water District pays the cost of term life insurance policy in the amount of \$50,000 or one-year’s salary, whichever is greater. Mountain Water District also provides pension and retirement health insurance through the Kentucky County Employees Retirement System. The Kentucky Public Pensions Authority determines the employer and employee contributions for those benefits.

- e. See Attachment 2-1e. Commissioners receive a salary and no other benefits. Pursuant to the Federal Insurance Contributions Act, Mountain Water District pays a tax of 7.65 percent on each commissioner’s salary.
 - (1) All current commissioners have completed training required by KRS 74.020(8)(b). All commissioners have attended at least 6 hours of accredited

water management training in each year he or she received a salary in excess of \$3,600. See Attachment 2-1e(1).

(2) See Attachment 2-1e(2).

- f. The workpapers showing the calculation of adjustments were submitted in Mountain Water District's Response to Commission Staff's First Request for Information and are found in files named "sewer_rate_study.zip" and "Additional Workpapers.xlsx."

**UNADJUSTED
ACCOUNT BALANCES
YEAR ENDING 06/30/2022**

Account No.	Account	Balance
4030.00	Depreciation Expense	\$2,722,308.00
4030.02	Amortization Expense	\$3,440.35
4030.17	Depreciation Expense - Sewer	\$1,175,920.00
4083.00	payroll taxes - FICA and UC	\$167,826.51
4140.00	gain (loss) on dispositions	(\$11,503.11)
4191.00	interest income	(\$3,591.98)
4250.00	bond issuance cost	\$89,980.00
4273.00	interest expense - term debt	\$306,801.11
4273.17	interest expense - term debt	\$120,471.29
4611.00	metered sales - residential	(\$7,120,243.53)
4612.00	metered sales - commercial	(\$645,163.63)
4613.00	metered sales - industrial	(\$63,568.62)
4614.00	metered sales - public authority	(\$407,722.39)
4615.00	metered sales - multifamily	(\$300,452.28)
4621.00	fire protection revenue	(\$1,525.00)
4710.00	customer late payment charges	(\$181,580.72)
4718.00	other water service revenue	(\$26,760.01)
4741.00	service connection fees	(\$173,622.46)
4741.17	service connection fees for wastewater	\$2,880.00
5211.17	sewer revenue - residential	(\$1,557,392.13)
5212.17	sewer revenue - commercial	(\$450,633.91)
6011.01	pumping labor - operations	\$288.00
6011.03	water treatment labor - operations	\$154,676.06
6011.05	T&D labor - operations	\$888,071.60
6011.06	T&D labor - maintenance	\$12,868.96
6011.07	customer accounts - labor	\$280,669.44
6011.08	administration & general labor	\$130,841.80
6011.17	sewer labor	\$385,023.43
6031.00	comp commissioners - auto dist	\$27,900.00
6031.09	compensation - administrator	\$456,894.12
6041.01	health insurance - pumping operations	\$6,960.16
6041.03	health insurance - WTP operations	\$30,395.71
6041.05	health insurance - T&D operations	\$203,248.04
6041.06	health insurance - T&D maintenance	\$82.42
6041.07	health insurance - customer accounts	\$57,061.56
6041.08	health insurance - administration & general	\$37,674.43
6041.17	health insurance - sewer	\$56,220.44
6042.03	dental insurance - WTP operations	\$934.34
6042.05	dental insurance - T&D operations	\$6,543.06
6042.06	dental insurance - T&D maintenance	\$0.00
6042.07	dental insurance - customer accounts	\$1,715.00
6042.08	dental insurance - administration & general	\$5,394.27
6042.17	dental insurance - sewer	\$2,414.66

Account No.	Account	Balance
6043.01	vision insurance - pumping operations	(\$47.20)
6043.03	vision insurance - WTP operations	\$11.46
6043.05	vision insurance - T&D operations	\$545.46
6043.07	vision insurance - customer accounts	\$60.45
6043.08	vision insurance - administration & general	(\$270.74)
6043.17	vision insurance - sewer	(\$211.87)
6044.01	life insurance - pumping operations	(\$1,747.44)
6044.03	life insurance - WTP operations	\$661.89
6044.05	life insurance - T&D operations	\$4,949.93
6044.06	life insurance - T&D maintenance	\$2,622.62
6044.07	life insurance - customer accounts	\$2,297.68
6044.08	life insurance - administration & general	\$2,553.84
6044.17	life insurance - sewer	\$2,117.40
6045.01	short term disability - pumping operations	(\$336.20)
6045.03	short term disability - WTP operations	\$78.75
6045.05	short term disability - T&D operations	\$965.55
6045.06	short term disability - T&D maintenance	\$581.09
6045.07	short term disability - customer accounts	\$159.08
6045.08	short term disability - administration & general	(\$393.55)
6045.17	short term disability - sewer	(\$1.42)
6046.03	uniform expense (plant)	\$110.19
6046.06	uniform expense (water)	\$25,383.77
6046.17	uniform expense (sewer)	\$4,304.90
6047.08	employee expense	\$9,467.71
6048.08	insurance expense	\$157,687.58
6101.01	water purchase - Williamson	\$464,097.76
6102.01	water purchase - Pikeville	\$716,541.94
6103.17	sewage fees	\$65,181.54
6150.06	utility expense	\$12,480.55
6170.06	laboratory supplies	\$13,675.05
6170.17	laboratory supplies	\$5,341.33
6175.06	laboratory testing expense	\$54,084.49
6175.17	laboratory testing expense - sewer	\$27,538.53
6180.03	chemicals	\$173,232.92
6180.17	chemicals - sewer	\$58,352.38
6190.06	safety supplies	\$16,588.31
6190.17	safety supplies - sewer	\$6,866.24
6200.08	electrical expense	\$1,504,326.20
6310.08	contract services - engineering	\$3,992.50
6320.08	contract services - accounting	\$81,848.00
6330.08	contract services - legal	\$9,662.43
6340.08	engineering	\$5.83
6350.08	contract services - general	\$12,762.94

Account No.	Account	Balance
6351.08	contract services - manpower	\$245,620.46
6361.08	contract mgmnt expense assumed	\$8,855.55
6410.05	rental of building - real property	\$0.00
6500.08	auto & transportation expense	\$189,355.33
6500.17	auto & transportation expense - sewer	\$20.60
6600.08	advertisement	\$1,956.20
6670.03	bad debts charged to expenses	\$97,265.44
6701.00	other legal PSC expense	\$1,074.00
6750.08	mobile phone expense	\$24,572.05
6751.08	telephone/internet	\$22,614.43
6751.17	telephone/internet - sewer	\$4,346.93
6752.08	education, dues, mtgs, insurance	\$45,394.68
6755.08	office expense	\$224,860.69
6756.08	easements	\$6,745.58
6758.09	settlement expense	\$32,507.33
6759.00	service fee expense	\$3,892.06
6759.08	bank service fee expense	\$9,054.87
6760.08	telephone	\$236.85
6761.08	workers comp	\$57,455.00
6762.08	PSC tax assessment	\$0.00
6800.00	retirement expense	\$576,811.89
6805.00	rate study expense	\$664.12
6855.00	miscellaneous supplies	\$4,661.28
7000.06	major equipment R&M	\$62,080.91
7000.17	major equipment R&M - sewer	\$2,786.56
7001.06	hand tools R&M	\$21,413.79
7001.17	hand tools R&M - sewer	\$2,830.59
7002.06	PS/LS R&M	\$115,511.30
7002.17	PS/LS R&M - sewer	\$117,507.66
7003.06	vehicle R&M	\$66,771.94
7003.17	vehicle R&M - sewer	\$1,733.91
7006.06	general R&M	\$516,864.70
7006.17	general R&M - sewer	\$23,584.24
7008.06	general R&M telemetry	\$24,585.82
7009.06	R&M leak detection	\$1,951.19
7053.17	supplies & expenses treatment sewer	\$12,855.25

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

January 30th, 2020
5:00 PM

ATTENDEES

Jeff Walters, Volkert, Inc.
Coty Blankenship, Appalachian News Express
Stephen Caudill, Bell Engineering
Tim Campoy, EDC
Jonathan Newman, Summit Engineering
Dan Stratton, Stratton Law Firm
Michael Spears, CPA
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Finance Manager
Carrie Hatfield, Financial Administrator

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, January 30th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Eddie Hurley, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner

VISITORS

AGENDA ITEM II

Chairman Blackburn inquired if there were any visitors who wished to address the Board. The Chairman recognized Mr. Jeff Walters of Volkert, Inc. who stated that he wanted to introduce himself to the Board and requested to be added to the bid list of engineering firms that the District has. He stated that he is a land surveyor with Volkert, Inc. They are an engineering design firm and their main focus in this area right now is energy initiatives for gas and telecom infrastructure but they also have a good water design team and provide the same type of services for water infrastructure. He passed out some literature regarding their firm. He stated that they would like the opportunity...if the Board has any upcoming infrastructure projects, they would like to be added to the bidders list and see if they can provide the Board with their services. He stated that he and Mike Blackburn have worked together before several others here know him and he will answer any questions they have. Chairman Blackburn offered for him to stay for the rest of the meeting and he stated that he would do that.

APPROVAL OF MINUTES

AGENDA ITEM III

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the special meeting on December 20th, 2019 as presented. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn Aye
Commissioner Hurley Aye

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM IV

Mike Spears distributed copies of the December financials. Cash in bank was \$656,539 as of the end of December. Our accounts receivable is \$1,102,892. Plant in Place was \$155,409,521. Accounts payable is \$282,953. Equity position is \$76,907,340. Revenue for the month of December was \$833,714, which is the lowest month we have had in a while. December has always been a low month and they talked about it and even though they bill the same day of the month, depending on how holidays hit, it can be stretched and shortened for the actual billing dates. The last time we had a really December, we had a really high January. The overall volume was down from November, so it was kind of to be expected. We have lost some customers during the month and did some research on that. We lost about 51 customers. Mr. Lowe stated that we lost 50 water customers and 31 sewer customers. Mr. Spears stated that it could possibly be some snow birds because we did that last year and picked up forty something in April. Some people may be leaving the area for the winter and return in the spring. Mr. Lowe stated that last December we dropped about 42 and then in April it jumped back up by 50. Mr. Sawyers stated that we also had some governmental agencies that turned their water off also. Mr. Lowe stated that we had seven governmental accounts turned off during the month. Mr. Spears stated that he just wanted the Board to be aware of that. Utility operating expenses for the month was \$1,077,774 and the year is \$12,108,007. Net income was a loss for the month in the amount of \$280,834 and year to date is \$2,030,476. Included in the loss and in the operating expenses is depreciation in the amount of \$323,628 for the month and year to date is \$3,883,536. Utility operating income was a negative in the amount of \$244,059 which includes the depreciation expense. Our operating cash for the month decreased by \$610,000 but we paid off the line of credit of \$370,425 and paid our bond payments on the KIA loans that went out December 1st of \$250,550. Our operating account balance at the end of December is \$530,668 and Ms. Hatfield has transferred in the month of January the first \$68,500 for the sinking fund. Our R & M reserve funds for RD and KIA are fully funded. Keep in mind that with the audit, there will be some adjustments to the accounts receivable that will be done. Depreciation will go up because he will have to capitalize projects throughout the year. Chairman Blackburn stated that if there were no further comments, he will open the floor to a motion to approve the financial report. Commissioner Hurley made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-002

PAYMENT OF BILLS

AGENDA ITEM V

Mrs. Olson distributed handouts for the payment of the bills to the Board members. After review, Chairman Blackburn requested a motion to approve the payment of the bills. Commissioner Varney made the motion to approve the bills as presented upon availability of funds as reviewed by the finance committee. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-01-003

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

Ms. Olson handed out copies of the customer adjustments for December. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of fifteen thousand, nine hundred and eighty-two dollars and sixty-five cents (\$15,982.65). Mr. Lowe stated that the increase was due to an adjustment by Pike County Housing. It was a 3-month adjustment. They came in for the adjustment but also had a fairly large debt and they made a large payment on that and we put the remainder on a payment plan. Commissioner Hurley made the motion to that effect. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-01-004

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated that the second location for the pump station was nailed down pretty well. They have the deeds plotted and the valuation maps from Norfolk Southern as well. They did a small survey along the railroad so that they could establish the right of way, which for the reason that the pump station is going right adjacent to it. They have gotten the deeds and mapping over to Dan Stratton for review and they are communicating on it. When that is completed, we can make an offer to purchase.
- 2. Route 199 DOT Relocation Project** – Mr. Campoy stated that sites 5 and 7 are complete with respect to the documents for bidding, except that that KYTC doesn't have all of the right of way purchased for site 7. So, they are months away still, on that site. Site 5 is ready to do the work and as it turns out, it was requiring an easement that the District would need to give. So, after some discussion with Mr. Sawyers, he asked them to go take care of it. The KYTC is funding the easement as they are the rest of the project. They have dealt with the people there, put the mapping together, and got the deeds to Dan Stratton for review. They should be very start to bidding that job.

Update by EDC/Bell Engineering – Tim Campoy/Kelly Gillespie

- 1. Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that they had a conference call on January 27th with Dan Stratton and EDC personnel. He thinks they have worked out the remaining items of the contract and are in agreement. It is being presented for approval today, and once it is executed, they will be able to begin. Mr. Stratton stated that it is an hourly rate. We can get out of the contract any time we so choose, and there is one technical thing he left out and will need to edit those tables and then it will be ready for approval. Chairman Blackburn requested a motion to approve the agreement with Bell Engineering as reviewed by legal counsel. Mr. Stratton stated that it will be corrected today. Chairman Blackburn stated that he would like to see the final version and suggested that the matter be tabled...or approve it subject to all Board members reviewing it and if they do not find anything wrong with it, they can sign it at

any time. We can distribute copies of it and review it before we leave tonight. Ms. Olson clarified what was being done. Chairman Blackburn stated that we would put this on the backend of the meeting for the Board to get a chance to look at the contract or we can go ahead and approve it subject to Board review and approval. Commissioner Friend made the motion. Commissioner Varney seconded the motion.

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-005

Update by Jonathan Newman, P.E. – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that the project has been awarded to BOCA Enterprises and they have been up there working on the pump station buildings and installing pipe. The PRV at Gabriel Branch is being installed this week and the vault has been put in the ground. They had to get additional easements for that and he went ahead and got that worked out with the landowner.
2. **Belfry Pond Sewer Project** - Mr. Newman stated that they held the progress meeting on January 15th with RD. H2O has been backfilling around the basins. They have been slowed by the wet weather. BP Pipeline is currently on a winter shutdown. They have approximately 25% of the line complete. They plan on resuming work in March and the tie ins can't be done until the plant is online. TC Energy provided a response to Dan Stratton regarding the draft agreement for the gas line crossing and it is currently being reviewed by everybody. He stated that he forwarded that to the contractor as well. There was meeting on January 28th with MWD and H2O Construction trying to work out some of the issues that have come up on the project with the treatment plant. This (change order #2) would address a lot of the issues with the valued engineering of the Ovivo equipment. Their contract being signed after H2O's, some of their equipment was changed around and their scope has changed a little bit...the sizes of their piping and that kind of thing. Mr. Sawyers has reviewed it and it totals \$132,100 and we do have contingency in the project for that. Chairman Blackburn inquired what the change order has in it. Mr. Newman stated that a lot of it comes from the valued engineering that was done on the project and the change in the Ovivo design from when it was bid to when the actual contract was signed. Some of their equipment is a little bit bigger, some of their piping has changed sizes, there are more membrane towers, etc. Chairman Blackburn clarified that there was contingency built in to the price to cover this change order for these items but we are pretty early in the project. He knows the pipe is 25% complete but where is the overall project at. Mr. Newman stated that it is probably 35%-40% overall. Mr. Sawyers stated that it is two different contracts. Mr. Newman stated that the plant is probably about 30%-35%. Chairman Blackburn stated that both of these change orders will hit the plant side of the contract? Mr. Newman stated that it is one change order. Chairman Blackburn clarified that this change order would address items at the plant only. Mr. Sawyers stated that the valued engineering at the beginning, the valued engineering with Ovivo, and some design stuff that Ovivo has changed too. Mr. Newman stated that in the meetings we had we tried to flush out as many issues as we could in order to move forward with fewer change orders. Chairman Blackburn stated that was what he was getting at. We certainly can't see these on a regular basis. Chairman Blackburn requested a motion to approve Change Order #2 for the Belfry Pond Sewer Project in the amount of \$132,100. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye

Commissioner Varney Aye
 Commissioner Denison Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-01-006

3. **Radio Read Meter Replacement Project** – Mr. Newman stated that we had a progress meeting with RD on January 15th as well. He stated that as of yesterday the contractor has installed 4,553 meters and MWD has installed 8,887 for a total of 13,440 meters. There is approximately 3,000 meters in the system left to be changed out. The contractor has immobilized due to weather but plans to remobilize sometime in February. Mr. Sawyers stated that they started back on January 28th. They came back early. Mr. Lowe stated that there were actually 70 that they installed on Tuesday that were in the number mentioned.

4. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Newman stated that this project was approved by the Division of Water on January 16th.

 Chairman Blackburn requested that Mr. Newman tell him more about this project. Mr. Newman stated that this is one of the short line extensions that was funded by PCFC. The other one was River Road of Draffin. Mr. Sawyers stated that these are the two that the fiscal court requested...actually we asked the fiscal court to allow us to do those with their funding. This one is about a 400' extension to pick up about 3 residents. The other one was River Road of Draffin and we picked up about 7 or 8 customers there.

5. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that he is of the understanding that most of the work is completed at this point. They have been working with the contractor to get his documentation back so we can submit everything to RD and get that moving.

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented during the meeting contingent upon funding agency approval. Commissioner Varney made the motion. Commissioner Hurley seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	Coal Severance Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 117,246.60
\$117,246.60	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 1,547.00
\$1,547.00	Inspection Services	

RADIO READ METER REPLACEMENT PROJECT

RG3	RD/Regions Bank Funds	\$ 194,962.50
\$194,962.50	Materials	

Meter Install Group	RD/Regions Bank Funds	\$ 52,250.40
\$52,250.40	Contract Construction	
Summit Engineering	RD/Regions Bank Funds	\$ 1,440.00
\$1,440.00	Engineering Services	

HMGP FEMA BPS RELOCATION PROJECT

Summit Engineering	FEMA Funds	\$ 6,018.50
\$6,018.50	Engineering Services	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-01-007

MANAGER'S REPORT

- 1.) Funding Update** – Mr. Sawyers stated that Ms. Olson has worked up a spreadsheet to give you an idea of where you can pursue funding for projects and in talking to Eric Ratliff with BSADD, currently the only thing available right now would be a Rural Development loan but looking for capital infrastructure work, what we will have to do is work hand in hand with Bell and EDC on this in order to get us a project profile and a cost estimate. Any avenue that we pursue funding, we are going to have to have a profile and cost estimate submitted through KIA in order to ask for it and move forward. Chairman Blackburn clarified that a project profile is a summary of the project. Mr. Sawyers stated that it was a summary of what we want the funding for. As Bell and EDC moves forward with their contract and they start getting a description of the project done and finalizing a cost estimate, then you can apply that towards any assistance you go after.
- 2.) Water Loss Update** – For water loss for December, utilizing the District's form, was 33.55% for the month and 23.99% for the year average. Using the PSC's form, water loss was at 38.1% for the month and 36.81% year to date. In order to move forward to combat the issue with water loss, we are going to have to move forward with our capital plan, which we are currently doing. Chairman Blackburn inquired how quick they can get this together once the contract is signed. Mr. Caudill stated that they should be gathering the information the week after and start pulling everything together right after that. Mr. Sawyers stated that he would say six to nine months before we can probably be ready to...Mr. Caudill stated that we can prioritize things. Say you have some upcoming funding deadlines; we can prioritize that work in front so you can begin to get something with a funding request. Mr. Sawyers stated that replacing service lines would be one of the key issues so we can request funding for that first. Chairman Blackburn agreed that was going to be a primary focus and inquired if that would be 45 to 60 days on the water line replacements before you have a...Mr. Sawyers stated that you have to get funding in place and it depends on the direction the Board goes with funding. Chairman Blackburn stated that he was talking about having a plan. Mr. Sawyers stated that they can have a plan made fairly quick just for one item. The whole thing overall will take longer. Chairman Blackburn stated that with the

information that Mr. Sawyers and David Taylor have given them and he thinks the whole Board is aware that the majority of the leaks that water loss is coming from is service lines. Mr. Sawyers stated that approximately 75% of the leaks are service lines. Chairman Blackburn stated Commissioner Hurley made a point earlier about one of these new excavators. One of the excavators has been setting for a couple of weeks. Commissioner Hurley stated that it is the one at the sewer plant at Shelby Valley. Chairman Blackburn inquired if they keep that there all the time. Mr. Taylor stated that is the one they rotated out to the wastewater department. It was at the end of its life with the internal parts and before it actually went to the graveyard, so to speak, they put it in a department that has very little use. They don't use an excavator as much as the water area crews do. Commissioner Hurley inquired how many hours it had on it. Mr. Sawyer stated that it has about 5,000 or 6,000. It is pretty much on its last legs but would do what we needed it to do because they may not need it but once or twice a month. Mr. Taylor stated that it was already starting to show the symptoms like the other three that we had to replace, but was at a slow progression so we have tried to extend its life by moving it to a low use department. Chairman Blackburn stated that what we talked about before is that is there a place we can start with a crew and go ahead and start this spring with replacing the service lines, like starting at one point and go to another and start replacing. As far as the cost, if we use internal labor and internal parts and internal equipment then the increase should be incremental. Mr. Taylor stated that he would give him an example on their staffing situation. Twenty (20) leaks is all they fixed in December and a lot of that is due to some people being off for vacations. If we had eight excavators on site right now, we don't have the staff to use them. So, you are looking at an investment in staff and equipment and then, yes.... Commissioner Hurley stated that what he is talking about is that you have people to run the equipment that you have right now. Mr. Taylor stated that we do right now. Each quadrant has their own excavator, and we also use them also at night. Mr. Sawyers stated that the whole thing with the capital plan is that we need additional staff and equipment in order to move forward. If we use the staff we have, they would have to drop their daily duties in order to go do that is what he is getting at. Commissioner Hurley stated that if it was him, he would make them turn in the hours on each machine each month. If you run one 15 hours, you know it needs to be worked. You can look at the hours on it and see if it is being worked. Mr. Taylor stated that what hurts us a lot is that we have leaks on state right of way that requires flagmen. Where are you going to get your flagmen from to help out with pulling a new line under the road. We actually have to borrow crews...two crews may have to go and work on one leak. Chairman Blackburn stated that maybe it is not practical that we incorporate this at this time, he just wanted to know and make sure. Mr. Sawyers stated that we could sit down and do a simple plan if you want us to bring it back and show you what we need to get started. Chairman Blackburn stated that will be a part of the project profile and Capital plan and the kick off on this project is going to be two crews right out of the gate. Mr. Taylor stated that is what he would like to do. Chairman Blackburn stated that there is probably a way to do some of this through contracts where you let out a section of line to be replaced. Mr. Sawyers stated that it depends on the funding we get that we can use our crews and contract out also. Either that or you are going to have to let Bell and EDC sit down and work up a cost estimate versus the contractor doing it versus us. Mr. Caudill stated that is something they can look at. The internal numbers of MWD versus what kind of numbers you would see if you bid it. Mr. Sawyers stated that if we hit the right pocket of change with the funding then maybe we can contract out plus do what we can do internally. Chairman Blackburn stated that he thinks we will have to do that.

- 3.) Proposed Social Media Presence**— Mr. Sawyers stated that he would turn this over to Mr. Kevin Lowe and Ms. Olson to address. Mr. Lowe stated that the board had asked us to bring back proposed suggestions for administration of social network and Ms. Olson has typed that up. It is a little different from what we had given before, but you can look over that and see what you think. Commissioner Denison had said that he had talked to somebody who said that it was possible to not allow comments or posts on the page. We don't know how to do that but he thinks he is going to have somebody get in touch with him about that. Ms. Olson stated that with the pinned post, which she had said she had seen people do before, where you pin that statement at the top of the page, apparently the only places she has seen that is in group posts. When you invite people in a group, they allow you to pin that so that everyone sees the message but she doesn't believe in a regular page you can do that. It would be possible we could already have it pre-done and just share it once a week or something and keep it rotating in the feed. Mr. Lowe stated that if it is possible to not allow any comments or anything then it would be unnecessary. They would have no choice but to contact us with questions. Commissioner Hurley stated that the public doesn't

have the faintest idea what goes on here and this is the way to get that out there. Chairman Blackburn inquired if Mr. Lowe would like to do some more research on this. Mr. Lowe stated that he would like to get in touch with Commissioner Denison's contact about how that would be possible to set it up. He also stated that if the board decides to go with this, that they should select at least a two-board member committee that anything other than a standard boil water and that kind of thing, is approved by the committee. This item was then tabled until the next meeting.

- 4.) Proposed Water Line Extension Project Funding** – Mr. Sawyers stated that he met with Commissioner Robertson and Commissioner Tackett who want to fund some projects in the county. He put a packet together for them and met with them and they went down to Frankfort last week and met with the director of DLG and discussed doing some projects. Basically, they just talked about going after applications and funding to do so. Commissioner Denison inquired what the projects were. Mr. Sawyers stated that one of them is to finish out Sycamore and Maynard Fork on Lower Johns Creek. Another was Brushy. There are several on the list. Chairman Blackburn inquired if we have done a canvass to see how many in those areas wants the service. Mr. Sawyers stated that we have petitions from the majority of them. He knows he has gotten phone calls from several areas, especially Sycamore. There is an elderly lady on Maynard Fork that is about 80 or 90 years old that is carrying water. Chairman Blackburn inquired what the outlook for the funds. Mr. Sawyers stated that they will have to pursue the application process like we do. One thing is that that they will have to categorize and prioritize each one because if you are going to get a limited amount of funding, you will have to see how they debt serve and base it on the number of calls we receive with issues and several other factors.
- 5.) Year End Inventory - 2019**– This item was inadvertently skipped during the meeting but was just to update the board that the inventory for the system had been completed for year-end 2019.

Chairman Blackburn stated that something that caught his eye was the section about those that were found to be illegally connected to the system. He inquired if we are prosecuting these people. Mr. Taylor stated that we started to but he can't speak to what the Sheriff's department work load is. Chairman Blackburn inquired if we have told anybody about this. Mr. Sawyers stated that if he remembers correctly, we ran it in the paper and...Chairman Blackburn stated that he is talking about these 11 here...what do we do...we just cut them off and say "don't do that again". Mr. Sawyers stated that Kevin Lowe can explain it better on the billing side of it. Mr. Lowe stated that we turn them off, they pay the fees, and we have to turn them back on. That is what it boils down to. Chairman Blackburn stated that we went through this two years ago and we sat here and said we were going to prosecute anybody that steals water. So, unless we call and report a crime, there is no crime. Mr. Sawyers stated that we are still working on the ones that Mr. Taylor had when this was started. Chairman Blackburn clarified that they never pushed it. Mr. Sawyers stated not to his knowledge. Mr. Taylor stated that he talked to the PSC and they said that as long as they were...or as long as we make a case out of it then, we don't have to hook them back up. They are not really customers if they attach the base and are illegal. Once they cross that criminal line, his stance is that they have lost customer rights and are no longer a customer but a criminal and the PSC agreed with that as long as they were under investigation...we didn't have to hook back up on the property. He submitted the first three and then found out what kind of work load that the Sheriff's department actually work on and it is really kind of hard to push because some of the cases they work on when you think of the scale of where we are at with low grade criminals compared to abuse cases and everything they have to deal with, they're work load is tough so he doesn't really know where to push on that. Mr. Sawyers stated that it sounds like if PSC backs what you are saying, we could just disconnect them period until...Mr. Lowe stated to keep in mind that also to a property who is a renter. Mr. Taylor stated that you will have case by case variables. Chairman Blackburn inquired if we can change our tariff to say that if you are caught stealing water, the hookup or connection fee then goes to a \$1,000. Mr. Sawyers stated that if you really want to do something then you disconnect them from the main. That means they have to go through the whole process of getting another tap done. Chairman Blackburn stated that is a deterrent for sure. Mr. Taylor stated that Daniel Hinton at the PSC, given the stats that he had given him on how many illegals we have and how common it is for people to get into our base and rig up a connection, he has basically told us that he thinks they would hear any tariff changes we would want to make...and you could put further administration fees, reconnection fees and all of this stuff. That is really something we would need to work out with the PSC tariff division. Chairman

Blackburn inquired if Mr. Lowe would start that dialog with PSC. Mr. Lowe stated that what is in our tariff right now is that if someone is caught stealing water...most of these are those that we have turned off for nonpayment and we go back a couple of weeks later and they have taken the lock off and turned the water back on. That is very easy for them to do. In that case, what we are doing is taking the meter out at that point and most of the time that gets them in the office. In that case, it is in our tariff that we charge them an extra \$75.00 investigation fee, plus the cost of the water, the cost of the lock that they removed and the disconnect/reconnection fees and deposit if they don't already have one. Ms. Olson stated that we try to make it as expensive as possible. Mr. Lowe stated that if they go beyond that and put a straight pipe in, at that point we will disconnect them from the main line and then they have to pay whatever it costs us to dig that up to disconnect from the main line and what it costs us to put it back in. Mr. Taylor stated that is what he has been saying that the penalty is just not high enough. There is nothing to dissuade the customer from crossing that line and taking the base loose and going "hands in" to the base. Mr. Olson stated that we will have to ask the PSC. A lot of times with PSC and nonprofits, they don't do a lot of allowing to do penalties. Pretty much anything we charge in our tariff is justified. We have to send them, line by line, how much it costs us in labor, fuel...we can't inflate those as a penalty. That would be the only thing we could ask them is can we do something beyond just a regular disconnect for nonpayment. Chairman Blackburn stated that he was talking about criminal complaints. If someone is late and misses a payment, he doesn't want to be punitive toward them, but folks that are cutting their locks off and tampering with our meter bases we need to do something to deter that.

Mr. Sawyers went through the monthly operating report as updated on the summary.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Hurley made the motion. Commissioner Denison seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-008

NEW BUSINESS

1. **Amendment to Contract for Legal Services** – This item was skipped over during the meeting and item #2 was addressed first.
2. **Election of Board Officers for the 2020 Calendar Year** – Chairman Blackburn stated that the Board currently has himself as Chairman, Commissioner Hurley is the Vice Chairman, Commissioner Friend is the Treasurer, and Commissioner Varney is the Secretary. We can leave this all as the same and vote on it and he opened the floor to nominate individuals. Commissioner Hurley made a motion to appoint Johnny Denison as Vice Chairman. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-009

Commissioner Hurley made a motion to leave the rest of the officers of the Board in the same positions for this year. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-010

3. **Conflict of Interest Statements-** Chairman Blackburn stated they addressed this at the last meeting as well. Ms. Olson stated that Mrs. Hatfield stated that there were a few outstanding, so if anyone hasn't turned theirs in already, please get those to her as soon as you can.

4. **Standardization of E-One Pumps Resolution** – Mr. Stratton stated that in order to be consistent with RD funding request, we have to approve a resolution noting that we are standardizing our E-one pumps in the system. It was originally done a while back when we first started using E-one pumps but there was no formal resolution on it, so this will ratify the action to standardize and allow sole source purchasing for the E-One pumps. Chairman Blackburn requested a motion to approve the resolution as presented and included in the record of this meeting. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as following:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-011

Mr. Sawyers stated that previously KIA and Division of Water signed off on the standardization also.

5. **Legal Issues**

A. **Executive Session**

1. **Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Hurley made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-012

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-013

For the record of these proceedings, Commissioner Eddie Hurley resigned as Commissioner during the executive session and did not return to regular session. Letters of notification will be sent to the Judge Executive of Pike County and to the Executive Director of the Public Service Commission as required by law.

Coming out of executive session, Chairman Blackburn stated that the board agreed to allow Mr. Sawyers to pursue alternate funding for the Radio Read Meter Project with terms to match the life of the meters and report that back to the Board. The second item is that the Board also agreed for Mr. Sawyers to prepare an RFQ for a rate case study to be done in conjunction with the capital improvement plan. Those are the two main items coming out of executive session. Mr. Stratton stated that resolutions are needed for both of those items.

Chairman Blackburn requested a motion to authorize the District Manager to pursue alternative financing for the Radio Read Meter Project. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-014

Chairman Blackburn requested a motion to authorize the District Manager to prepare and Advertise for a Request for Qualifications for the preparation of a rate case study in conjunction with the Capital Improvement Plan. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Absent Pursuant
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-015

Chairman Blackburn stated also that the Board reviewed the contract with Bell Engineering and found it acceptable. Mr. Stratton stated to let the record reflect that they have acknowledged acceptance based on review and ratified their prior approval.

COMMISSIONER COMMENTS

Chairman Blackburn inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's regular meeting. Commissioner Friend made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Hurley	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-01-016

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**February 27th, 2020
5:00 PM**

ATTENDEES

Coty Blankenship, Appalachian News Express
Stephen Caudill, Bell Engineering
Tim Campoy, EDC
Jonathan Newman, Summit Engineering
David Stratton, Stratton Law Firm
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Finance Manager
Carrie Hatfield, Financial Administrator

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, February 27th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

Chairman Blackburn welcomed new board member Randy Tackett on behalf of the Board of Commissioners.

Chairman Blackburn stated that he was under the weather and turned the facilitation of the meeting over to Vice Chairman Denison.

VISITORS AGENDA ITEM II

Vice Chairman Denison inquired if there were any visitors who wished to address the Board. There were none.

APPROVAL OF MINUTES AGENDA ITEM III

After review of the minutes, Vice Chairman Denison requested a motion to approve the minutes of the regular meeting on January 30th, 2020 as presented. Commissioner Blackburn made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM IV**

In the absence of Mike Spears, Carrie Hatfield distributed copies of the January financials and gave the report. Cash in bank was \$414,933 as of the end of January. Our accounts receivable is \$1,065,125. Plant in Place was \$155,819,638. Accounts payable is \$300,652. Equity position is \$76,734,421. Revenue for the month of January was \$832,995. Utility operating expenses for the month was \$1,128,433. Net income was a loss for the month in the amount of \$324,349. Included in the loss and in the operating expenses is depreciation in the amount of \$295,438. Utility operating income was a negative in the amount of \$244,059 which includes the depreciation expense. Our operating cash for the month decreased by \$326,726. Our operating account balance at the end of January is \$288,829. The reserves are fully funded in the KIA and RD reserve. The balances are \$857,681 and \$859,003. The O & M Reserve account is at \$264,792. We have changed the sinking fund deposit amount to cover our current and new obligations, so we are now transferring \$68,500. Of your operating expenses, payroll was up but that was because of a three-payroll month in the month of January, and we will have that again in the month of July. Electric went up a little bit and she had Mr. Lowe pull the analysis and it was up about \$6,000. She is thinking the difference of the rest of those was invoices from Consolidated. When that happens, when it is up in one month, the next month will be less. She inquired if there were any questions on the financial report. Vice Chairman Denison inquired if she knew how the revenues compare to the previous year. Mrs. Hatfield stated that there is a sheet on the back, page 15 of the financials, and it is almost the same for December and about \$700 difference for January from last year. He inquired what the customer number was for the month. Mr. Lowe stated that it is on the summary of agenda here somewhere. Commissioner Blackburn stated that it has a history on it also. Vice Chairman Denison stated that if there were no further comments, he will open the floor to a motion to approve the financial report. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-002**PAYMENT OF BILLS****AGENDA ITEM V**

Mrs. Olson distributed handouts for the payment of the bills to the Board members. After review, Vice Chairman Denison requested a motion to approve the payment of the bills. Vice Chairman Denison inquired if that amount to the City of Pikeville includes that addition. Mrs. Hatfield stated that they actually put a credit on there of \$25,000 this time. That bill had water usage and the \$537.00 fee for legal fees in the rate case, but she and Mr. Spears have asked for a reconciliation of how they got that \$25,000 credit and Kim Ratliff at the City of Pikeville told her she would get back with her, but has not as of yet. Commissioner Blackburn inquired about two bills on the list. Mr. Sawyers stated that one was for the work at the Marrowbone office. The roof was leaking and they replaced the roof on the mobile home type office and all of the guttering and underpinning on that was repaired also because it was in pretty poor shape. The other was for roof work on the Freeburn pump station. We got quotes on the work and they were a third cheaper on the office alone. Chairman Blackburn stated that it makes sense now that he expanded on it. Commissioner Varney made the motion to approve the bills as presented upon availability of funds as reviewed by the finance committee. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-003

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

Ms. Olson handed out copies of the customer adjustments for January. Ms. Olson apologized for just now realizing that the copier pulled two pages through and one page is missing which had the large customer adjustment on it. It was on the one in the packet that she sent the board prior to the meeting, but it was missed on the copies. She thinks the total large adjustment was about \$27,000 but the Belfry High School Concession Stand at their softball field that had a big leak and it was a three-month water and sewer adjustment. That is why it was so high this month. Chairman Blackburn inquired if that was a 30% reduction for the adjustment. Mr. Lowe stated that our tariff regulation is that we take their average for the 6 months immediately preceding when the leak started and you bill them for that average, and then anything over that, you reduce the rate to \$3.60 per 1,000 to cover our cost on that water. So generally, it works out to anywhere from 30-35% but it can vary a bit in the percentage. Mr. Sawyers stated that we have run into that problem before with some of the schools who don't winterize their concessions. Ms. Olson stated that this leak was a little over 2,000,000 gallons. Mr. Lowe stated that with sewer, we just adjust that back to their average because that is not going into our sewer system as a leak. After review, Vice Chairman Denison requested a motion to approve Customer Adjustments in the amount of forty-four thousand, seven hundred and twenty-one dollars and nineteen cents (\$44,721.19). Commissioner Blackburn made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-004

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated that the exhibit map is prepared and the descriptions of the property that we are going to purchase for the new lift station is done. He has a meeting with the property owner on Monday. Dan Stratton provided a draft deed of conveyance with some additional things he needs which he will clear up with the land owner on Monday.
- 2. Route 199 DOT Relocation Project** – Mr. Campoy stated that site 5 will be advertising for bid this weekend. There is a schedule laid out for a mandatory pre-bid and then the bids will be submitted into Dan Stratton's office. Site #7, the KYTC still doesn't have their right-of-way yet so he can't update on when that will happen at this time.

Update by EDC/Bell Engineering – Tim Campoy/Kelly Gillespie

- 1. Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that he, Mr. Taylor, Mr. Sawyers, and Mr. Campoy met today and reviewed the data that was available for the preparation of the Capital Improvements Plan. They also talked about some additional data that they are going to need...some pictures and some average payroll data. They also talked about the format that it will be in for both the Board's review and how it will ultimately be presented to the PSC. They discussed some funding opportunities also, including a discussion with Eric Ratliff at the BSADD about a training for the AML Nexus funding applications and the training will be on May 14th and the applications are due in June. We will be working with David and Roy to put together a project that can be submitted for that funding application when the time comes.

Commissioner Blackburn inquired if they had a time line yet for the project. Mr. Campoy and Mr. Caudill responded that they are working on that. Commissioner Blackburn inquired if they can have something at the next meeting. Mr. Caudill stated that they would put something together on the different aspects of it for them at the next meeting.

Commissioner Blackburn stated that with regard to the Phelps Project, that is one that has been on-going for almost a year now. Mr. Campoy stated that once we get this property issue decided, we can get our station set up there and be ready to finish design. Then we can go to bid with that. Commissioner Blackburn clarified that we have grant funding for that. Mr. Campoy confirmed that as correct. He requested a time line for the Phelps Project as well at the next meeting. Mr. Campoy agreed to provide that at the March meeting.

Update by Jonathan Newman, P.E. – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that there was a project meeting on Feb. 21st. BOCA Enterprises has installed almost all of the pipe except for around the tie-in. He has completed the pump station building at the Old Path Church and has graded the building pad at the Gabriel Branch location. He anticipates to be completed with both stations by April. At the request of the District, the contractor installed an insertion valve near the intersection of Ky 194 and Ky 632 at Kimper to improve flow control in the area. This should help keep more customers in service as this project goes on and this work requires a change order in the amount of \$8,700 and HMGP has approved the change. Vice Chairman Denison requested a motion to approve the change order as presented. Commissioner Blackburn made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-005

Mr. Sawyers inquired if Mr. Newman would break down the percentages so the Board understands how this FEMA funding works. Mr. Newman stated that with this HMGP funding, 75% is Federal money, 25% is local funding which is broken down by 12% state and 13% would be on the District. Mr. Sawyers stated that he just wanted that Board to know that in order to know more about it.

2. **Belfry Pond Sewer Project** - Mr. Newman stated that they held the progress meeting on February 19th. H2O has been laying some of the yard piping and running conduit and placing some of the compacted backfill for the control building. They are about to start on that. BP Pipeline is still in their winter shutdown. They have approximately 25% of their lines laid and plan to resume work on April 6th. TC Energy has provided a response to the draft agreement that Dan Stratton had provided to them and it is currently being review by BP Pipeline and he is currently waiting on them to provide comments before he can finalize the agreement with Mr. Stratton. They have found a preliminary site to relocate the Toler lift station that will require a modification to the encroachment permit with KYTC and he has been working with Jody Hunt on that and it shouldn't be an issue.
3. **Radio Read Meter Replacement Project** – Mr. Newman stated that we had a progress meeting with RD on February 19th. The contractor has installed approximately 5,706 meters. MWD has installed another 9,081 meters. That is a total of 14,787 through February 21st. That leaves about 2,000 left to be installed. Since the contractor remobilized, he is averaging about 65-70 per day so we project that they will be done some time in April or May. Mr. Sawyers stated that he

estimates project completion about the first of April and at that time they will hope to be ready for final closure of the loan, contingent upon the District having secure the wholesale purchase agreement extension for the term of the loan.

4. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Newman stated that this project was approved by the Division of Water on January 16th. The project is being done in-house by the District. Commissioner Blackburn inquired how many customers we were adding with this extension. Mr. Taylor stated that he thinks about 4. Mr. Sawyers stated that it is under 500 ft. of line. Commissioner Blackburn inquired if all of them are fairly...you are doing 50 ft to the meter base...Mr. Sawyers stated that is correct. This was a Fiscal Court project that is coming out of the funding that they have. The lady that we are working with on this project up there, has pretty nasty water. Commissioner Blackburn clarified that we track our costs and then bill it to the fiscal court. Mr. Sawyers confirmed that as correct. Ms. Olson stated that the residents in the area have already signed up and paid their fees. Commissioner Blackburn inquired if anyone was taking advantage of the pay over time option for tap fees. Ms. Olson stated that we do have some on the payment plan, but none of the ones for this project participated in that.
5. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that the contractor has provided his signed contract but Mr. Newman is still waiting on his bonds and insurance. The contractor understands that the funds will not be released until we get the bonds and insurance and all of that. There is a meeting scheduled with RD on March 18th which will be a pre-construction/progress meeting and we are going to try to get all of this stuff finished off and make RD happy.

Commissioner Tackett inquired from Mr. Sawyers where the old meters are going. Mr. Sawyers stated that we are selling them for scrap. We are getting a little money out of them. Commissioner Tackett stated that with 16,000 of them, you could get \$5.00 each for them. Mr. Sawyers stated that we are getting \$2.00 each for them. Commissioner Tackett inquired where he is getting that at. Mr. Sawyers stated that he doesn't know the man's name. He just knows we made a deal with someone on that. Mr. Lowe stated that Mr. Keathley worked that out for the District. Mr. Sawyers stated that we have to take them apart in order to get as much as we can. Mrs. Hatfield stated that it is the one down at John's Creek she thinks. Commissioner Blackburn clarified that we weren't scrapping the ones put in last at Johns Creek. Mr. Sawyers stated that we are not. The ones down Johns Creek were put in around 2008 and are reaching their useful life though. He was thinking about the ones at Feds Creek which are already probably 15-20 years old. Mr. Lowe stated that the majority were put in between 2004 and 2006. Almost all of them. Commissioner Blackburn stated that is something that you will need to give some thought to on the newer ones. Those need to be highlighted and tested and skipped. He doesn't see us replacing 12 year old service lines. Mr. Sawyers stated that anything from Marrowbone back to Feds Creek on that project, we have already had that discussion today in our meeting. If it is not within that time frame, the service stays.

Vice Chairman Denison requested a motion to approve the construction report as presented. Commissioner Blackburn made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-02-007

PROJECT DRAWS:

Vice Chairman Denison inquired who the Ovivo company was. Mr. Sawyers stated that is the company that we purchase the equipment from on the Belfry Project for the plant. He inquired if the Regions Bank is where we are getting our draws from on the water meters. Mr. Sawyers confirmed that as correct. He clarified if that is the interim loan that we will have to close that. Mr. Sawyers stated that is correct. Vice Chairman Denison inquired how long it would be for closing on the loan amount. Mr. Sawyers stated that he would have to talk to Randy Jones but would think it would be 60-90 days. Chairman Blackburn stated that 60 days is what they said was the minimum. Commissioner Denison inquired when we were going to close that loan. Mr. Sawyers stated that you will have a progress meeting thereafter to pay out, so it will give time to complete the project and then you will be ready to close it. Commissioner Blackburn stated that needed to happen probably the first week of March or so. We will have to pick a private party for the loan and get a commitment on the rate and then get whatever we need to done. Commissioner Denison inquired Mr. Sawyers had gotten quotes on that already. Mr. Sawyers stated that he had. Commissioner Denison inquired what he thought about the quotes received. Mr. Sawyers stated that he would go with Kentucky Rural Water Association is who did the interim loan so they already have the documentation. It may be just as simple to utilize them and just transition it over. He thinks the highest rate was Community Trust and he is thinking it was 2.97%. Commissioner Denison clarified that it would be amortized over 20 years. Mr. Sawyer confirmed that as correct. Commissioner Denison stated that should make the PSC happy since they criticized us for a 40-year loan on a 20-year life meters which was not the whole story.

After further review of the draws, Vice Chairman Denison requested a motion to approve the draws as presented during the meeting contingent upon funding agency approval. Commissioner Blackburn made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 194,189.40
\$194,189.40	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 1,130.00
\$1,130.00	Inspection Services	
Ovivo	RD Funds	\$ 274,010.10
\$274,010.10	Materials	

RADIO READ METER REPLACEMENT PROJECT

RG3	RD/Regions Bank Funds	\$ 186,720.00
\$186,720.00	Materials	
Meter Install Group	RD/Regions Bank Funds	\$ 17,564.40
\$17,564.40	Contract Construction	
Summit Engineering	RD/Regions Bank Funds	\$ 2,880.00
\$2,880.00	Engineering Services	

HMGP FEMA BPS RELOCATION PROJECT

Summit Engineering	FEMA Funds	\$ 10,240.50
\$10,240.50	Engineering Services	
BOCA Enterprises	FEMA Funds	\$ 176,809.50
\$176,809.50	Contract Construction	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-008

Vice Chairman Denison requested a motion to authorize Mr. Sawyers to submit the loan for the Radio Read Meters to the PSC for approval. Commissioner Tackett made the motion. Commissioner Blackburn seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-009

MANAGER'S REPORT

- 1.) **Water Loss Update** – For water loss for January, utilizing the District's form, was 23.75% for the month. Using the PSC's form, water loss was at 32.1%. Commissioner Denison clarified that we need it to get down to 15%. Mr. Sawyers affirmed that and stated that the benchmark is 15%. Commissioner Blackburn stated that it got better, but do we know why it got better? Mr. Sawyers stated that is was due to staff working and finding more leaks and making repairs. The key to reducing this water loss is moving forward with the capital improvement plan and get in to start replacing our service lines and that will help fight the water loss. We quantified our numbers not long ago for the PSC and showed that 75% of the water loss is coming from leaking service lines. So, we need to get those replaced to get the water loss down and reach the benchmark we need.

- 2.) **Proposed Social Media Presence**– Mr. Sawyers stated that this item has been on the agenda for a while and is left up to the Board as to how to proceed with this item. Commissioner Blackburn made a motion to drop the issue from the agenda. Vice Chairman Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-010

- 3.) **EEC – Drinking Water Sanitary Survey Report** – Mr. Sawyers stated that Ms. Olson has a handout on that and what came out in the report from the Division of Water. There were no significant deficiencies found in the report but they made some recommendation as you can see in the handout, such as the Board being more familiar with the distribution system and the water treatment plant. They also recommend that we implement an asset management program. We have looked at some of those in the past and as we address the capital plan, that will be some of it, but there are still assets that we can address and have an asset program in place, it will just take additional funds to do so. They recommend that we continue to address the water loss, which we are, and that the system should be operating under a retained earnings surplus. That is the Division of Water's opinion and the PSC's opinion is different. We are a non-profit organization so he doesn't know how you straddle the fence to answer that question. Ms. Olson stated that this was a big deal for them to come in. They were coming in about every 3 years and now it is almost annually. According to the Kentucky Administrative Regulations and how we do business, they look at everything. They look at our sample results, our operations, the way that we run the office, the way we do our bills, and they found nothing out of compliance. Mr. Sawyers stated that the report is quite thick, they go item by item and it takes about 3 or 4 hours in the office and a couple of days in the field and they review everything. It is really a forensic kind of thing. Commissioner Blackburn stated that it speaks a lot towards what you guys are doing and it is good work. Commissioner Tackett stated that with regard to the recommendation that the Board familiarize themselves with the distribution system and the water plant, that is something that he is really wanting to do. He would like to visit the plant and go out with a crew also. Mr. Sawyers stated that we can certainly make arrangements to get him out one day and look around and get a feel for some of it, on the water and sewer sides. And arrange for a tour of the water plant with David Taylor.
- 4.) **Rate Case Study** – Mr. Sawyers stated that he would like the Board to select an evaluation committee and also approve the committee to make a selection for the rate study. The reason is that he doesn't want to wait another entire month to come in here with recommendations and wait to make a selection. It just makes it simpler and quicker. He would recommend two (2) board members, Mr. Spears, himself and Carrie Hatfield. He has drafted up specifications for the project and distributed those to the Board members. Commissioner Blackburn stated that he believes we need two (2) board members and an alternate. It was decided that the Board members would be Commissioner Blackburn and Commissioner Denison with Commissioner Varney as the alternate. There is a schedule in the draft for when it will be advertised and if anyone has any questions or has any ideas for changes, to let him know. This is will be ready to run in the newspaper on March 7th. He will forward this out to different agencies when it is published. The proposals will be due on March 31st. Firm selection will be the week of April 6th which will give everyone a week to look at it. Ms. Olson clarified that he was asking the Board to pass a resolution to allow the committee...Mr. Sawyers stated that they can do that at the March meeting. The selected firm will have to work hand in hand with the Capital Plan firm as well.

Mr. Stratton inquired if the loans they were looking at were going to be voted on tonight or be put off until the March meeting. Mr. Sawyers stated that they passed a resolution on that. Mr. Stratton inquired who got the bid on that. Mr. Sawyers stated that the Board is going to allow him to take the lowest rate he can find. Mr. Stratton stated that he was confused on what the resolution was. Commissioner Blackburn inquired from Ms. Olson if that was how she had it down. Ms. Olson stated that the only thing she has is that the Board authorized Mr. Sawyers to submit the loan for PSC for approval. Commissioner Blackburn stated that you will know who you are going with and they can catch up on that. Mr. Stratton stated that it might be a little more clear because of the way the notes reflect and it was confusing him. The Board probably needs to vote exactly what you want him to do with regard to selecting the which loan. Mr. sawyers stated that we could select another committee for that if they want to. And he can come to them with what he has and authorize that committee to make that decision. Vice Chairman Denison stated that the Board needs to vote on it. Commissioner Blackburn stated that the Board could vote on it now and let the committee decide. Commissioner Blackburn stated that the Board could vote on it now and let the committee decide. Mr. Sawyers stated that the reason why he says that is that you may want to opt out with KRWA if the rates are close because of the paperwork they already have. Mr. Sawyers stated that he thinks the Board needs to approve which institution gets the loan and doesn't think that is something that should be delegated to a committee. The question is if we don't know that now, do you have time between now and the next meeting to make that decision as a Board? Mr. Sawyers stated that we have authorized things before this way. Mr. Stratton

stated that Danny wrote a note that we need a motion to approve the new loan, so he was just following up to make sure we dotted our l's and crossed our t's. Commissioner Denison suggested to make a motion to approve the loan at the discretion of the District Manager and the least rate. Mr. Stratton stated that if that is what they wanted to do; he thinks that would be appropriate as it adds some clarification. Commissioner Tackett stated that they added the "least rate" and Mr. sawyers said that KRWA may not be the lowest but they have all of the documentation already. Commissioner Blackburn stated that he thinks they should appoint a committee and let Roy report it to the committee and the Board then can approve Roy to do it. Mr. Stratton stated that he thinks it is a cleaner situation if you let the Board...basically you are authorizing a loan, which is a significant issue. Committees make a recommendation generally to the Board for those types of approvals. He doesn't think it would be traditional to delegate that to a committee for a decision. Commissioner Blackburn stated that what they are trying to accomplish is to go ahead and submit this to the PSC. Once we know who it is, then he thinks they have authorized Roy to go ahead and submit the request to the PSC. That will come back to the Board and they will have time to act on it next month. Mr. Stratton stated that if they are okay timewise, then they don't have to make a decision tonight. He just didn't know if it was okay timewise or not and he wanted to ask. Mr. Sawyers stated that the installs will be done, then there will be a progress report, and then pay requests go out. The Board can't approve the pay request until the end of April. So, we won't close anything until after that Board meeting. Commissioner Blackburn stated that he thinks it will be May before we get it closed...before we get the interim loan closed out. But he would like to go ahead and get this down there in front of the PSC. Mr. Sawyers stated that the Board has authorized him to purchase vehicles before at the lowest interest rate, whatever they want to do. Vice Chairman Denison stated that if he doesn't think those funds until May, we could just wait. Mr. Sawyers stated that it depends on how long the PSC will take. We hear 60 days. He doesn't know. Commissioner Blackburn stated that he thinks we go ahead and give the PSC a heads up on it and say this is what we are going to do and this looks like who we are going with pending Board approval. You will know all of that information next week. Mr. Sawyers stated that we just need to know the rate and who the company is and he doesn't know that right now. He will find out from Randy Jones on that. Commissioner Blackburn stated that he should know that in a week. Mr. Sawyers stated that is correct. Commissioner Tackett stated that he said he already had the rates from 3 different banks, right? Mr. sawyers stated that is correct. Vice Chairman Denison stated they are preliminary quotes. Mr. Sawyers stated that is correct but can change from day to day. Commissioner Blackburn stated that he thinks they have a path forward and Roy will know in about 8-10 days and we have already passed a resolution to submit it to the PSC. Mr. Sawyers stated that if it gets really urgent, we can do a special called meeting.

- 5.) PSC Purchased Water Adjustment Form** – Mr. Sawyers stated that he would turn this over to Kevin Lowe. Vice Chairman Denison inquired if this is in our tariff to pass that. Mr. Sawyers stated that this will be submitted to be in our tariff to make those changes. Vice Chairman Denison inquired if we were changing our tariff or is it in our tariff. Mr. Sawyers stated that you are changing it to add it to the tariff to pass on the additional cost from our wholesale systems. Mr. Lowe stated that this is the form required by the PSC to fill out that lists our suppliers, the old rate they were charging, the new rate, and we also had to choose a test period which was all of 2019 and give them the total gallons purchased, total gallons we sold over the same test period and figure up the increased cost based on the new rate. For both wholesale suppliers it came up to \$201,220.92. We then had to take that increase, divided by our gallons sold and it comes out to 25.45 cents per 1,000 gallons is what we need to recover and we rounded it up to 26 cents. There is backup cost behind it. Vice Chairman Denison clarified that that was additional cost per customer. Mr. Lowe stated that was additional cost per 1,000 gallons sold. That would actually come up to \$205,000 in additional revenue where it was rounded up to 26 cents. Had we rounded it down it would have been \$197,000 and we would be losing money. Commissioner Blackburn stated that the prior rates and the new rates are on that front page. Mr. Lowe stated that if you go to Exhibit F, it shows current rates, proposed rates with the change, the dollar difference at each rate, and the percentage of change. The last page is the tariff sheet that will be submitted for the change. Vice Chairman Denison inquired if he had figured out how much that would be per customer. Mr. Lowe stated that based on the average customer, it would be about \$1.04 increase per month. Vice Chairman Denison requested a motion to approve the Purchased Water Adjustment Form as presented and approve submittal to the PSC, whereby the resolution was

read out in the meeting and is included in the record of this meeting. Commissioner Blackburn made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-011

Mr. Sawyers stated that an item not on the list is a KDOT project. They are doing a project called "Kentucky Bridges Project – Group 1" and is to replace 106 bridges throughout eastern Kentucky in Districts 10-12. We live in District 12 and he has been approached by a representative from Bizzack who is working with EDC with regards to the project. He needs a resolution today to allow the Board authorize Tim Campoy as our sponsor for Bizzack and the KDOT project for any utility line locations for some of the small bridges throughout Pike County. He is sure Mr. Campoy will give you a timeline and schedule as they come in. Vice Chairman requested a motion to appoint Tim Campoy, EDC, as a representative for the Board concerning Bizzack and the KDOT project on bridge replacements. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-012

Mr. Sawyers stated that Mr. Campoy will be doing the design work and inspection and KDOT will be paying for all of the relocation and the work. There is not a penny that the District will be out on this project.

Mr. Sawyers stated that we had recent flooding the month of February. Pike County exceeded the benchmark for damages over a million dollars. The District received damage to an 8" river crossing located at the Shelbiana bridge which is in need of replacement. Right now, we just have a ballpark cost estimate of approximately \$50,000 to replace it. We are going to submit this to FEMA for consideration of funding. Approval of funding from FEMA is not 100% guaranteed, however the river crossing needs to be replaced. At this time the District recommends that we move forward to replace this river crossing because of vital importance of the location of the crossing and how it assists the District with the looping of the system in that area. Commissioner Blackburn inquired how long it would take to get the funding from FEMA. Mr. Sawyers stated that it takes forever, and usually what we do is fund it through an equity line and go ahead and do the project, and submit our data and information to FEMA and it could take longer than two years to get reimbursed. Sometimes it has taken 10-15 years to get reimbursed from FEMA. Commissioner Blackburn inquired where the river crossing is at. Mr. Sawyers stated that it was at Shelbiana Bridge at the intersection of 122 near Mountain Enterprise. Right now, the first thing we are going to have to do is get a tree and a root ball of from against it. Commissioner Tackett clarified that it wasn't broken, just damaged. Mr. Sawyers stated that it was leaking but we have already made the repair. Mr. Taylor stated that it was ball and socket so it was put together good but what it has done is kind of pulled down and pulled off the banks. We repaired in on the banks but it is in imminent danger. The next high-water event, it could go and would cost more to repair it under an emergency situation. Commissioner Blackburn inquired if we will directional drill that. Mr. Sawyers confirmed that as correct. Commissioner Blackburn inquired if he had a cost estimate on that. Mr. Sawyers stated that it is roughly \$50,000. Commissioner Tackett inquired who does that for us. Mr. Sawyer stated that we have our directional boring bid for a year and Mullins and Sons is the contractor for that. Commissioner Blackburn inquired if that price was just for the drilling. Mr. Taylor stated that the pipe was about \$10,000. Commissioner Blackburn stated that he doesn't think they can act on it until he tells them what it is going to cost. Mr. Sawyers stated that all they give them is a ballpark because you are talking about directional

drilling it. You have to go down a certain depth and back up. You can't draw a straight line. Commissioner Blackburn stated that Mr. Taylor stated that the pipe would cost \$10,000 and it will be cased...are you going to push the pipe through. Mr. Taylor stated that we have to contract that out thought directional boring but they will do it all. We supply the pipe and he does the bore, and we tie it in. Commissioner Blackburn clarified that it would be \$60,000. That was firmed as a ballpark amount. Commissioner Blackburn stated that they really didn't have a choice in that the next high water it could be pulled in two. Mr. Sawyers clarified that the Board was authorizing them to fix it using an equity line. Commissioner Tackett clarified that we have one guy that does that when we need directional drilling done. Mr. Sawyers stated that we bid the work and he bid it for the whole year last year. We did it that way to get it cheaper. It is Ronnie Mullins and Sons...Mike Mullins. He did the one at Indian Hills also. Vice Chairman Denison clarified that we bid that for a year. Mr. Sawyers stated that we bid that for him to hold his price for a year. We did the same thing with paving. Commissioner Tackett stated that you have a distance of how much he is going to have to drill and know whether it is in rock or dirt? Mr. Taylor stated that is the unknown. He's got heads for both. Mr. Sawyers stated that you won't know that until you get into drilling it. Commissioner Blackburn stated that their assumption on \$50,000 is half and half or something. Mr. Sawyers stated that they did one last year when we had the other flood event that tore one out closer to Food City at Shalbiana. It run in the \$49,000 range. We are just basing it on that being similar. Commissioner Blackburn inquired from Mr. Taylor if this pipe is already bored in already. Mr. Sawyers stated that it was ball and socket and have been excavated in. With directional drilling it you won't have to worry about it, it will be deep enough that you don't have to worry about another flood taking it out. Vice Chairman Denison inquired if this will come out of the million dollars we budgeted for repairs. Mrs. Hatfield stated that this was not in the budget. Commissioner Blackburn stated that it would have to wouldn't it. Mr. Sawyers stated that it was R & M and he doesn't know if you would take that out of the million dollars or not. Mrs. Hatfield stated that if FEMA does approve it and reimburses us, it will be 75% paid back by FEMA. Commissioner Varney stated that if you do it, it will be turned in with all of the receipts. Mr. Sawyers stated that he has made the statement that it is not guaranteed that they will approve it. But something has to be done. Vice Chairman Denison stated that it eats into the cash flow if it is not in the budget. Commissioner Blackburn inquired if the R & M million dollars is the average cost divided by 12. Mr. Sawyers stated that is pretty much correct for the year. Vice Chairman Denison stated that he remembers that Mr. Spears said that year before last it was only like \$700,000-\$800,000 but it was budgeted for a million this year. Mrs. Hatfield stated that yes, it was padded a little bit just in case. Commissioner Blackburn stated that we should be okay then. This has to be treated like it is coming out of the R & M budget, and then if we get reimbursed then we can apply that money somewhere else. Mr. Sawyers stated that all he knows to do is to do the equity line and pay it out of R&M as far as making the payment on it. They agreed on that. Mrs. Hatfield stated that for 2 years until we close out that loan, it will be interest only anyway. Vice Chairman Denison stated that if we have the cash flow, we need to pay for it and not be paying interest on it. He directed them to see where we stand on it and if we have to do it, then we just have to deal with it. Vice Chairman Denison requested a motion to replace the 8" river crossing at Shalbiana Bridge. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-013

Mr. Sawyers inquired if we needed a resolution to get an equity line in place. Commissioner Blackburn stated that they will come back to the Board on it. He inquired how long it would take Mr. Taylor to get everything in motion and get going. Mr. Taylor stated it would be close to the next meeting. Commissioner Blackburn stated that we can do it then. Mr. Sawyers stated that we will focus on the tree right now and worry about the rest then. Mr. Taylor stated that he still had an easement issue that he needed to work out.

Commissioner Blackburn stated that he wanted to make a comment about the Manager's Report and they have talked about this in the past. He thinks that he has asked Ms. Olson to help with grant funding, grant searches and what is available. He wants it put in the report every month at the beginning of the

report. Mr. Sawyers stated that would do that. Commissioner Blackburn stated that it would be to remind them of what the status is from last month. Mr. Sawyers stated that the only status since last month was in regards to the AML funding coming up in June and working with Eric Ratliff with BSADD to see if we can move forward on some of that funding through AML. They have a class on May 14th that educates you on going through the application process. Commissioner Blackburn stated that he sent him a text the other night about the millions of dollars that were flowing into Perry and Harlan counties. Where is that coming from? Mr. Sawyers stated that according to Eric Ratliff, it was coal severance for the water line part. The other part had something to do with Sykes or some company grants. He thought it was AML but Eric said it was coal severance. Commissioner Blackburn stated that needs to be front and center and that he needs to focus on that. Vice Chairman Denison inquired if he was still working with Sharon (PCFC). Mr. Sawyers stated that he hasn't talked to her lately, but once again, you have to go through the application process and once it leaves our hands, you need to help with your legislators and senators and judge's offices to help push from that point forward. Commissioner Blackburn stated that the first thing is to get it in his report and get an update and they can move on it from there.

Mr. Sawyers went through the monthly operating report as updated on the summary. Vice Chairman Denison inquired if anyone had every figured out how many were winter birds. Mr. Lowe stated that we won't really know that until about April to see if they come back. Vice Chairman Denison inquired if they don't usually call and have their water turned off. Mr. Lowe stated that they don't tell us why they are disconnecting they just tell us that they want it done. The Vice Chairman clarified that we charge a \$30 fee for reconnection. Mr. Lowe confirmed that as correct. Mr. Sawyers stated that some of those were fiscal court accounts...seven of them were...parks and things closed for the winter. The Vice Chairman inquired if that is in our tariff...the \$30 reconnection fee. Mr. Lowe and Mrs. Hatfield confirmed that it was.

Vice Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Blackburn made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-014

NEW BUSINESS

1. **Financial Signatory Resolution** – Mrs. Hatfield stated that this resolution was drafted by legal counsel. This was brought up when she went to add the two (2) new board members to our signature card. The bank brought to her attention how broad the previous resolution was. She wanted to make sure we wanted to give powers to everyone and she brought it to legal counsel's attention and he recommended we draft that resolution. Community Trust's board will have to approve it before it can go into effect, so it will be next month before she can add to the signature card. Vice Chairman Denison read the resolution to the Board and it is included in the record of this meeting. He requested a motion to approve and adopt the resolution as presented. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-015

2. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.

Vice Chairman Denison requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Blackburn made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-016

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Varney made the motion. Vice Chairman Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-017

Coming out of executive session, Commissioner Blackburn stated that along with a couple of other legal matters, the Board discussed the contract with Southern Corrosion and the Board agreed to enter into a mutual agreement with Southern Corrosion to reduce their work activity for the next six months. And Roy Sawyers will have the authority to draft a letter of agreement, have it reviewed by legal counsel and get it signed by both parties. Chairman Blackburn requested a motion to that effect Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-018

COMMISSIONER COMMENTS

There were no further comments.

ADJOURN MEETING

Vice Chairman Denison made a motion to adjourn today's regular meeting. Commissioner Blackburn seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-02-019

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

March 26th, 2020
5:00 PM

ATTENDEES

Coty Blankenship, Appalachian News Express
Dan Stratton, Stratton Law Firm
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, March 26th, 2020 at 5:00 PM practicing social distancing and sanitizing stations at each entrance to the conference room.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with social distancing guidelines due to the COVID-19 pandemic.

VISITORS AGENDA ITEM II

Chairman Blackburn inquired if there were any visitors who wished to address the Board. There were none.

APPROVAL OF MINUTES AGENDA ITEM III

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the regular meeting on February 27th, 2020 as presented. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-001

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM IV

Chairman Blackburn stated that Carrie Hatfield sent out the financials and unless anyone has any questions, they can go over these bullets on the summary page and move on to approve the financial report.

- Big Creek Water Line Extension – Chairman Blackburn stated that a decision is needed whether to renew the loan for 24 months or pay the balance off of \$90,659.00. He thinks at this point, we just extend the loan, given where we are with our cash flow. Commissioner Denison inquired how many times it had been extended previously. Chairman Blackburn called Mike Spears on the phone

and he entered the meeting via face time. Chairman Blackburn inquired if the loan had been extended before. Mr. Spears stated that it was extended before but is eligible to be extended again. Commissioner Varney inquired how much the monthly payments are on this loan. Mr. Spears stated to verify with Carrie Hatfield but from what he has in front of him, it looks like \$4,100 per month. It is projected to pay out in two years.

- Vehicle #155 Loan – Chairman Blackburn stated that the second item under the financial report was the decision whether to pay off the \$11,063.80 or renew the loan for another two years. With the current cash flow situation, he would recommend that we extend that one another two years also.

Dan Stratton recommended two separate motions, one for the approval of the financial report and one for the renewal of both loans. Chairman Blackburn opened the floor to a motion to approve the financial report. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-002

Chairman Blackburn requested a motion to approve to renew both loans mentioned previously for additional two-year terms. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-003

Chairman Blackburn inquired if there was anything more that Mr. Spears would like to add regarding the financials. Mr. Spears stated that basically we are getting into our higher water sales months with the warmer weather but it really depends on what this COVID situation is going to do. He will spend some time tracking cash flows month to month and how we are trending with it. Chairman Blackburn inquired if we did any kind of daily or weekly tracking. Mr. Spears stated that we can look at deposits. Chairman Blackburn inquired if he would work with Carrie Hatfield and put something together for them on that. Mr. Spears stated that he would work with Carrie and Kevin Lowe on that for them. He then left the meeting by phone.

Mr. Sawyers stated that for the board's correct information, the payment on the Big Creek Line Extension is \$3,715 per month and the payment for the vehicle loan is \$498 a month.

PAYMENT OF BILLS

AGENDA ITEM V

Board members were given a packet of information prior to the meeting at their seats which included payment of the bills. Chairman Blackburn stated that we had a \$13,000 expense for telemetry and he inquired from Mr. Sawyers to expound on that. Mr. Sawyers stated that it should be paid out of R&M to a company called MicroComm. Chairman Blackburn inquired if this is something that has been out of commission for a while or what. Mr. Sawyers stated that we just have so many sites that sometimes you have to make repairs to certain ones and upgrade others. What we are hoping for is that when we get into the capital plan that we can convert over to High Tide which is a lot cheaper, plus we can do it in-house. We just discovered this option and once we get the capital plan rolling, we can do this in-house. We can probably do it for about half the price. Chairman Blackburn inquired if we had a truck break down last month. Mr. Sawyers confirmed that as correct and stated that it is currently being worked on. Chairman Blackburn inquired which one it was. Mr. Sawyers stated that it was a diesel 2500 series utility truck, Chevrolet. A

diesel mechanic at Ivel is working on it. Chairman Blackburn stated that he saw the wrecker bill. Mr. Sawyers stated that it only had 150,000 miles on it when it went down. That is the reason why we recommend going with 3500 series when we have to tow equipment. Chairman Blackburn inquired if Mr. Sawyers had done an audit of the mileage reimbursement that he asked for. Mr. Sawyers stated that he and Carrie Hatfield had pulled some here and there and went over them and everything seems to be correct. We also have other reimbursements such as boots, and glasses and other things that are work related. After review, Chairman Blackburn requested a motion to approve the payment of the bills. Commissioner Friend made the motion to approve the bills as presented. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-004

CUSTOMER ADJUSTMENTS AGENDA ITEM VI

Copies of the customer adjustments for February were in the packets for the Commissioners. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of seven thousand, two hundred and ninety-one dollars and eighty-five cents (\$7,291.85). Commissioner Denison made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-005

Due to the social distancing requirement, the Board had asked the engineers to be available by phone for the meeting.

CONSTRUCTION REPORT AGENDA ITEM VII

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Stratton stated that he could update this item since he has been working with Mr. Campoy on it. He has been working on the property for the lift station on this property and they saw the survey and the price jumped up \$3,000 to \$4,000 from what we originally looked at. He did the preliminary title and he will have to do a follow-up on it since it has been several months. Subject to the Board's approval, their recommendation will be to purchase it (he can't get into the court house right now to do any title work so it may be a month before we can close on it) in the amount of \$25,000. Commissioner Denison inquired where the funding come from for this. Chairman Blackburn stated that we have grant funding for this project. Mr. Sawyers stated that we also transferred about a million dollars to that project. Ms. Olson stated that in their packet there is also a map of the property that was provided by EDC. A map and a timeline for the project that the Board requested last month. Chairman Blackburn requested a motion to approve the purchase of the lot for the Phelps Hydrology Study Project subject to title review in the amount of \$25,000. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-006

Chairman Blackburn inquired if Mr. Sawyers had a chance to go over the timeline yet. Mr. Sawyers stated that he had not yet but he would schedule a time next week to go over it on the phone. There is one thing that he will announce when he gets to the Manager's Report, but with the current pandemic, it could throw off a lot of projects on timing and we just don't know what is in store as far as projects. Chairman Blackburn stated that he would say you could add 120 days to it. Mr. Sawyers stated that could possibly be the case.

2. **Route 199 DOT Relocation Project** – Mr. Sawyers stated that the next item is the Huddy Project. Site #5 was advertised for bid and there were four bids. The lowest bidder was Ronnie Mullins and Sons. This is a KDOT project which is funded by them so the District is not out any money. They called Tim Campoy regarding the bids. Mr. Sawyers stated that he had never seen a bid that close. Tim Campoy was put on speaker phone and Mr. Sawyers stated that the board had already approved the purchase of the property on the first project and on the second project, for the low bidder on the Huddy Project, did he want them to go ahead and pass a resolution to accept Ronnie Mullins and Sons for that project. Mr. Campoy stated in the affirmative and that he would also like to have approval for the Notice of Award and approval of the contract pending legal counsel review. Mr. Sawyers also stated that if they wanted to approve him to sign it, he could do that and they won't have to deal with it. Chairman Blackburn inquired if they could do all of that in one motion. Mr. Stratton replied in the affirmative. Chairman Blackburn requested a motion to award the bid to Ronnie Mullins and Sons, issue the Notice of Award and Notice to Proceed, and to approve Roy Sawyers to execute the contract on behalf of the Board upon legal counsel review and approval. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-007

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill by phone

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that they have worked through the data that the District prepared and requested some more data and that was submitted. They are working through how that will be presented in the Capital Improvements Plan. They requested some data on employee costs so they can make some comparisons on costs with the project with your own employees versus a contractor. They are working through that right now so they can give the District an idea of what each one of those will cost. They have also started putting together special project funding sources. They are putting together a spreadsheet for the District that identifies all of the funding sources that tells you who is eligible, when the deadlines are to apply, what the criteria is, what the typical amounts are and things like that. They have also attached a schedule that the Board asked for that broke everything out and talks about the different components they will be working on. Some of those are shown later and we are going to try to move some of those up so that they can work parallel with the rate study. One of the other big things is, of course, they are working with Mr. Sawyers and Mr. Taylor on applying for AML Nexis

funding. There is a seminar that AML is putting on in Prestonsburg explaining the process for application on May 14th that they will be attending if they still have it due to the coronavirus and Roy is attending that too. They are thinking the deadline for that will be mid-June so during that time they will be learning about the criteria so we can hone that application in there and get it submitted before the deadline. Chairman Blackburn stated that he likes the GANT chart that was submitted and he likes the idea of moving some of these items back to run parallel with some of these other items. At this time, Mr. Campoy and Mr. Caudill left the meeting by phone.

Update by Jonathan Newman, P.E. – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Sawyers gave the update on these projects. He stated that both pump station buildings have been completed and equipment has been installed and plumbed. Remaining work includes cleanup and installation of fences. The contractor is waiting on power drops from AEP. Pipe installations and tie-ins are nearly complete. Chairman Blackburn inquired how long he thinks it will be before we get the power drops from AEP. Mr. Sawyers stated that he doesn't know and there could be a big delay with the issues going on.

2. **Belfry Pond Sewer Project** – Mr. Sawyers stated that the progress meeting was held on March 18th. H2O Construction has brought the site close to final grade except for the lower end. Conduit and plumbing have been stubbed out for the control building slab. Air supply piping has been installed to the control building and equipment building. The contractor plans on beginning work on the control building this week. You also have a copy in your stack for a proposed change order #3 for H2O Construction. It addresses remaining construction issues related to valued engineering and changes made by Ovivo after shop drawing review. The amount of the change order is \$75,800 and the engineer is requesting approval. On BP Pipeline, the one doing the collection system, they are currently on winter shut down with approximately 25% of the line complete. The contractor had planned to return to work on April 6th but has requested that they be given a 30-day extension due to the coronavirus. Grinder tank installation involves meeting with the homeowners which may put the public and the contractor at risk. Dan Stratton has provided a revised agreement with TC Energy and KYTC has approved the revised site for the Toler lift station. The revised location will be submitted to the Division of Water for review. Mr. Stratton stated that we do not have final approval with TC Energy on the agreement. This is an encroachment agreement for pipeline with a fundamental fight over our rights versus their rights. We have an easement on public right of way, and they have an easement and they have said that they control it, and we have to get their approval to do anything. So, we have compromised in that we agree to the specs that they want us to do to actually construct it and our contractor has reviewed and approved it. But in the last draft they sent us, they still said they have the right to review and approve anything we do before we do it and he sent back, with Roy's consent and input, that this agreement is their approval and we are agreeing to do it under these specs, but once they sign it, they have the right to be there and watch it but then they are done. We don't know what is going to happen with that yet. Commissioner Varney inquired where the property is. Ms. Olson stated that it is Homemade Hollow to the left. Mr. Stratton stated that our easement is inside the state right of way and they have an original lease for the pipeline. And our easement overlaps theirs and we came in and got in on the state and they said we were too close to them. Chairman Blackburn stated that we have two items we need to move on with this project. Back to the \$75,800 change order, we have some back up here in our packet for this change order. Mr. Sawyers stated that about \$10,000 of that amount, we are asking Ovivo to reimburse us for because of a change after we approved it. Chairman Blackburn requested a motion to approve the change order #3 as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-008

Chairman Blackburn requested a motion to approve the 30-day extension for BP Pipeline due to the COVID-19 pandemic. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-009

3. **Radio Read Meter Replacement Project** – Mr. Sawyers stated that the contractor has installed approximately 7,062 meters and has completed their portion of the work. Approximately 364 meters are remaining that were inaccessible to the contractor and MWD will complete the remaining installations.

4. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Sawyers stated that prior to the COVID-19 issue we had received the parts and barring any complications due to the spread of the virus, construction is anticipated to begin the first week of April.

5. **Russell Fork WTP PLC Upgrades** – Mr. Sawyers stated that we had a progress meeting on March 18th. Contract documents were submitted to RD for review. The contractor has begun programming the new PLC and is approximately 30% complete. They are fabricating the panels and doing the programming at this time. The project bid for \$236,097. The funding that he was able to get allocated from the Pompey project was \$204,072.20 so that leaves \$32,024.80 that we need to come up with in order to continue the project. Commissioner Denison inquired when this money has to be available. Mr. Sawyers stated that he is sure that RD would want us to pay our part first out of the first pay request, so we probably need to approve that now. Commissioner Denison inquired how much was left on the line of credit now. Mr. Sawyers stated that he believes we paid the line of credit down with that amount from RD on the radio read meters. Chairman Blackburn stated that he believes they paid it off. Mr. Sawyers stated that it is still open to use but he is pretty sure it is down to zero. Chairman Blackburn inquired if there was any more grants or funding that may be available for this project. Mr. Sawyers stated not at this time and he has transferred as much funding to the project already as he could as well. Chairman Blackburn clarified what the PLC would do. Mr. Sawyers stated that it would allow the water treatment plant to be automated. In other words, when a major storm hits, it will make the adjustments really quick, instead of having staff make those manual adjustments. It has other benefits also. Commissioner Denison inquired if we knew for sure what the balance was on the line of credit. Mr. Sawyers called Carrie Hatfield and asked that question. Mr. Sawyers stated that she said on the FEMA Booster Pump Station project we have had to use \$23,000 on it from the from line of credit but the credit on it is \$550,000. Chairman Blackburn requested a motion to use the current line of credit for the PLC Upgrades Project balance between the bid amount and what we already have on hand for the project in the amount of \$32,024.80. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye

Commissioner Tackett Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-010

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented during the meeting contingent upon funding agency approval. Commissioner Varney made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 162,650.70
\$162,650.70	Contract Construction	
Evapar	KIA Funds	\$ 7,165.00
\$7,165.00	Materials	
Wascon	RD Funds	\$ 86,500.00
\$86,500.00	Materials	

RADIO READ METER REPLACEMENT PROJECT

RG3	RD/Regions Bank Funds	\$ 186,720.00
\$186,720.00	Materials	
Meter Install Group	RD/Regions Bank Funds	\$ 46,161.90
\$46,161.00	Contract Construction	
Summit Engineering	RD/Regions Bank Funds	\$ 2,880.00
\$2,880.00	Engineering Services	

UPPER POMPEY/WTP PLC UPGRADES PROJECT

CI Thornburg	ARC Funds	\$ 58,743.17
\$58,743.17	Materials	
CI Thornburg	LOC/MWD Funds	\$ 32,024.80
\$32,024.80	Materials	

HUDDY MCVEIGH DOT PROJECT

EDC	DOT Funds	\$ 1,441.00
\$1,441.00	Engineering Services	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-011

MANAGER'S REPORT

- 1.) **Funding Update** – Mr. Sawyers stated that there have been no significant changes with funding opportunities with the exception that he spoke with Senator Phillip Wheeler who said that he would try to assist the District in acquiring funding.
- 2.) **Water Loss Update** – For water loss for February, utilizing the District's form, was 30.51% for the month and 27.13% for the year. Using the PSC's form, water loss was at 35.9% and 34% for the year. He noted that the District is waiting results from the PSC regarding a scoring method to evaluate the water utility system's water loss or possibly a deviation from the benchmark of 15% water loss. There is one thing with this Radio Read Project and he is going to bring it up now since it is under the water loss update; in our last progress meeting, Douglas Hoff from RD made the comment that there is a possibility that if there are any funds left over in this Radio Read Project, that we may allow us to utilize it toward combatting water loss. So, he may let us use it for zone metering, master meters or something of that nature. Commissioner Varney inquired if he anticipates having any funds left over. Mr. Sawyers stated that he does and he will guess there may be about \$300,000 but will have to verify that after the last progress meeting.
- 3.) **Rate Case Study** – Mr. Sawyers stated that the District has revised the dates for submittal and are looking to holding a teleconference meeting with interested parties due to the COVID-19 situation. The changes will be advertised in the March 27th edition of the News Express. We will also have an updated timeline.
- 4.) **PSC Purchased Water Adjustment Update** – Mr. Sawyers stated that the PSC has requested additional data which has been provided to them. The adjustment request is still pending with the PSC on approval. He thinks what he understands, they are pretty close to approving it.
- 5.) **Shelbiana River Crossing** – Last month the board approved to do the Shelbiana river crossing but there wasn't enough detail to discuss funds. That project, if you remember we talked about it having a tree pressed against it plus it had been pulled out from the flooding. The project is going to run anywhere from \$50,000 to \$60,000 as far as the contractor goes. Staff will do the tie-ins in-house. The pipe we ordered cost roughly an additional \$6,000. Chairman Blackburn inquired if we already purchased the pipe. Mr. Sawyers stated that we did. Chairman Blackburn clarified that is paid for. Mr. Sawyers stated that we probably haven't received the bill yet but we did order it.
- 6.) **Big Creek Directional Bore – 8" Directional bore cost as follows:**
 1. **Dirt - \$25,000**
 2. **Rock - \$30,000**
 3. **Pipe in Inventory**

Mr. Sawyers stated that this line is down Big Creek and it covers the line from Williamson back to Sidney. The line is still functioning but, once again, he has a photo if anyone wants to look at it. We have a tree pressing on the line. Commissioner Tackett inquired where this was. Mr. Sawyers stated that it was at Prock Murphy Road. The cost is \$25,000 to \$30,000 depending on what they find during the bore. Commissioner Tackett inquired if it would be encased somehow. Mr. Sawyers stated that it will not be encased. It would be a whole different price if we tried to encase it in conduit. Commissioner Tackett inquired how much more does he think it would be. Mr. Sawyers stated that he wasn't sure and would have to check. Commissioner Tackett stated that he thinks that \$60,000 is a lot for a bore. Mr. Sawyers stated that we bid it out to the lowest bidder. It was an annual bid and he contacted BOCA, H2O, Mullins and Sons. Commissioner Tackett clarified that it was an annual bid; they are available...because they don't know what is going to come up. Mr. Sawyers confirmed that. They set a price for sizes, dirt and rock and a daily price for dirt, and he agreed that whichever one was cheapest between the footage rate or daily rate, that is what it would be.

Commissioner Tackett clarified that we are tied to this guy for a year. Mr. Sawyers stated that he needed to rebid it this year. Commissioner Tackett stated that you could bid each project, he would think. Chairman Blackburn stated that he was the lowest bidder for a year. But you could bid both of these projects out. Mr. Stratton stated that looking at that more closely, he thinks we bid it out to him for a year thinking that we wouldn't have to bid each project. Mr. Sawyers stated that we can just make the statement then that upon review with Dan Stratton and I on this, that the board wants me to go ahead and bid it, he will go ahead and advertise it for bid. The previous annual bid is already expired at this point. Ms. Olson stated that the issue is when something comes up as an emergency, do we have time to bid it if it is over \$30,000. If you bid it as an annual price, then you've already got someone on standby that can come in any situation. That's the trade-off. Commissioner Tackett stated that these are big numbers, he thinks. Mr. Sawyers stated this is an 8" line and is 500 feet and the other is 250 feet. Commissioner Tackett stated that we can bid these and see where it comes in and what the difference is. Chairman Blackburn requested a motion to authorize Mr. Sawyers to bid the Shelbiana River Crossing and the Big Creek Line Extension and bring the bids back to the board for review. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-012

Mr. Sawyers went through the monthly operating report as updated on the summary. Chairman Blackburn requested that as part of the Operations Report or the Manager's Report, the District's employee safety report be added to that. He would prefer it in the Manager's Report and move it to the first item.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Denison made the motion. Commissioner Varney seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-02-013

NEW BUSINESS

1. **Homeland Security Grant Funding Application** – Chairman Blackburn stated that David Taylor called him this week and let him know this would be on the agenda. He has found some grant money to apply for. Basically, there is a Homeland Security Grant funding application that he has already filled out and feels pretty good about getting this funding to protect the District from domestic terrorism. The Homeland Security resolution was read aloud in the meeting by Commissioner Varney and is included in the record of this meeting. The amount requested will be \$88,170 and will be used to purchase two (2) remote gates. Three (3) digital pad lock or key FOB access doors, and twelve (12) exterior cameras (10

for use at the WTP and 2 at the raw water intake). Chairman Blackburn requested a motion to approve and adopt the resolution as presented. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-014

Commissioner Denison stated that he had gotten some comments about the phone calls we were making. He had someone come to him and tell him that he got a phone call that he understood that he didn't have to pay his water bill. He doesn't know what the message is, he hasn't gotten one. Mr. Sawyers inquired if Ms. Olson sent a message. She said that she did send out the press release that said that we had suspended disconnects according to the Governor's recommendations and that by no means, indicates that you don't have to pay your bill, but if you have lost a job or can't, to please call in and we will work with you and make arrangements so you don't get behind. Mr. Sawyers stated that we can send out something to clarify that.

2. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-015

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-016

Coming out of executive session, Dan Stratton stated that he updated the Board on two matters of litigation and the Board directed him to follow up on the possible resolution of one matter and to report back at the next board meeting what can be done with another legal matter.

COMMISSIONER COMMENTS

There were no further comments.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's regular meeting. Commissioner Friend made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-03-017

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

April 22, 2020
3:00 PM

ATTENDEES

Coty Blankenship, Appalachian News Express
Dan Stratton, Stratton Law Firm
Jim Vanover, Vanover, Hall & Bartley
Mike Spears, Spears Management
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager

CALL TO ORDER

The Mountain Water District Board of Commissioners' Special Meeting was held via video-conference (ZOOM) on Wednesday, April 22nd, 2020 at 3:00 pm.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Johnny Denison, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Randy Tackett, Commissioner

CALL TO ORDER

Chairman Blackburn called the special meeting to order and thanked everyone for participating in the video-conferenced meeting due to the Covid-19 pandemic.

AGENDA ITEM I – PAYROLL PROTECTION PLAN (PPP) LOAN/GRANT

Chairman Blackburn stated that we have decided to move forward, upon the advice of counsel, with the application for the Payroll Protection Plan funding in the event that we qualify. He requested a motion to approve to apply for the Payroll Protection Plan. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Denison	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-001

COMMISSIONER COMMENTS

Chairman Blackburn requested if there were any further comments. Commissioner Tackett inquired if someone was taking the application to Community Trust this evening. Mr. Sawyers stated that he needed to call and make sure that they will let him in, but that he planned to do so.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn the meeting. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Denison	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-002

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

April 30th, 2020
5:00 PM

ATTENDEES

Russ Cassady, Appalachian News Express
Jonathan, Newman, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management
Dan Stratton, Stratton Law Firm
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, April 30th, 2020 at 5:00 PM via video-conference due to the Covid-19 pandemic.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines as a video-conference (ZOOM) meeting due to the COVID-19 pandemic. The meeting may be viewed at the District's website at mountainwaterdistrictky.com.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the regular meeting on March 26th, 2020 as presented. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-003

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of March was \$317,265 which is unrestricted cash. Accounts receivable was \$1,330,007. Accounts payable was \$350,704 and in that number, there is a payment that happened last year on our post bond retirement and he thinks they fixed it for the budget but didn't back up and fix it for the financials. An extra payment got keyed in to the wrong spot on the retirement from one month and it is being fixed. Equity position was \$77,685,580. On the income statement, we had \$815,234 for March. Compared to last year, we were at \$807,000. Utility operating expenses was \$999,530. There was a loss for the month after depreciation of \$220,763. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$180,000. We had a cash increase for the month of \$15,913. Operating account balance was \$215,155 as of March 31. Again, KIA and RD reserves are funded. Our O & M reserves, which will take a long time to be fully funded is \$278,058. It is to be equal to about 6 months of expenditures which is in the neighborhood of \$5M. We are putting the money in there and funding our sinking fund transfers to cover our debt service on our bonds. In reviewing the financials this month, they went to the back 4 pages and looked at 15 to 18 to make sure nothing looks out of line and he is just going to mention a few things. We signed a new contract with the City of Williamson and have a reduction on our sewer rate that they were charging us. You can see on sewer fees that number is lower and he remembers doing the budget and didn't know they had that reduction. He asked Carrie about it and she told him that Ms. Olson was off and with this Covid thing kind of makes it difficult to back track and chase things down. But this number also has Pikeville numbers in it, but the bulk of it \$11,000 of \$331,020, and he thinks there was \$6,000 and \$2,800 or something like that, the volume was like it was doubled for three months and it didn't make sense to him, since we had the same number of customers. Jamey went and checked it, matching his readings; he is going to check tomorrow again for April and will see what that volume is, he says there is potentially a crack in the gravity main taking in ground water or one of the businesses has a leak. We don't bill their water so we wouldn't know. Chairman Blackburn inquired if he could call those guys over there. Mr. Spears stated that he is going to get a reading tomorrow and see what it looks like and call them and try to track it down. We were counting on \$8,000 or \$9,000 a month in the budget and he just noticed that it kept climbing. Chairman Blackburn clarified that it is due volume and not the rate. Mr. Spears stated that the rate seems okay, they are just going to work on tracking it down. Other than that, as far as the financials, everything looks pretty good. Chairman Blackburn also stated that Mr. Lowe has done a very good analysis of breaking down receipts in the various areas. He inquired if Mr. Spears had anything further. Mr. Spears stated that on the agenda was the approval of the extension of several Coal Severance Projects. Chairman Blackburn inquired if anyone else had any questions for Mr. Spears. Commissioner Denison inquired what the accounts payable was. Mr. Spears stated that it was \$350,700 and last year at the end of March it was \$198,000, so we are definitely up. Commissioner Denison clarified that we down \$17,000 for February though. Mr. Spears confirmed that as correct.

Chairman Blackburn opened the floor to a motion to approve the financial report. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-004

Chairman Blackburn requested a motion to approve to approve the Coal Severance Extensions for the Phelps Hydrology Project, the Belfry Pond Sewer Project from HB 410 and the Belfry Pond Sewer Project from HB 265. Mr. Spears stated that some of those for Belfry were supposed to have been consolidated and he doesn't think they were. He just wants to make sure that they are all extended. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-005

PAYMENT OF BILLS

AGENDA ITEM IV

Board members were given information prior to the meeting which included payment of the bills. After review, Chairman Blackburn requested a motion to approve the payment of the bills. Commissioner Friend made the motion to approve the bills as presented. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-006

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for March were in the packets of information emailed to the Commissioners. Chairman Blackburn inquired if Ms. Olson had included the graph in with the customer adjustment. She stated that due to the network drives being down, she didn't have access to that to update it, but would include it for next month. She stated that February and March customer adjustments are down quite a bit from where they had been. Commissioner Denison inquired what the deal was with Earnest Dotson. Mr. Lowe stated that it was a large leak for two months. It was for almost 234,000 gallons over a 2-month period. Chairman Blackburn inquired if that was a business or residence. Mr. Lowe stated that he thinks it was a residence. He looked up the account and confirmed that it was a residential account. Commissioner Denison stated that he just noticed that percentage was a lot higher than normal and he didn't know what the deal was. Mr. Lowe stated that what we do is that we look at their average for the 3 months prior to the leak and anything over that average, we adjust to \$3.60 per 1,000 gallons. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of six thousand, five hundred and eleven dollars and forty-eight cents (\$6,511.48). Commissioner Denison made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-007

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that they are staying in contact with the landowners on this project for the pump station location and he spoke to her again today. She hasn't discussed the deal with her daughters yet. She wants to do it in personally and show them the stakes in the ground and this past month, asked for a change in it and we went out and did. He sent the board the drawing on that that also shows where we are proposing to have the easement to back into the existing easement with the lines. She is hoping to have everyone together early in May to be able to look at what is on the ground. That is where we are at on that. They have finished the line profiles for the sewer lines and on the far end of the job, we are crossing Norfolk Southern, and are working

on an encroachment permit for them. They are also working on the new layout of the new pump station. He has been talking to Mr. Stratton to check the property one more time for title and he believes we are still good on that. Mr. Stratton confirmed that as correct.

2. **Route 199 DOT Relocation Project** – Mr. Campoy stated that this job was awarded to Ronnie Mullins and Sons in the amount of \$48,040. They have executed the contracts and they have ordered materials. We are looking for them to start mid-May. They are finishing up another job for the District at Kimper right now but will move over to Huddy as soon as that is finished.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill by phone

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that over the past month they have completed the review of the data provided by the District regarding employee cost, they have also begun to work on the potential funding scenarios and those will be completed in the upcoming month. Abandoned Mine Lands was going to have a training session for the AML application process at the Big Sandy Add Development District office on May 14th. Due to the corona virus that has been postponed to a future time and the application process will be delayed until an August 1st deadline. He will continue to work with Mr. Sawyers and Mr. Campoy on the project and assisted the District with compiling projects for the Corona Virus Stimulus funding package. They have begun reviewing some options to minimize the water purchases from the City of Pikeville and the City of Williamson and working on prioritizing areas for maximizing water loss.

Update by Jonathan Newman, P.E. – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that the power drop from AEP has been completed to the Phelps #2 station and they have come out and done start up on that Wednesday so that station is ready to go. There is still no power to the #1 pump station. There was an easement issue that we have been working on and a work order has been issued to perform the power drop. As soon as that is done, the men will be scheduled to come out and do start up on that station as well. There is a change order for 60 extra days on the contract for the delay of the power drop from AEP as well as delays encountered from vendors due to the corona virus. Mr. Sawyers confirmed that everything is completely ready to go except for the power drop to finish out. Mr. Newman stated that they need the power drop, and flush, test and disinfect the lines around pump station #1 and clean up work. Mr. Sawyers inquired what date they are on in their contract time. Mr. Newman stated that he thinks they are over their substantial completion time which he thinks was in late March. Mr. Sawyers stated that he didn't have any problem extending it out considering there is an AEP delay. Chairman Blackburn stated that they will do resolutions at the end.

Mr. Sawyers stated that we have had some delays with regard to disbursement of funds due to covid-19 and lady is out sick as well, that addresses this. We have also had some accounting issues that Mr. Newman has to straighten up from his side for compliance. We are responsible for paying the contractor up front and then get reimbursed by FEMA for funding and at this time there is a delay in it, so he would like to extend our line of credit by \$500,000 with the Board's approval to make sure we have the measures in place to cover paying the contractor. Chairman Blackburn clarified that this was a timing issue. Mr. Sawyers confirmed that as correct. Commissioner Varney confirmed that our reimbursement is at 87% from them. Mr. Sawyers stated that federal pays 75% of the project, FEMA pays 12% of the project and we pay 13% of the project. Chairman Blackburn confirmed that was with Community Trust Bank. Mr. Sawyers confirmed that as correct. Chairman Blackburn inquired if he already talked to them about this. Mr. Sawyers stated that he has already talked them, they had a board meeting on Tuesday and approved it based on the Board's decision today. Ms. Olson stated that if the board does move forward with that, she requested that the Board include the authorization for Mr. Sawyers to sign the documents in they would, please.

2. **Belfry Pond Sewer Project** – Mr. Newman stated that H2O is working on bringing the site to final grade and most of the work has been completed around the buildings, with the lower end of the

property remaining. The wall on the control building has been erected and roof trusses have been set. BP Pipeline is currently on winter shutdown and have approximately 25% of their work complete. The contractor has asked to return to a single mobile crew to work on some small sections of line on May 11th. They plan to activate other crews from other areas, but waiting until the governor plans to lift some of the restrictions on work and travel and such. Once they come back, installation of the grinder stations will require going door to door meeting with homeowners which may put the public at risk at this time. TC Energy has responded with revisions to their agreement a day or so ago. He inquired from Mr. Stratton if that is ready to be signed. Mr. Stratton stated that it will be presented to Board for approval in executive session. Mr. Newman stated they found a revised location for the proposed Toler lift station and it has been approved by the highway department and the Floodplain office. So, he sent the plans to RD and to the contractor to review before they issue an actual of working set of plans.

3. **Radio Read Meter Replacement Project** – Mr. Newman stated that the contractor has installed approximately 6,984 meters and have completed their portion of the work. They will be closing out that contract. MWD personnel will be completing the remaining installations, which he believes there are 400 or 500 left. Mr. Sawyers stated that it is already underway. We had approximately 294 left and have completed 193 since then so we put in 9,340 as far as staff goes. We don't lack a whole lot more and will be complete in the next couple of months. Mr. Newman stated that he has another change order. This is for Meter Install Group which is the final adjusting change order, since their final as-built amounts are different. It is a deductive change order that sets the final contract price at \$286,344 and needs approval. He has also submitted a Certificate of Substantial Completion for Meter install Group for signature. Chairman Blackburn clarified the amount of the second change order. Mr. Newman stated that it decreased their contract by \$241,604 and sets their final contract amount at \$286,344.

4. **Left Fork of Little Fork of Caney Water Line Extension** – Ms. Olson stated that Mr. Newman worked on this project early on with the plans and that is why it is still under his updates, but she thinks Mr. Sawyers has an updated on this project. Mr. Sawyers stated that he spoke to staff who anticipate having it installed by mid-May.

5. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that the contractor expects to complete the programming by the end of April and should be finished today. He will load the components and begin testing in early May, depending on the corona virus restrictions. They will be working with plant operators to minimize contact and safe about it.

Chairman Blackburn requested a motion to approve the construction reports as presented. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-008

Chairman Blackburn requested a motion to extend the contract date by 60 days for the FEMA Mitigation Project for BOCA so that the not to exceed date would be 180 days. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commission voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-009

Chairman Blackburn requested a motion to approve Change Order #2 for the Radio Read Meter Replacement Project as the final adjusting change order for Meter Install Group a final amount of \$286,344 for the installation of the meters. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-010

Chairman Blackburn requested a motion to increase our current line of credit by \$500,000 for a total of \$1,050,000 through Community Trust Bank and authorize the District Manager to sign any documents necessary to increase the amount. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-011

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented during the meeting contingent upon funding agency approval. Commissioner Denison made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 242,614.35
\$242,614.35	Contract Construction	

FEMA JOHNS CREEK BPS RELOCATION PROJECT

BOCA Enterprises	LOC Funds/FEMA Reimb.	\$394,194.60
\$394,194.60	Contract Construction	
Summit Engineering	LOC funds/FEMA Reimb.	\$ 13,654.00
\$13,654.00	Engineering Services	

RADIO READ METER REPLACEMENT PROJECT

RG3	RD/Regions Bank Funds	\$ 64,885.20
\$64,885.20	Materials	
Meter Install Group	RD/Regions Bank Funds	\$ 28,855.80
\$28,855.80	Contract Construction	
Summit Engineering	RD/Regions Bank Funds	\$ 2,880.00
\$2,880.00	Engineering Services	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 7,561.00
\$7,561.00	Engineering Services	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-012

MANAGER’S REPORT

- 1.) **System Safety Update** – Mr. Taylor stated that for 2020, January and February were accident free and we did have a reportable accident in March. We had an employee who was walking and tweaked his knee and had to go to the doctor and have an MRI. The result was a torn meniscus and the workers compensation case is currently pending. He did miss two days of work and it was a lost time accident. As far as Covid-19, what we are doing out in the field is implementation of what we have is still successful; social distancing and separate trucks with the utility workers is working well. He spoke to Mr. Keathley today to make sure we are still stocked with hand sanitizer, PPE, gloves and whatnot, so far so good on that.

- 2.) **Funding Update** – Mr. Sawyers stated that he was contacted by Brandon Montgomery with BSADD. KIA’s request for projects for the Potential Coronavirus Phase 4 Stimulus Package. He forwarded that out and he gave them three water infrastructure projects. The first was in the Marrowbone Quadrant to replace customer service lines for \$1.5M. Same thing with Pond Cree; service lines for it also. Also, the Marrowbone Ashcamp Connector Project for \$1.75M. He had to throw these together really fast and did not have time to work up an actual real estimate and just estimated the projects based on what we projected to spend because they gave us less than 24 hours to have it back in their hands. This was to bring down our water loss and combat the trihalomethanes issue at Elkhorn Creek through the Marrowbone to Ashcamp Connector. This gives us a better quality of water going across the hill to those customers and allows us to remove three storage tanks and three booster pump stations out of service, so there is a cost savings and better water quality in that direction also. He did forward those on to Mr. Taylor, Mr. Campoy and Mr. Caudill so that they would know what was going on in regard to his request since it was all a part of the Capital Infrastructure Replacement Program. The projects he submitted with regard to sewer infrastructure were Belfry Pond Sewer Project Phase 2 which will take the line from the end at Murphy Bottom on up US 119 to the Huddy community. Mr. Newman helped with the estimate on that one and it would pick up 180 additional customers. The other project submitted was Belfry Pond Sewer Project Phase 3 for \$1,210,000 which would take the sewer from the Huddy community to the mouth of Mullen Fork and would pick up an additional 83 customers and allow us

to put the Stone package plant out of service for a cost savings. He also put in a Phelps Sanitary Sewer System Upgrades Phase 2, which goes in with the Phelps Hydrology Study Project for \$300,000 to combat the sewer issues we have in that area. He did put a 4th project in which was the Collins Highway Sewer Extension Project Phase 1 for \$785,000. This would be in Shelby Creek community on Highway 122 from the end of the line up to Branham Hts. We would pick up 40 customers and eliminate another package plant. That is all the projects he did submit to KIA. If this stimulus package does go through, we may be able to get several projects funded.

- 3.) **Water Loss Update** – For water loss for March, utilizing the District's form, was 29.52% for the month and 27.93% for the year. Using the PSC's form, water loss was at 38.7% and 35.53% for the year. We are still working on our Capital Improvements Plan that Mr. Caudill spoke of earlier and Mr. Campoy to try to get the funding to combat the water loss and replace the lines to attack the water loss from that perspective considering that 75% of our water loss is attributed to our service lines.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that they have a hand out for this item and one of the items on it is the Shelbiana directional bore and the Big Creek bore which is coming up.
- 5.) **Rate Case Study Firm Selection** – Mr. Sawyers stated that the committee selected to review the RFP for the Rate Analysis Study; we had Salt River Engineering and Kenvirons both bid on the project, and the committee unanimously selected Salt River Engineering. He requested the Board authorize him to engage them as the contractor to begin the Rate Analysis Study.
- 6.) **Shelbiana River Crossing** – Mr. Sawyers stated that he was able to get two firms to bids on this. There just aren't a lot of contractors out there that do this type of work. We had two bids and if you will look at your bid tabulation sheet, for Shelbiana Bridge you had Ronnie Mullins and Sons, Inc. and BOCA Enterprises to bid. BOCA Enterprises was the low bidder and he recommends that the Board approve them to do the Shelbiana Bridge river crossing.
- 7.) **Big Creek Directional Bore:** Mr. Sawyers this is the same as the item above, in that BOCA Enterprises was the low bidder and he requested that the bid be awarded to BOCA also. Ronnie Mullins and Sons bid \$100 per lineal foot for dirt and BOCA was \$20 per lineal foot. They were both the same on rock and the daily rate was \$2,500 for Ronnie and for BOCA was \$3,500. Commissioner Tackett inquired what the daily rate is. Mr. Sawyers stated that we usually have dirt, rock or a daily rate. Whatever rate is the cheapest for the project that is what they hold by. So, if they can do the work in a day, that is the rate they use. Chairman Blackburn stated that it is the cheaper of the two and is basically a not to exceed price for a day. Commissioner Tackett clarified that if BOCA were drilling rock and they did, say 50 ft. Instead of the \$3600 they would only charge us \$3500. Mr. Sawyers stated that as was correct if they did that in a day. Whatever it takes them to do in a day. Chairman Blackburn clarified that if they were on site three days, they are not going to make less than their daily rate, but they aren't going to charge any more than their daily rate. Mr. Sawyers stated that is correct. Chairman Blackburn inquired if they gave him an estimate on time. Mr. Sawyers stated that he did not ask for a time frame. The other we had such a time with at Shelbiana bridge was 8 or 10 days and they had a lot of problems with it. Chairman Blackburn inquired if when they start, they work straight through. Mr. Sawyers stated that they do. They won't leave that job until the bore is complete. Commissioner Tackett inquired if any of their breakdowns that we are not liable for, they aren't going to charge us \$3500 a day, are they? Mr. Sawyers stated that they document out there what hours they work, the footage, whether they hit rock or dirt, how much is involved and our supervisors are tracking it pretty good. Commissioner Tackett clarified that we have a supervisor that checks in on them. Mr. Sawyers confirmed that as correct.
- 8.) **PSC Wholesale Agreement:** Mr. Sawyers stated that the pass through we had on the increase from the City of Pikeville and Williamson has been approved by the Public Service Commission. It was originally estimated at \$.26 per 1,000 gallons and it ended up being \$.29 and is in place and being billed.
- 9.) **Annual Pavement Replacement:** Mr. Sawyers stated that he needs the Board's approval to go ahead and bid the annual pavement replacement.

Mr. Sawyers went through the monthly operating report as updated on the summary. Chairman Blackburn inquired if anyone had questions for Mr. Sawyers regarding the Manager's Report. Mr. Spears inquired when they started billing the wholesale rate. Mr. Lowe stated that we started around the first of April. We have billed 9 of the 10 cycles at the new rate so far. We have one more cycle to be billed at the new rate Monday or Tuesday of next week and then every customer will have been billed at the new rate. It was implemented for any bills after the April 2nd approval date.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-013

Chairman Blackburn requested a motion to approve the award Salt River Engineering the Rate Study Project. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-014

Chairman Blackburn requested a motion to approve to award BOCA Enterprises for the Shelbiana Bridge Directional Drilling and Big Creek Boring Projects. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-015

Commissioner Tackett stated that since the annual bid contractor has run out and we awarded these to another contractor, will they be the annual contractor? Mr. Sawyers stated that we need to advertise for the annual directional drilling but since this a special meeting and it is not on the agenda, we can have it on there for next month.

Chairman Blackburn requested a motion to authorize the District Manager to Advertise for Bid the Annual Pavement Replacement for 2020. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-016

NEW BUSINESS

1. **Paycheck Protection Program Funding Application Update**– Chairman Blackburn stated that he can update to a point and there needs to be any clarification, Mr. Stratton can jump in. We applied for the loan and our application was submitted last Wednesday afternoon. We have had an initial response in that we don't qualify for the loan. It is his understanding that there may be something that comes down the pike with the 4.0 or somewhere in between. Mr. Stratton stated that the bank disqualified us by ruling that we were a government entity and as such, did not qualify for the funds. The initial stipulation of qualifications for the loan were a business with fewer than 500 employees. It also had a provision for people that would also be eligible for SBA loans. Under SBA regulations water and sewer districts were eligible and we have fewer than 500 employees so thought we were eligible. Based on their analysis we were considered a government entity and therefore declared ineligible for the funding.

2. **Legal Issues**

- A. **Executive Session**

1. **Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-017

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-018

Coming out of executive session, Dan Stratton stated that he updated the Board on two matters of litigation and no specific action is to be taken at this time.

COMMISSIONER COMMENTS

Chairman Blackburn inquired if there any Commissioners who had any questions or comments they would like to add. There were no further comments.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's special meeting. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-019

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

May 28th, 2020
5:00 PM

ATTENDEES

Russ Cassady, Appalachian News Express
Jonathan, Newman, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management
Dan Stratton, Stratton Law Firm
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, May 28th, 2020 at 5:00 PM via video-conference due to the Covid-19 pandemic.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines as a video-conference (ZOOM) meeting due to the COVID-19 pandemic. The meeting may be viewed at the District's website at mountainwaterdistrictky.com.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the special meetings on April 22nd, 2020 and April 30, 2020 as presented. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of April was \$373,460 which is unrestricted cash. Accounts receivable was \$1,185,751. Plant in place was \$157,668,952. Accounts Payable was \$313,008. Equity position was \$77,884,165. Revenue for the month was \$877,535 which is up from last month. Utility operating expenses was \$924,972. There was a loss for the month after depreciation of \$83,128. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$47,437. We had a cash decrease for the month of \$43,359. Operating account balance was \$203,388 as of April 30th. Again, KIA and RD reserves are funded. Our O & M reserves, which will take a long time to be fully funded is \$278,058. Mr. Spears stated that is basically it for financials except there are a couple of things; he had mentioned that our O & M was down and timing is everything and water purchases from Pikeville were \$71,000 which is fairly low and the city of Williamson is pretty well level. Our utility bills were low this month and as he has said in the past the timing, sometimes the way those combined bills come in, impacts that as well. Historically we are in the \$105,000-\$106,000 range but we were down to \$96,000 from \$119,000 now. General R & M is usually \$17,000 - \$39,000 and it was \$6,600 this month due to trying to back off a bit due to the Covid-19 pandemic and just do the essential stuff not sure of what would happen with revenue. The big drivers in our numbers this month were going from a \$200,000+ loss to \$83,128 and revenue being up. He inquired if there were any questions. Mr. Sawyers stated that he would like to give staff credit for how they are watching during this Covid-19 event and how we are spending and also our leak detection guys are working to get some of these leaks caught up and that is assisting in what we are paying to the City of Pikeville and us watching our spending in general. The only thing is that because of what the PSC has ordered in terms of delinquents, we losing probably in the \$20,000-\$25,000 range per month in late fees, etc.

* Pay Off Vehicle #157 and Vehicle #158 or Renew Each for 2 Years – Chairman Blackburn inquired what the renewal rates were. Mr. Spears stated that Mrs. Hatfield probably has the rates. Mrs. Hatfield stated that they didn't give her what the rate would be for a rollover but she will contact Steve Belcher and find that out. He just said we had the option. Vehicle #157 has a balance of \$13,453.28. We can pay that off or roll it over for a 2-year note. We also have Vehicle #158 with a balance of \$12,915.29. Chairman Blackburn inquired what we have been paying on those. While She was looking for that, Chairman Blackburn stated that we can come back to that if they need to but he inquired if Commissioner Denison had any thoughts on that. Commissioner Denison stated that rolling it over would probably be the best option. Mr. Spears stated that with the cash flow, that is probably what he would do. Chairman Blackburn stated that he is inclined to just roll them over. He thinks combining them would be one less \$1,200 per month. Mrs. Hatfield stated that the rate for vehicle #157 is 3.99% and the monthly payment is \$560.30. The other is 3.99% and is \$537 per month. Chairman Blackburn requested a motion to go ahead and roll both of those over for 2-year notes and the Mrs. Hatfield work out the details on that with the financing. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-002

Chairman Blackburn opened the floor to a motion to approve the financial report. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-003

PAYMENT OF BILLS**AGENDA ITEM IV**

Board members were given information prior to the meeting which included payment of the bills. Mr. Spears stated that they have KIA Bond Payments that are due June 1st and those need approved for payment. Commissioner Denison inquired if we were drawing interest on the account that we pay these from. Mrs. Hatfield stated that it isn't very much. This is one that we had mentioned that we may want to check with People's Bank since they gave us such a good rate on the reserve accounts. Chairman Blackburn requested a motion to approve the KIA bond payments due June 1st, 2020. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-004

Mrs. Hatfield stated that the decision was made in about November of 2019 to purchase the intake pump for the plant, but it was not specified how we would be paying for that. It is roughly \$30,000 so she wanted to see if the Board wanted to pay that out of operating funds or out of the line of credit. After discussion, it was decided to go ahead and pay this out of operating funds to avoid paying interest. Chairman Blackburn requested a motion to pay the invoice for the WTP intake pump out of operating funds. Commissioner Friend made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-005

After review of the bills, Chairman Blackburn requested a motion to approve the payment of the bills as presented. Commissioner Denison made the motion to approve the bills as presented. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-006**CUSTOMER ADJUSTMENTS****AGENDA ITEM V**

Copies of the customer adjustments for April were in the packets of information emailed to the Commissioners. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of five thousand, one hundred and three dollars and seventy cents (\$5,103.70). Commissioner Varney made the motion to that effect. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the family has finally got together on the property and discussed it and it looks like some of them want to ask for a little more than the \$25,000 offered for the first site which was .12 acres. It looks like they are asking \$30,000 for this site which is .26 acres and is because we needed an access road. Final design drawings will be ready for review by MWD staff the first week of June and they expect to submit the permit to KDOW by the middle of the month. The N & S permit application is ready to submit when signed by Mr. Sawyers, along with the payment of \$2,500 for the fee. Chairman Blackburn inquired if Mr. Sawyers had looked at the site. Mr. Sawyers stated that he had looked at the plans but had not been to the site but Jamey Keathley, Wastewater Manager, probably has. He stated that he could make a special trip out there to look at it though. Mr. Campoy stated that the RR permit and the site of the pump station are a few miles apart. He stated that is all he has but they can plan a trip over there together. Chairman Blackburn inquired if Mr. Campoy anticipates that we would need to pay for this property before the Board meets again. Mr. Campoy stated that he is hopeful that that is the case. Chairman Blackburn stated that they can talk about that later in regards to the additional payment but he thinks there is not an actionable item to come out of this right now but perhaps after executive session we should be able to come back and give them some clear direction.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that everything is in the ground now. The pressure test is done as of yesterday morning and passed. The lines have been flushed and sampling has been done. The tie-ins are scheduled for Wednesday. The Transportation Cabinet is still working on the easements lined out for site #7 and they are on a holding pattern with that one.

Chairman Blackburn requested a motion approve the construction report by EDC. Commissioner Denison made the motion, Commissioner Tackett seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-008

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill by phone

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that they have completed preparation of the master table of potential funding sources and requirements. A request for information document was sent to MWD for completion and the team reviewed the WRIS system data for the District and a copy forwarded to MWD. The team reviewed, calculated and prioritized each area based on water loss percentage using data from 2017-2019 and a copy shared with MWD. An updated project scheduled was also included in the handouts for the board.

Chairman Blackburn requested a motion approve the construction report by Bell Engineering. Commissioner Tackett made the motion, Commissioner Denison seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-009

Update by Jonathan Newman, P.E. – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that the power drop from AEP has been completed to both stations now. The contractor plans to schedule the start up as soon as possible for station #1. This may be something that will be delayed due to the coronavirus. The startup on station #2 has been completed and is in service. The contractor has been reconnecting some of the meters and going back and cleaning up some of the disturbed areas.
2. **Belfry Pond Sewer Project** – Mr. Newman stated that H2O has completed the control building shell and is running wire. Yard piping is nearly complete with the tie-ins remaining. Final grading is still in process. Railing and valves have been installed on the basins. Ovivo delivery of equipment is anticipated to begin the first week of July and H2O is ready to start installing that as soon as it comes in. BP Pipeline contract restarted on May 11th. He has a single crew there and they are working on places they can dig. His directional drill crew has not come back in yet, they are from out of town. They plan to start again when some of the restrictions are lifted by the Governor. One of the issues is the installation of the residential grinders which involves contact with the public and going house to house. The electrical installation involves going in the house sometimes and working on the breakers. The contractor has said they will wear masks in the field. KYTC and Floodplain Section have approved the revised site for the Toler Lift Station and the 70-80 units that were designed for floodplain use have been determined that they are not necessary based on E-One pumps being designed to be submerged up to 7 days. We would not expect them to ever be submerged that long so the contract may be amended to remove the floodplain installations from contract 2 to free up some extra money. Mr. Sawyers stated that this will save us a little over \$100,000 on the project. As you know this project has a short fall anyways in general with a tight budget and that funding can be utilized to address any issues that may arise later. Chairman Blackburn inquired if Mr. Newman was recommending that the Board forego the special floodplain installations of these grinder pump units. Mr. Newman stated that he wants them to have the option if they want to free up the money it would be a good idea. Chairman Blackburn inquired what Mr. Sawyers' thoughts were. Mr. Sawyers stated that he thinks we need to move forward with regular units based on what Wascon said about their ability to be submerged for up to 7 days because this project is tight on the budget anyway. If you get a high-water event, it is not going to last 7 days. The other problem he had was that they would have to set up so high that he is afraid it would back up in the house anyway. He thinks we would be okay with going with regular installation of the units. Mr. Sawyers inquired from Mr. Newman if we had something in writing from Wascon on that. Mr. Newman stated that he may have an email but nothing beyond that. Chairman Blackburn directed Mr. Sawyers to get together some more information on that. Mr. Sawyers inquired from Mr. Newman when the crew was coming in from the BP Pipeline project. Mr. Newman stated maybe in a few weeks. Mr. Sawyers stated if they can wait until the next board meeting, or if not, we could probably send out information to the Board. Mr. Newman stated that he thinks we could probably wait and that they aren't going to be installing grinder units any time soon. Chairman Blackburn stated that we will table this issue to the next meeting and Mr. Sawyers stated that he will have more detail in regards to the properties. Ms. Olson inquired if that would be presented as a change order at the next meeting. Chairman Blackburn stated that he thinks it would be if they are asked to approve it. Ms. Olson stated that she thinks so also. Mr. Newman stated that it would be if those

are eliminated from the contract, it would be a change order. Mr. Sawyers stated that they will work up the cost and bring the details to the next meeting. Chairman Blackburn inquired that they would send that to Commissioner Tackett as soon as they get something worked up.

3. **Radio Read Meter Replacement Project** – Mr. Newman stated that the contractor has completed their portion of the work. MWD personnel will complete the remaining installations that were difficult to access.
4. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that the contractor is ready for field implementation of programming and plans to be on site the second week of June to begin work.
5. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Sawyers stated that this project is something the District is installing and has been approved by the Division of Water. We have been trying to schedule it for the past month and a half but to due to the Covid-19 and trying to move things around in the schedule, we have not gotten it installed yet, but he thinks David Taylor is real close to getting it scheduled to be put in. It is a line extension of about 400' in the Shelby Valley area that adds about 3 or 4 customers. It is funded by the Fiscal Court. Chairman Blackburn inquired if we should see some progress this month on it. Mr. Sawyers stated that he hopes so.

Chairman Blackburn requested a motion to approve the construction report of Summit Engineering as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-010

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented contingent upon funding agency approval. Commissioner Denison made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 326,610.90
\$326,610.90	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 1,078.25
\$1,078.25	Inspection Services	

FEMA JOHNS CREEK BPS RELOCATION PROJECT

BOCA Enterprises	LOC Funds/FEMA Reimb.	\$ 82,800.00
\$82,800.00	Contract Construction	

RADIO READ METER REPLACEMENT PROJECT

RG3	RD/Regions Bank Funds	\$ 31,120.00
\$31,120.00	Materials	
Summit Engineering	RD/Regions Bank Funds	\$ 1,440.00
\$1,440.00	Engineering Services	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 6,607.00
\$6,607.00	Engineering Services	

WATER PLANT PLC UPGRADES PROJECT

CI Thornburg	Pompey Project ARC Funds	\$ 85,120.00
\$85,120.00	Contract Construction	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-011

MANAGER'S REPORT

- 1.) System Safety Update** – Mr. Taylor stated that for 2020, January and February were accident free and we did have a reportable accident in March. We had an employee who was walking and tweaked his knee and had to go to the doctor and have an MRI. The result was a torn meniscus and the workers compensation case is currently pending. He did miss two days of work and it was a lost time accident. As far as Covid-19, what we are doing out in the field is implementation of what we have is still successful; social distancing and separate trucks with the utility workers is working well. He spoke to Mr. Keathley today to make sure we are still stocked with hand sanitizer, PPE, gloves and whatnot, so far so good on that.
- 2.) Funding Update** – Mr. Sawyers stated that he was currently has Tim Campoy and BSADD working on funding scenarios and researching various funds and monies. He will be participation in AML's Economic Community Development Pilot Program Grant Workshop is June 9th at Mountain Arts Center along with Steve Caudill and Tim Campoy.
- 3.) Water Loss Update** – For water loss for April, utilizing the District's form, was 28.63% for the month and 28% for the year. Using the PSC's form, water loss was at 34.2% and 35.23% for the year. We are still working on our Capital Improvements Plan in order to move forward with impacting water loss. To get this in place and get the surcharge, the District can battle more against the water loss numbers and work towards reaching the bench mark of 15%. Commissioner Tackett inquired about the inclusion of overflows in the water loss reports. Ms. Olson stated that the water loss report is based on work orders turned in during the month and there were no overflow work orders turned in for April. Commissioner Tackett stated that we don't really know, and he guesses that is what we are working on now with telemetry, so that we can know what kinds of leaks we are having or what kind of overflows we are having. So, we don't really know at this time that we don't have any

water loss due to overflowing tanks because we haven't had any reported and we haven't sent a crew out to check. Mr. Sawyers stated that we have a crew that monitors the booster pump stations and sets time on those that helps to stem that issue.

- 4.) Daily Operations Update** – Mr. Sawyers stated that due to the Governor's direction with the Healthy at Work initiative, we have brought some office staff back in at partial capacity. The field crews are now back to riding together in vehicles with masks and hand sanitizing. In regard to directional bores, we have two more bores on Big Creek that need to be done. We had to temporary a line through the trees in order to keep the main line supplied. He will need the Board's approval after the MOR to approve those two bores to be done also. He would like the Board to also approve him to purchase an additional 100 meters for inventory and meter testing so we can have some on hand. Chairman Blackburn inquired if Mr. Sawyers could give the Board some amounts associated with the line work and the additional meters. Mr. Sawyers stated that estimating on the bores it will be the same price as the current bore which is \$20 per foot and they are about 300' each, that is about \$12,000 for the bores and he doesn't know the price of the pipe is right off. Chairman Blackburn inquired, all in, what is the number on Big Creek. Mr. Sawyers stated that the bores would be about \$12,000 and he doesn't know the price of the pipe right off the bat. He can find that out and let them know. Chairman Blackburn stated he knows what he paid for the last one and should be similar in price. Mr. Sawyers inquired if Mr. Taylor knew the price of the 8" pipe. Mr. Taylor stated that he did not. Mr. Sawyers inquired if Mrs. Hatfield could look that up. Ms. Olson stated that she was out of the meeting for some reason. Mr. Taylor stated that polyethylene and PVC both are very effected by the stock market, they vary up and down with the prices. Chairman Blackburn stated that if they are being asked to approve this, they need some sore of estimate of the cost. Mr. Sawyers stated that he can't imagine spending more than \$3,000. Chairman Blackburn stated that is all they need to know. Now we have something to work with.
- 5.) Rate Case Study Firm Selection** – Mr. Sawyers stated that they have discussed with Salt River Engineering about doing this hand in hand with the surcharge because in his opinion, the PSC is going to ask for a rate case study anyway. Figuring that Steve Caudill and Tim Campoy are working on getting the Capital Plan done, we were thinking of doing a test year from October 1, 2019 to September 30, 2020. The test period has to end within 90 days of the submittal. So, we figured by the time we get the Capital Plan wrapped, Ms. Allen could get wrapped up and then submit around the first of December. That will also lower the price on her bid. Chairman Blackburn stated that it all has to kind of come together and both have to be done on parallel oaths and submit together. Mr. Sawyers stated that if you try to stagger them, and submit the surcharge first, they will come back and ask you for data anyway that would be in the rate study. Ms. Allen stated that she thinks it would take 10 months but with the back log it may take longer now due to Covid-19. He inquired if that will affect Mr. Spears and the audit. Mr. Spears stated that backs up to August and if something comes up on Steven's during that process, we will be pushing almost everybody to get it done. Mr. Sawyers inquired if anyone has any questions regarding the time line. Chairman Blackburn clarified that he is now looking to submit to the PSC December 1. Mr. Spears stated it was around there. Ms. Allen has 90 days from the close of the test period to submit. Her analysis is going to be based on the financials within 90 days. She could technically have up to December 29th if she wanted to. Chairman Blackburn stated to stay after it and push it and get it in as soon as we can. Mr. Spears stated that what she wanted us to bring up to the Board is verification of the test period. She also wanted to clarify that as happened in the last rate increase, they will make and adjustment for the water loss but she just wanted to make sure the Board was aware of that. They will back off our excess water loss and she just wanted the board to know that for transparency purposes.
- 6.) Annual Pavement Replacement Bid Award** - Mr. Sawyers stated that he contacted 7 or 8 companies and received 5 bids. The lowest was from Boyd Asphalt. He has already made contact with them and they are willing to accept the agreement. He just needs the board to award the bid to Boyd. He directed the board to the big tab sheet in the hand-outs packet.
- 7.) Authorization to Advertise for Bid – Annual Horizontal Drilling Services** – MR. Sawyers stated that they already advertised these services and the low bidder was BOCA Enterprises. He directed them to the bid tab spreadsheet on that one also. This is for a year period and he would request the Board accept BOCA on that one. The contractor that did last year chose not to bid this year.

8.) Vehicle Purchase Authorization and Award: Mr. Sawyers stated that they requested authorization to purchase a ½ ton extended cab pick up truck. The one we have is down and setting across the road not functional. The low bidder on that was Bruce Walters Ford for \$24,747 with a \$1,000 on the trade in vehicle. He directed them to the bid tab on the vehicles also and requested the Board to approve the purchase of the truck. Chairman Blackburn inquired what we are replacing that is down across the road. Mr. Sawyers stated that it is a Nissan Frontier which is driven by the Supervisor for Leak Detection at nights.

Mr. Sawyers went through the monthly operating report as updated on the summary. Mr. Taylor stated that he would like to elaborate on the Water Loss Update. He has been working exclusively with the night guys for the last 7 or 8 weeks. We have two full crews that are split up working at night on leak detection. For the month of April, they repaired 40 leaks. This month to date, the leak detection crew alone found 37 or 38 leaks and we still have a few more days to go. Two days ago, they were backlogged to about 9 on crews to be able to fix these leaks and are now down to about 3 or 4 that are backlogged that are leaking now, we are just trying to coordinate the crews over to get those fixed. The point is, we took the meter guys that would normally be doing delinquents and they are doing surveys in some spots he can't get to at night. We have doubled down on our leak detection, but to really kind of show what we will be able to do if we have that kind of staff and if it works out well, you will be able to see it in the decrease in the AEP bill and in the purchased water that we buy. Chairman Blackburn inquired if these are main line leaks. Mr. Taylor stated that most of these are service line leaks. What we do it is audit every area we have in the test zones with the ultra-sonic machine and then we do a breakdown of the total gallons coming out of the tank and break everything down valve to valve. Once we establish that between point A and point B could be a 3-mile section that has a 9 gallon a minute leak. Then we start walking late at night beside the line in hopes that your acoustical anomaly that would suggest a leak is there. We mark it and they dig it up and find it. We are still on the ratio of 75% service line leaks and what we are doing when we fix those is, we are trying to actually...we don't want to patch anymore, so we are trying to take the time to replace them from the main line to the meter base. Last night he went out to Hardy Park and worked that area, then went back to Wolfpit where the team was and found a main line leak at Rockhouse. They fixed it last night and got the water back on this morning. He usually tries to keep Jonathan and supervisors' team on that side of Bent Mountain and he works the Shelby Valley/Marrowbone side. But sometimes they work all over depending on the data from those zones. The one zone that we have not made it to for an audit is the Phelps area. That is on the agenda to be done soon. Chairman Blackburn thanked him for that information. He stated that he knows it is a pretty daunting task and they appreciate his hard work and the team's efforts.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-012

Chairman Blackburn requested a motion to approve to complete the two additional creek crossings at Big Creek with directional bores. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-013

Chairman Blackburn requested a motion to approve to award the purchase of an additional 100 meters per the District Manager’s request. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-014

Chairman Blackburn requested a motion to approve the award to BOCA Enterprises for the annual bid for Horizontal Drilling services. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-015

Chairman Blackburn requested a motion to approve the award to Boyd Asphalt for the annual pavement replacement contract. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-016

Chairman Blackburn requested a motion to approve the award to Walters Ford for the purchase of the pick-up truck as presented. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-017

NEW BUSINESS

1. Legal Issues

A. Action Concerning General Counsel Position – Chairman Blackburn turned this item over to Dan Stratton. Mr. Stratton stated that he is announcing to the Board that as of June 30th of this year, he will be converting from a full time practice to a part

time practice and that after twenty-one years of service to the Board, it is an appropriate time for the board to appoint a new general counsel. He plans to take the month of June to work with whoever his successor is and to fully train them on what to do and how to proceed. His last meeting will be on June 25th of this year and he would have everything transferred to his successor after the time. There are two times that he is requesting to be retained as counsel on. Both of those concern the RD loan for the Belfry Pond and Radio Read Meter Projects. Those are paid based on the portion of the work completed. He has been paid a portion of the fees on these projects. 98% of the work has been completed, and we are just waiting on closing out the projects at this time and he believes that his successor would be more comfortable with him providing the Opinions of Counsel based on the work done previously by him since they have not done that. He turned the meeting back over to Chairman Blackburn for further action. Chairman Blackburn stated that he has no problem with that, in that he has shepherded those projects to near completion and it is fine that the Board retain him in regards to those two projects going forward. He thanked Mr. Stratton for his service to Mountain Water District and he knows that he was here quite a while before he came and has been an asset to the Board and he has enjoyed working with him. Chairman Blackburn made the suggestion that Commissioner Denison make a nomination for Mr. Stratton's replacement. Commissioner Denison made the motion to nominate Jim Vanover from Vanover, Hall and Bartley as the District's general counsel going forward. He stated that he has known Jim for over 45 years and he has a lot of respect for him and thinks he will do a good job for the District. Chairman Blackburn requested a second to the motion. Commissioner Tackett stated that he would be proud to second the motion. He thinks he may have Commissioner Denison beat on having known Jim the longest and is pushing 55 to 60 years that he has known him. He was his neighbor for that long. They graduated high school together, his character is second to none and he thinks he will do a great job. He is a hard worker; he is very intelligent and has no problem at all seconding the motion. Chairman Blackburn inquired if there were any further comments from Commissioners. There being none, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-018

Mr. Stratton stated that he also believes that Mr. Vanover is an outstanding attorney and wonderful person and he believes he will do a good job. He would request authority from the Board to allow him to communicate with Mr. Vanover those matters that would otherwise be protected by attorney/client privilege during the transition period. Chairman Blackburn requested a motion to that effect. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-019

Chairman Blackburn stated that he has known Jim for 25 years and that makes him the rooky of the folks here that have talked about him. But he agrees with everything they had to say about him and he is sure he will do a wonderful job for Mountain Water and the folks here in Pike County.

B. Executive Session**1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-020

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-021

Coming out of executive session, Dan Stratton stated that an action was needed to authorize himself and Mr. Sawyers to negotiate the price for the property for the Phelps lift. The second item is authorization for Mr. Sawyers sign on behalf of the District, the TC Energy agreement in regard to the Belfry Pond Sewer Project. The third item is to confirm Jack Hughes as the District's counsel in regards to the suit that has been filed in Franklin Circuit Court by the City of Pikeville. The fourth item is there was a complaint regarding a broken meter that he engaged counsel to represent him on that and to give himself and Mr. Sawyers authorization to settle that matter. Chairman Blackburn requested a motion to approve and authorize all of those items as presented by Mr. Stratton. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-022**COMMISSIONER COMMENTS**

Chairman Blackburn thanked Mr. Stratton for all of his hard work and effort and service to Mountain Water District and opened the floor to any Commissioners who would like to add to that and then they will make a motion to adjourn. Commissioner Denison stated that ever since he got on the board, he appreciates his help. He has always answered his questions and responded timely. Commissioners Tackett and Friend seconded that sentiment and Commissioner Tackett said he has always been cordial to him and he appreciates his service. Commissioner Varney stated that he agrees with the others. He has always been

glad that he has sat beside him as his right-hand man at the table at the board meetings and he has been a tremendous help to him and he appreciates his service. Mr. Stratton thanked the Board for their kind comments and wanted to share that it has been a pleasure working with them and their predecessors, and he wanted to share also that they truly have an outstanding staff. He has either represented or served on probably a dozen or more boards in his life time and he doesn't think there is anybody more dedicated to fulfilling the mission and the purpose of Mountain Water District than the staff and management that you have, and it has been a pleasure to work with all of them. Chairman Blackburn thanked him again and stated for Mr. Stratton to reach out to any of them during this transition for anything he needs.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's special meeting. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-05-023

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

June 25th, 2020
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Jonathan, Newman, Summit Engineering, via Zoom
Tim Campoy, EDC, via Zoom
Stephen Caudill, Bell Engineering, via Zoom
Mike Spears, Spears Management
Dan Stratton, Stratton Law Firm
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager, via Zoom
Carrie Hatfield, Chief Financial Officer, via Zoom

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, June 25th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines due to the COVID-19 pandemic. Social distancing was observed, masks and hand sanitizing stations were set up at the entrance to the conference room, and the District's engineers, Financial Officer and Office/Billing Manager viewed/participated in the meeting via Zoom meetings.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the special meeting held on May 28th, 2020 as presented. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of May was \$363,011.65. Accounts receivable was \$1,200,320.05. Plant in place was \$158,613,279.15. Accounts Payable was \$312,570.09. Equity position was \$78,705,860.98. Revenue for the month was \$857,257.75. Utility operating expenses was \$948,817. One thing for this month, our power bill for this month is still in the 90's. We were expecting last month that it would pop back up a little bit, but he doesn't know if the consolidated bills don't come in at the same time, and sometimes they will straddle a month. They are the largest bills and cause fluctuations, but still we were are \$96,000 last month and \$94,000 this month which we are kind of expecting it to pop back up and as we get into the summer months it definitely will. There was a loss for the month after depreciation of \$124,378. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$91,059. We had a cash increase for the month of \$155,191. Operating account balance was \$315,299 which has been pretty well level for a while. KIA and RD reserves are fully funded. Our O & M reserves, which will take a long time to be fully funded is \$691,258. That has to get to about \$4M before we call it fully funded but we are contributing to it what we are required to every month. We have transferred to the sinking fund in the amount of \$68,500 for the month. Along with that this month, we have our RD bonds payment. A list of those was in their packet. Mr. Spears stated that money is set aside to pay those each month so we have it to pay those. Commissioner Varney stated that the accounts receivable keeps creeping up and inquired if that was due to people not paying due to the virus or what. Mr. Spears stated that one thing that happens on the account's receivable is when the bills go out in cycles and not on the same day every month, potentially that can fluctuate a little bit. He doesn't think there is anything specifically driving it except we may have some of those people that aren't paying and Mr. Lowe can answer that. Commissioner Varney inquired if people are being slow about paying because we have given them some leeway. Mr. Sawyers stated that the PSC is not allowing us to disconnect for non-payment right now but out receivables are doing well under the circumstances. He stated that he would like to point out one thing. Ms. Olson was looking in the paper and AEP is requesting a rate increase. They are running their tariffs and requested increase in the paper now. The increase will range from 10 to 12 percent for our classification of rates. That will have to be factored in as part of the rate study.

Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-002

Chairman Blackburn requested a motion to move funding to the sinking fund for the bond payments. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-003

Chairman Blackburn requested a motion to approve the payment of the RD bond payments as presented and due July 1, 2020. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-004

PAYMENT OF BILLS

AGENDA ITEM IV

Board members were given information prior to the meeting which included a list of bills from vendors to be paid. After review of the bills, Chairman Blackburn requested a motion to approve the payment of the bills as presented. Commissioner Varney made the motion to approve the bills as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-005

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for April were in the packets of information emailed to the Commissioners. After review, Chairman Blackburn stated that he was on the list this month for an adjustment and will abstain from the vote. Commissioner Tackett stated that he had been looking at the adjusted amounts and didn't know if the gallons were being included in the water loss numbers, or if it has been accounted for in the water loss summary. Ms. Olson confirmed that it is in the "Other" column in the water loss report on both the MWD report and the PSC report, and it is in the MOR. It is accounted for under "Other Water Used". With no further questions, Commissioner Denison requested a motion to approve Customer Adjustments in the amount of six thousand, two hundred and ten dollars and sixty-two cents (\$6,210.62). Commissioner Tackett made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Abstained
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-006

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated they met on June 24th with the property owners and go that property put to bed. Their survey crew set the pins on the property and they are wrapping up the plans to be submitted the first part of the next week. He has met with Mr. Sawyers and Mr. Keathley and reviewed the final plans and with a couple of minor adjustments that they asked for, the plans are still with MWD's electrical folks being reviewed. As soon as they get that back from them, they can make any changes and get everything submitted to the Division of Water.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that everything was basically completed for site #5 on May 28th and after pressure testing and Bacteriological testing it was placed in service on June 3rd. Site #8 the highway department seems to have moved that up on their priority list because they have started talking to the engineers about that again and checking to make sure which properties they need to acquire. On site #5 there are couple of documents that need signed. One is the certificate of substantial completion and also the invoice so that they can get that out to the transportation cabinet along with a signed cover letter.

Ms. Olson stated that the Board needs a resolution to ratify the deed for the Phelps lift station property that was signed on behalf of the Board by Mr. Sawyers and allow Mr. Sawyers to sign the check for payment of the property.

Chairman Blackburn requested a motion to that effect. Commissioner Friend made the motion, Commissioner Denison seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-007

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill by phone (Due to technical difficulties, this update is based upon the written report submitted to the Board prior to the meeting by Mr. Caudill.)

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that they attended the grant work shop hosted by Abandoned Mine Lands on June 9th concerning applications for the 2020 AML Pilot Grant Program. They also attended a Zoom meeting with AML representatives on June 23rd regarding clarification of eligibility requirements for applications which are due August 1st, 2020. A meeting was held concerning a potential location for a new water treatment plant. The potential location was reviewed on site-and mine mapping for the area has also been reviewed. Water sampling has been conducted and results are in the Board's packet of information. Assuming the water is acceptable as a drinking water source, the water will be flow monitored to determine the quantity of water available and an opinion of probable cost will be prepared for the plant. The full MWD water system map was received and work on converting it for use as part of the Capital Plan is ongoing. MWD has submitted their responses to the request for information and the team continued analysis of each area based on water loss percentage using data from 2017-2019 (partial year). The team reviewed information concerning how other entities handle their grant applications process and evaluate success. Also, several additional types of funding opportunities were reviewed to determine their applicability. Information on the AML Pilot Program Grant Funding and an updated project schedule is included in the handouts for today's meeting.

Chairman Blackburn requested a motion to authorize Roy Sawyers to work with Bell Engineering and EDC to apply for the AML funding as discussed above. Commissioner Denison made the motion, Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-008

Update by Jonathan Newman, P.E. via Zoom (Due to technical difficulties, some of this update is based upon the written report submitted by Summit prior to the meeting) – on the following projects:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that the startup for pump station #1 is scheduled for July 1st. Startup has been completed on pump station #2. Micro-Comm is scheduled for telemetry startup on both pump stations from July 7th through July 9th. There is still some cleanup work that needs to be done at both sites.
2. **Belfry Pond Sewer Project** – Mr. Newman stated that H2O has interior walls up in the control building. Windows and doors have been installed as well as exterior roofing and trim. The motor control center is in place and is ready for the permanent power drop. The on-site lift station has been set and plumbed. The first shipment from Ovivo arrived on June 15th. The second shipment is scheduled for June 26th. An Ovivo technician will be on site for the second delivery. October is the anticipated start up date for the WWTP. BP Pipeline has a crew on site working on bores. The contractor anticipates full crews being back on site this week or next. They have plans to begin flagging locations for residential grinder pumps within the next month. Based on information provided by Wascon, special floodplain installation of grinder units may not be necessary. He stated that there was a letter sent regarding this issue. Mr. Sawyers stated that he had the letter for the Board to review. He stated that we had other items we could address with that money. The cost savings would be \$129,600. One of the things we had a shortfall on was the way the plant was laid out in regards to the drains and where there is such a small footprint, there might could be an extension of the drains going further so we won't have issues with something breaking off or having issues. Plans for the revised Toler Lift station are still in review with the RD state engineer.
3. **Radio Read Meter Replacement Project** – Mr. Newman stated that the contractor has completed their portion of the work. MWD personnel will complete the remaining installations that were difficult to access.
4. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that the contractor has begun installing the external equipment at the water plant and will begin to install instrumentation inside the plant. The project is expected to be completed by the third week of July.
5. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Sawyers stated that this project is something the District is installing and has been approved by the Division of Water. Construction has begun on the project. District staff is working on the project as they can, whether it be evenings or on weekends. The project is anticipated to be completed with two more full days of work, then will be flushed, sampled and pressure tested before being put into service. Chairman Blackburn inquired how many customers were on that extension. Mr. Sawyers stated the he believed it is three or four new services on that line extension.

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented contingent upon funding agency approval. Commissioner Varney made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
H2O Construction (Contract #1)	KIA Funds	\$ 17,145.00

\$17,145.00	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 509.00
\$509.00	Inspection Services	
H2O Construction (Contract #1)	RD Funds	\$ 144,230.40
\$144,230.40	Contract Construction	

PHELPS HYDROLOGY STUDY PROJECT

MWD	KIA Funds	\$ 30,000.00
\$30,000.00	Reimb. For Property Purchase	

HUDDY MCVEIGH DOT RELOCATION PROJECT

EDC	DOT Funds	\$ 1,960.00
\$1,960.00	Engineering Services	

RADIO READ METER REPLACEMENT PROJECT

Summit Engineering	RD/Regions Bank Funds	\$ 1,440.00
\$1,440.00	Engineering Services	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 9,169.50
\$9,169.50	Engineering Services	

WATER PLANT PLC UPGRADES PROJECT

CI Thornburg	Pompey Project ARC Funds	\$ 58,348.85
\$58,348.85	Contract Construction	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-009

MANAGER'S REPORT

- 1.) **System Safety Update** – Mr. Sawyers stated that as part of our plan moving working with OSHA, we have moved one of our staff members into the role of Safety Director. He can start writing out the plans and programs for different things the District needs. He has a CPR background, EMT background and we moved him over into that role and think it is going to be a good fit. Chairman Blackburn inquired who it is. Mr. Sawyers stated that it is Jamie Stacy who used to work for Massey years ago. Chairman Blackburn inquired what he was doing before. Mr. Sawyers stated that he

was in the wastewater department and is certified in CPR training. We feel like Jamie can perform the role we want there and we know that it will take him 6 to 12 months to get where we want as far as programs and plans, but once he does, his thought is to move him into a role where he can learn also the warehouse. Randy Burnette is talking about possibly retiring in 3 years, so we can put Jamie in there and let him take care of both roles because he won't need to be full time in the other one. Chairman Blackburn clarified that we were not going to backfill his job right now. Mr. Sawyers stated that we will need to hire someone for his job, probably through the temp service. They have worked out really well so far.

- 2.) **Funding Update** – Mr. Sawyers stated that they have already gone over the AML Pilot Program. The Cares Act, Mrs. Hatfield has watched the webinar on it. She sat through that to get an idea of what aid we can get due to Covid-19. Through the end of the year we can account for any additional employee's time, working from home, any extra equipment we have purchased or anything done out of the ordinary, even buying a laptop or so forth. We will be toward the end of the year applying for that funding. We got a notification from PSC who are asking for data related to Covid-19 such as number of customers, charges for current service and past service due to Covid-19. They also want to know how the utility calculates bad debt. We are going to start putting that data together for them. They have asked about 20 utility districts to provide that information and we are one of the ones they asked.
- 3.) **Water Loss Update** – Mr. Sawyers stated that as they can see, the numbers have dropped. Mr. Taylor and his staff have really been lighting it up. We have fixed more leaks since Covid-19 has started than we have in a while. Water loss utilizing the District's form was 21.76% and the PSC form was 32.2%. It is very difficult for him to maintain this pace because it is a lot of hours and manpower goes into it. Commissioner Denison inquired if mostly this was done on service lines. Mr. Taylor stated that over 90% of them are service line leaks. We are trying to replace them from the main to the base. Chairman Blackburn inquired if we used to graph the water loss. Ms. Olson stated that there is one that we were doing when we were doing the meetings over there. Chairman Blackburn stated that we should start doing those again. Ms. Olson stated that she would do that. Mr. Sawyers stated that for us to continue to address the water loss, we need to move forward with the Capital Plan and the Surcharge request.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that the District has been working well through the Covid-19. Field staff has been doing a great job and everything has been working really well. We have providing PPE and they have been utilizing it. We have some office staff that have returned to the office but not at 100% staffing as of yet. We have been monitoring the spike in cases and will make a decision soon on bringing everyone back and the same thing with bringing customers back into the office. We will have a plan for both when we get a chance to address that. Chairman Blackburn stated that he had said before we were going to open the lobby after the 4th of July, is that still scheduled? Mr. Sawyers stated that we have a Zoom meeting on Friday to discuss that issue with staff. Due to the spike from Memorial Day, and we feel like there will be another spike after the 4th of July, so as of right now, they are looking at bringing staff back around the 4th and looking at opening to the customers a couple of weeks after that. That is just us sitting here looking at it and monitoring the case counts.
- 5.) **Rate Case Study Firm Selection** – Mr. Sawyers stated that we are waiting on the test year to end before we start sending anything to Connie Allen.

Mr. Sawyers went through the monthly operating report as updated on the summary. Chairman Blackburn inquired if the stuck meters listed here were from the new meters just installed. Mr. Taylor stated that the 15, he thinks, were surplus that we could change out to do testing even though we are in year one of the new meters, we still have to prorate a 10-year testing plan and have to get started now because that is 1,600 per year. Chairman Blackburn stated that the way that reads, it is not part of the 41 changed to the new meters. Ms. Olson stated that those should have been separate work orders. Chairman Blackburn stated that they could have been old ones we put in during the last few years.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Varney made the motion. Commissioner Denison seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-010

NEW BUSINESS

1. Legal Issues

A. Amendment to the By-Laws – Mr. Stratton stated that we had a resolution to amend the by-laws to allow for the meeting to be moved to this date and time and a copy of the resolution is in the Board's packet. Ms. Olson stated that the resolution was done last year, but the actual language that is inserted into the by-laws didn't make into the part. That needs approved to sign to amend the language of the bylaws to include the new date and time for the monthly board meetings. Chairman Blackburn requested a motion to approve the adoption of the language for the amendment to the bylaws as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-011

Ms. Olson stated that before the Board convenes executive session, she meant to bring this up earlier, but we had a call from a resident who back in November had an adjustment done for a water heater that leaked. This time she has a leak that is \$1,600.00. Her husband is stage 4 lung disease and they can't afford this big bill. She knows in the past; the Board has allowed staff to reverse a previous one so that they would be eligible for a current one. Her current adjustment if the Board allows us to do that would be \$1,208.49 from her total of \$1,600+. The adjustment she had last November was only \$88.00. We can add that back on to the account and they can pay that, and we can give them this current adjustment is the Board would allow us to do that. Chairman Blackburn requested a motion to approve the reversal and payment of a previous adjustment to enable this customer to be eligible for a current adjustment due to extenuating circumstances. Commissioner Denison inquired if that was in the tariff to do that. Mr. Stratton stated that he doesn't think it is exactly provided for in the tariff but the Board is exercising some flexibility in this case. Chairman Blackburn stated that he thinks that it is okay in this circumstance. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-012

B. Executive Session**1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-013

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-014

Chairman Blackburn stated that there was no action coming out of executive session.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's regular meeting. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-06-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**July 30th, 2020
5:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express, via Zoom
Jonathan, Newman, Summit Engineering, via Zoom
Tim Campoy, EDC, via Zoom
Stephen Caudill, Bell Engineering, via Zoom
Mike Spears, Spears Management
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager, via Zoom
Carrie Hatfield, Chief Financial Officer, via Zoom

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, July 30th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary (Via Zoom)
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines due to the COVID-19 pandemic. Social distancing was observed, masks and hand sanitizing stations were set up at the entrance to the conference room, and Commissioner Kevin Varney, the District's engineers, Financial Officer and Office/Billing Manager viewed/participated in the meeting via Zoom meetings.

Chairman Blackburn made the comment that in light of the circumstances with the Covid-19 pandemic, and Commissioner Varney was not feeling well, that he (Commissioner Varney) was being permitted to attend the meeting via Zoom as an active voting member of the Board and his duties as Secretary would continue to be recognized for this meeting.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the regular meeting held on June 25th, 2020 as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of June was \$289,462. Accounts receivable was \$1,226,774. Plant in place was \$159,064,960. Accounts Payable was \$280,626. Looking at the financials, we had over \$50,000 paid in Pikeville water over the last 5 or 6 months that should have been coming off of here and we have it straightened out. Equity position was \$79,987,972. Revenue for the month was \$924,138 which is up. It has been running around \$850,000 to \$870,000 which kind of expected through May water usage. Also, keep in mind the timing of when bills go out and so forth, affects that as well. Utility operating expenses was \$894,132. There was a loss for the month after depreciation of \$5,169. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$30,005. We had a cash decrease for the month of \$176,013. That is not operating, that is all of those construction accounts that go in there as well. Operating account balance was \$224,149 which is about what we have been carrying. Next month it may be a little lower. KIA and RD reserves are fully funded. Our R & M reserves are at \$297,929. Page 17 of the financials is his favorite report to look at which gives you a snapshot of the last 12 months side by side. A lot of times that is where he starts his review after Mrs. Hatfield does her first run through. If you look at water purchases of \$13,000, there should actually be right at \$50,000 and we are at \$63,000-\$64,000 to the City of Pikeville. That \$13,000 is because we made an adjustment in the financials. The reason he didn't go back and make it by period is because it throws the numbers off on the financial statements and he would have to revise January through May to get caught back up. So that number should usually be about \$63,000. But that \$50,000 difference should have been spread over the previous five months. Chairman Blackburn inquired if that was for an overpayment. Mr. Spears stated that it was for them underbilling us last year and the year before but they just caught it last year, and we are making 15 payments of that to make it up instead of paying it at one time. We were the end of March this year before we finally got them straightened out. They were billing it in with the water usage instead of two separate billings and it was causing an issue on Mrs. Hatfield's end with accounts payable. They didn't want separate checks. We would send them checks and they would send them back. We got it straightened out the first of March. They are separately billing that now and he thinks it was originally scheduled to run out about the end of this year, but he thinks it will carry over a little bit into next year. Chairman Blackburn inquired how much the make up payment is. Mr. Spears stated that it was \$9,750+/- . What he did in December was set it up in accounts payable as a separate item to keep it separated and gave it its own account number so it wouldn't distract from water purchases and other payables. Commissioner Tackett inquired if the numbers in there for January and February included that. Mr. Spears confirmed that as correct. He stated that they were about \$10,000 higher than they actually were. All of that has been adjusted in the June financials. Commissioner Denison inquired if there was a statute of limitations on that even though we are under contract. Mr. Stratton stated that there is, but it is 15 years. Mr. Spears that is all for the financial report, everything else looks fairly level. When he worked on the budget today, that is where he caught the water issue. It is showing the discrepancy on the budget for purchased water and started investigating to see what happened and that is where they found that issue and made the correction.

Mr. Spears called the board's attention to the budget numbers for 2019-2020 comparison. The over-under budget is over on the far-right column which is the actual vs budgeted amounts through June. Revenues are \$133,651 under budget and if you look down, the primary driver for that is customer late payment charges which have ceased due to Covid as directed by the PSC. Mr. Sawyers stated that Mr. Lowe has contacted them to see if that would be lifted any time soon, and they said they didn't really know anything as far as when they are going to go back in-house and allow districts to do that. In the meantime, they are reviewing the data that they asked districts to submit in regards to what is going on with this. Mr. Spears stated that another big driver is service connection fees. That just goes along with it. We are down on sewer about \$24,000 and that could possibly be, even a day or two on the billing dates. He does know that the county has shut down the sewer on their parks and recreation areas because of all of this happening with Covid. After further discussion of revenue and payables, discussion turned to the annual budget and about holding a quarterly budget meeting. Members of the budget committee are Mike Blackburn, Johnny Denison, Roy Sawyers, David Taylor, Carrie Hatfield and Mike Spears.

Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-002

Chairman Blackburn requested a motion to approve scheduling a quarterly budget meeting. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-003

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the bills, Chairman Blackburn requested a motion to approve the payment of the bills as presented. Commissioner Friend made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-004

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for June were in the packets of information emailed to the Commissioners. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of twelve thousand, seven hundred and seventy-five dollars and twenty-three cents (\$12,775.23). Commissioner Denison made the motion to that effect. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-005

CONSTRUCTION REPORT**AGENDA ITEM VI****Update by Tim Campoy, Environmental Design Consultants.**

1. **Phelps Hydrology Study** - Mr. Campoy stated the property acquisition for the lift station #3 was completed on June 24th. This allowed them to finish up design drawings and get that into the Division of Water which is now submitted. The electrical staff is looking at a few things from our electrical plans but that will not affect them on the DOW side. The N & S permit application has been in for a while and they have responded to questions a couple of times and are awaiting an approval on that. The transportation cabinet permit has been issued now and the floodplain construction permit has been submitted and is in review.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that site 5 was completed and put into service on June 3rd. The transportation cabinet continues to work on easements for site #8 and they are just waiting for them to proceed.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that following the virtual workshop that was held by AML concerning applications for the 2020 Pilot Grant Program, the team scheduled a follow-up meeting with AML personnel. The purpose was to get feedback concerning the AML Nexus grant applications. Information obtained from this meeting, including the mapping from past AML studies, were used to prepare an AML Nexus grant application. The AML application has a project cost of \$3,050,000 and includes replacement of service lines associated with approximately 698 meters in the Marrowbone area, construction of the Marrowbone to Ashcamp Connector which includes a pump station and 100,000 ground storage tank, along with replacement of over a mile of existing water main. Mr. Sawyers and Mr. Taylor provided substantial assistance during this by outlining the work and Mr. Sawyers has reviewed the application multiple times. The application will be submitted electronically tomorrow morning. A meeting was also held with MWD staff to identify problem areas that need to be addressed in the system. We have been developing mapping for these areas and project costs are also being developed. The mapping work to date has been concentrated primarily in the Marrowbone and Sidney areas. They have done a substantial amount of work on the report, including numerous associated graphs and tables that the PSC wants to see in these reports including a Situational Assessment with Historic Trends which includes the average monthly usage, meter sales, water sales and purchases and other data. Other sections that are being developed include systematic planning, action goals, priority of work, regulatory compliance and others. The primary engineer working on this report is out next week, but their intent is to forward draft copies of the work to Mr. Sawyers for review after one to two weeks of his return. That is all he has at this time. Ms. Olson stated that a copy of Bell Engineering's summary report is in their handout packet, along with an updated project schedule. Commissioner Tackett inquired if it was their intent, according to the updated GANT chart to finish the report by the end of October. Mr. Caudill stated that was correct and they are on schedule to finish at that time.

Update by Jonathan Newman, Summit Engineering:

1. **FEMA BPS Mitigation Project** – Mr. Newman stated that the startup for pump station #1 is scheduled for July 1st. Startup has been completed on pump station #2 also. Micro-Comm was on site July 5th and 6th and they completed their start-up of the telemetry system. Both pump stations are in service now and all the lines are in service. The contractor is working on some of the remaining punch list items and he will check back in with them early next week.
2. **Belfry Pond Sewer Project** – Mr. Newman stated that H2O has completed the interior walls in the control building and are in process of completing the wiring. They have the drop ceiling framed in. The blowers have been installed and the air piping to headers. The UV and dewatering box slabs were poured. All Ovivo equipment has been delivered to the site and H2O construction are in the

process of sorting through the equipment and roughing in the placement. They anticipate the start-up date for the WWTP for late October. BP Pipeline have full crews back on site working on the line portion of the project. They are going through and flagging the locations of the grinder units for those who have signed up. Plans for the revised Toler Lift Station site have been approved by the RD state engineer to move it across the road. They are working on a change order right now with the line contractor to incorporate those changes into his contract. This will go along with the deductions for the removal of the floodplain specific installations of the grinder pump units.

3. **Radio Read Meter Replacement Project** – Mr. Newman stated that his understanding is that a waiver was made regarding the contract with the City of Pikeville and at this point, RD has proposed to close out the loan. There is some money remaining in the project which he believes Mr. Sawyers is trying to decide where to use that at the moment.

4. **Russell Fork WTP PLC Upgrades** – Mr. Newman stated that the implementation of that has been completed. They are working on closing out that project with RD. Funding for that came from remaining funding from the Pompey Project.

5. **Left Fork of Little Fork of Caney Water Line Extension** – Mr. Sawyers stated that this project is complete and flushing and pressure testing and sampling are underway this week prior to being placed in service.

Chairman Blackburn requested a motion to approve the construction updates as presented. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-07-006

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented contingent upon funding agency approval. Commissioner Friend made the motion. Commissioner Denison seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
BP Pipeline (Contract #2)	KIA Funds	\$ 55,576.85
\$55,576.85	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 761.00
\$761.00	Inspection Services	
H2O Construction (Contract #1)	RD Funds	\$ 156,241.80
\$156,241.80	Contract Construction	

RADIO READ METER REPLACEMENT PROJECT

Meter Install Group	RD/Regions Bank Funds	\$ 28,634.40
\$28,634.40	Contract Construction	
Summit Engineering	RD/Regions Bank Funds	\$ 4,940.00
\$4,940.00	Engineering Services	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 21,665.50
\$21,665.50	Engineering Services	

WATER PLANT PLC UPGRADES PROJECT

CI Thornburg	Pompey Project ARC Funds	\$ 1,860.00
\$1,860.00	Contract Construction	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-007

MANAGER'S REPORT

- 1.) System Safety Update** – Mr. Sawyers stated that we have a new Director in the safety role and he has been doing a great job trying to get everything situated and organized when he can move forward on it, He is making sure that traffic control is the way it is supposed to be and he has been working proactively in getting started.
- 2.) Funding Update** – Mr. Sawyers stated that the District is submitted the application for the AML Pilot Grant Program. There is one other handout from Hal Roger's office that they are coming up with \$40M in the US Army Corps of Engineers 501 program which is a PRIDE program and the District will be moving forward to submit and application with items to combat water loss in that program. Also, we may evaluate the wastewater. He has to see how much this grant, dollar for dollar, is and there is not much detail out there yet and he will find out more about that this week. We may get into something on the wastewater side, too. We may look at replacing some of the small package plants that need to be replaced, unless the Board wants us to take anything into consideration as far as the Belfry project.
- 3.) Water Loss Update** – Mr. Sawyers stated that we have made great progress over the past few months. Water loss utilizing the District's form was 11.47% which is an annual average to 24.27%, which is the lowest he has seen it since they took back over in-house management. The PSC form was 25.8% which is an annual average to date of 33.15%. Commissioner Denison inquired if this is something that is going to put pressure somewhere else or did they replace the whole service line. Mr. Taylor stated that they have been replacing service lines.
- 4.) Daily Operations Update** – Mr. Sawyers stated that the District has been adhering to the Governor's recommendations and continuing with that.

- 5.) **Rate Case Study Firm Selection** – Mr. Sawyers stated that he forwarded to Mr. Vanover the contract with Salt River Engineering and he reviewed it. He made some recommendations. He requested that the Board approve Mr. Vanover to negotiate those changes with Salt River Engineering and allow him to sign the contract on behalf of the District.
- 6.) **Vehicle Replacement Proposed Policy** – Mr. Sawyers stated that he has a proposed vehicle replacement policy that he would like to put into place. He stated that it is basically stating that the District will replace any 1500 or 2500 series vehicle when it reaches 7 years old or 200,000 miles, whichever comes first. Unless the District has continual problems with that vehicle, then it will be replaced sooner. We just want to try to get this turned around when we aren't sitting on so many vehicle with so many issues. The 3500 series, this is the first one we have had as a diesel and we just put in their that it will be replaced at 10 years or 300,000 miles, whichever comes first. We will just monitor it and see how it goes. We have other equipment in there also...pump truck and dump truck...we just buy those as needed. Those three items there he wants to get in place, same thing with the mini-excavators – 10 years or 5,000 hours to replace them. He will have Ms. Olson forward this policy to the Board for review. He stated that also, that we will make sure that these vehicles to be replaced will be in the budget each year. In the budget this year, we had 9 vehicles (seven were replacements and two were new). The 2 new ones were supposed to be for new positions. We talked about adding two employees for compliance and the vehicles for them. This was where we are working with the Division of Water on the CAP program to bring in flushing and other compliance activities. We have not hired them at this time. The others were replacement vehicles. Chairman Blackburn stated that they will table it for this meeting and look at it next month.
- 7.) **Millers Branch of Motley Fork – Engineering Selection** – Mr. Sawyers stated that the Pike County Fiscal Court has asked the District to move forward on this project to put it in place with the funding that they have available. It is a small project of about 1,200' of 2" line. He sat down with them to work out details and told them that MWD would basically manage the project but they would have to pay for materials, supplies and labor. So, he will help them as far as assisting them in ordering the supplies and he will meet with the contractor and make arrangements for the work and he will probably be taking quotes from local contractors to get the pricing. The project is not over \$30,000. Chairman Blackburn inquired how many customers this project will add to the system. Mr. Sawyers stated that he thinks it is 3 customers. With the Board's approval, he will move forward and assist them on the project. Chairman Blackburn stated that he thinks that is fine. He requested a resolution to allow Mr. Sawyers to engage MWD employees on this county project.
- 8.) **Blue Springs DOT Bridge Project – Contract Approval** – Mr. Sawyers stated that some of things that Mr. Campoy is working on is with Bizzack on KDOT projects, and this is part of the KDOT bridge work. The contract has been reviewed by Mr. Vanover and the language is a standard contract for the project. He needs board approval and for him to sign it as well. Mr. Campoy stated that they have some other bridges coming up and there will continue to be those agreements with each bridge. Mr. Sawyers stated that it will be the same standard agreement, he just needs the Board to authorize him to sign those individual contracts.
- 9.) **Vehicles Replaced - #125 and #134** – Mr. Sawyers stated that he has two vehicles that need replaced right now that were in the budget. They are both utility trucks and one has around 215,000 miles on it, smokes, rattles, uses oil, has had a rear end and transmission replaced. The other vehicle has approximately 273,000 miles on it, needs rear tires, bed has holes in it, uses oil, has a pecking noise, has had 2 rear ends and a transmission replaced in it. With the Board's permission he would like to bid out two 2500 series utility trucks that usually are in the range of \$35,000. Chairman Blackburn inquired if they were going to put the old bed on a new truck. Mr. Sawyers stated that no, it will come like it is. One truck is 11 years old and the other is 10 years old. Chairman Blackburn clarified that these 2500 HD trucks are in the budget. Mr. Sawyers confirmed that as correct, and that we put in \$275,000 in the budget for vehicles and equipment and we have only purchased one truck this year. We actually had 6 in the budget last year and only bought 2. One of the issues he has right now is trying to get these trucks. That is one reason he wants to order them now. He spoke to one of the guys that we deal with who said even if we order it right now, we may not get it until November or December because of Covid-19. Chairman Blackburn inquired what area they will be used in. Mr. Sawyers stated that he did not check which departments they are in

but he will check on it. Chairman Blackburn stated that he is okay with him taking bids and seeing how they come in and when we can take delivery, then we can act on the bids at that time.

Mr. Sawyers went through the monthly operating report as updated on the monthly summary. Chairman Blackburn stated that the customer count has a history and confirmed that the paid taps were on there. Mr. Sawyers stated that they were. There were 3 paid taps completed in June.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-008

Chairman Blackburn requested a motion to authorize legal counsel to negotiate the final terms of the Salt River Engineering contract and authorize the District Manager to sign on behalf of the District. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-009

Chairman Blackburn requested a motion to authorize Mountain Water District to oversee and interact with the county on the installation of 1,200' of 2" line at Millers Branch of Motley Fork. Commissioner Friend made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-010

Chairman Blackburn requested a motion to authorize and approve Mountain Water District to enter into the contract with Bizzack as approved by legal counsel for the Blue Springs DOT Bridge Replacement Project and authorize the District Manager to sign on behalf of the District. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-011

Mr Sawyers stated that one item he skipped, and he apologized to the engineers, he had requested engineering quotes for the Millers Branch of Motley Fork project to draft the plans and the specifications, and to submit to Division of Water for approval. The Board had a quote sheet showing the results. Chairman Blackburn stated that they typically do this by ballot vote after they have the quotes in hand, so they can do that. Ms. Olson handed out paper sheets to each board member for voting. Commissioner Varney was attending via zoom so he could not vote, and Commissioner Denison abstained from the voting. However, with 3 commissioners, a majority could still be reached. After votes were handed to Mr. Vanover, the count resulted in a unanimous vote for Summit Engineering being selected as the engineer for the Millers Branch project. Chairman Blackburn requested a motion to approve Summit Engineering as the engineer for the project. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Abstained
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-012

NEW BUSINESS

1. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-013

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-014

Chairman Blackburn stated that there was no action coming out of executive session.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's regular meeting. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-07-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**August 27th, 2020
5:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express, via Zoom
Mike Hill, Summit Engineering, via Zoom
Tim Campoy, EDC, via Zoom
Stephen Caudill, Bell Engineering, via Zoom
Mike Spears, Spears Management
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager, via Zoom
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager, via Zoom
Carrie Hatfield, Chief Financial Officer, via Zoom

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, August 27th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines due to the COVID-19 pandemic. Social distancing was observed, masks and hand sanitizing stations were set up at the entrance to the conference room, and the District's engineers, ANE Representative, and MWD's Office/Billing Manager viewed/participated in the meeting via Zoom meetings.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the regular meeting held on July 30th, 2020 as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of July was \$320,320.07. Accounts receivable was \$1,195.612. Plant in place was \$159,414,946. Accounts Payable was \$303,929. Revenue for the month was \$924,360 and year to date is \$6,089,649. Looks like, based on our budget, we are going to be about \$100,000 to \$125,000 under budget for the year. Utility operating expenses was \$1,042,280 and we had three payrolls this month. There was a loss for the month of \$153,266. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$118,119. We had a cash increase for the month of \$51,038. Operating account balance was \$264,951. KIA and RD reserves are fully funded. Looking at the last three or four pages is his favorite, starting on page 15 through 18.

Mr. Spears called the board’s attention to the budget numbers for 2019-2020 comparison. One good way of looking at sales is looking back at the previous year. August of last year was \$919,000 and he likes to look at those numbers and he just wanted to point that out to the board. Everything looks pretty good and fairly steady, other than the extra payroll.

Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-002

Mr. Spears stated that the audit is due at the end of this month (September) and the board meeting is scheduled for the 24th. He inquired if there was any chance that we could have a special meeting on Tuesday, September 29th. It has to be into the clearing house by the 30th. Chairman Blackburn stated that he didn’t see why we couldn’t change it. However, Mr. Spears stated that he will be on vacation that week, but the auditor will be here to present his findings. Chairman Blackburn suggested that he can participate via Zoom, and Mr. Spears agreed that he could do that. Chairman Blackburn requested a motion to change the regular meeting date for September from the 24th to the 29th, which will make it a special called meeting in order to accommodate the auditor. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-003

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Blackburn inquired what Micro Comm does for the District. Mr. Taylor responded that is our supplier of the telemetry system that remotely controls our pump stations and gives us tank levels throughout the county. Chairman Blackburn inquired if we had a problem with it or expanded it. Mr. Taylor stated that we built a new central up on top with a generator and building and stuff because it is really the heart of our system. It is our main brain that takes care of the majority of the different pump stations and tanks. So, we made a little lateral upgrade to it. The cost of those components are outrageous. He is not sure what they are looking at...Chairman Blackburn stated that it was \$2,032 payment. Mrs. Hatfield stated that was for radios for three trucks. Chairman Blackburn inquired if we were still using the radios in the trucks. Mr. Taylor stated that we are, yes. Chairman Blackburn stated that he thought that is why we went to cell phones. Mr. Taylor stated that there are some areas that you still can’t get a signal out with cell phones, like Brushy, Elkhorn Creek, Stopover...Mr. Taylor stated that the radios that Mrs. Hatfield is referring to is radios for telemetry, and not the two-way radios. Commissioner Varney inquired if the

payment for the RG3 radio read meters were a part of the project. Mrs. Hatfield stated that that is for the test meters and few others that needed to be replaced but is not part of the project and is coming out of operating. Commissioner Varney stated that he thought it may have been still an invoice for the project. Mrs. Hatfield stated that no, it was for the replacement meters that were approved to have for when he changes the meters out to test them. Chairman Blackburn asked Mrs. Hatfield to look at the top of page 7 and inquired if that was a reimbursement or what it was. Mrs. Hatfield stated that is for cleaning services. During Covid, it was increased to twice a week for cleaning the office. Chairman Blackburn inquired if that was for every evening, Mrs. Hatfield stated that no, it was for a week; that her (Tammie Fields) and Tammy Olson both clean twice per week. Tammie Fields had more there at one point because she cleaned also for Tammy Olson while she was on vacation. One does upstairs and one does downstairs. Ms. Olson stated that they do a thorough cleaning twice a week of the entire building. They wipe down all of the door handles, all of the light switches, everybody's telephones and their whole work station twice a week. Then everyone does their own station at the end of each day. Commissioner Denison and Commissioner Tackett inquired about the amount of water purchased from Williamson. Mrs. Hatfield stated that the first two are water and the rest are for sewer treatment. She stated that they had been estimating the water usage and this is an actual reading. Ms. Olson stated that it looked like they changed that meter out to a zero-reading last month and that may have caused some additional usage from a previous billing but she wasn't sure. But that it should be back to normal with the next bill. Commissioner Tackett stated that he thought we were going to try to keep purchased water to a minimum. Mr. Taylor stated that he had not looked at that bill as of yet. Ms. Hatfield stated that the bill was for July but we only got the corrected bill yesterday. After further review and discussion of the bills, Chairman Blackburn requested a motion to approve the payment of the bills as presented. Commissioner Denison made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-004

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for July were in the packets of information emailed to the Commissioners. Commissioner Tackett stated that he was going to abstain from this vote because he is on the adjustment list due to a rental property he has. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of six thousand, two hundred and nine dollars and sixteen cents (\$6,209.16). Commissioner Friend made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Abstained

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-005

CONSTRUCTION REPORT**AGENDA ITEM VI****Update by Tim Campoy, Environmental Design Consultants.**

1. **Phelps Hydrology Study** - Mr. Campoy stated the design plans were submitted to the Division of Water on July 28th and they are waiting on comments from them. The N & S permit, they actually had a clarification request on that and turned that around with a response the next day. The DOW Floodplain permit was advertised last week so they have got about 3 more weeks on the comment period and haven't had any issues. The encroachment permit has been approved already.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that there hasn't been any movement on it with the Transportation Cabinet. They have not progressed on their acquisition of the right of ways so when they do, we can get the design plans prepared for it.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that the AML Nexus Pilot Grant Application that was discussed last month in the amount of \$3,050,000 was submitted to the office of Abandoned Mine Lands on July 31st. Just a reminder, it includes the replacement of service lines associated with approximately 698 customers in the Marrowbone area, construction of the Ashcamp Connector with an associated new water storage tank and booster pump station, and the elimination of three (3) existing water storage tanks and three (3) booster pumping stations. A copy of the application has been included in the Board's packet with the summary report. They have been working with BSADD to develop a profile for the project as it was outlined in the application. AML has completed their review of all of the 2020 applications submitted and they have been forwarded to the Environmental Secretary, Mr. Goodman's office for review. They have also reviewed other AML funding information for other AML funding opportunities. Last month, you may remember that Mr. Sawyers sent out some information regarding the Water Resources Development Act. That is an act that would include funding for the Section 531 program that is administered by the Corps of Engineers in Southern and Eastern Kentucky by providing an additional 40 million dollars in funding each year. We have been following developments on that funding stream because that is one that the District's used several times in the past. So far, the House of Representatives has passed the WRDA but the Senate has not acted on it yet. As of right now it is in legislative limbo. As far as the Capital Improvements Plan itself, they are continuing to develop opinion of probable cost for the problem areas in the District's system and continue to work on the separate sections of the report as noted in the summary. They hoped to have a draft to the Board a week ago but there are some issues related to the pandemic that have caused a slight delay, but they should be getting a draft to Mr. Sawyers to start the District's review and it should be available late next week. This delay should not impact the scheduled completion date in October. There is an updated project scheduled and GANT chart that is attached to the report in the Board's packet. He inquired if there were any questions. There were none.

Update by Mike Hill, Summit Engineering:

1. **FEMA BPS Mitigation Project** – Mr. Hill stated that the work is now complete and the contractor has addressed a handful of items on the punch list. In the Board's packet is the final wrap-up change order #3 and the final pay request #4. There is also a final acceptance report which establishes the warranty date and he has asked for release of lien documents from the contractor which will be forwarded to Mrs. Hatfield. HMGP has asked Summit to clarify some numbers in their engineering agreement and he is working with them on the documentation they require.
2. **Belfry Pond Sewer Project** – Mr. Hill stated that H2O is approximately 80% complete with the plant work. In the last month they have finished installing the membrane racks, scour piping, permeate piping, and mounted the recycle pumps. They are expecting the screens to be delivered around September 10th from Ovivo. They are still proceeding with pipe work and pump installs inside the building and most focusing on work outside the building. Clean water start up is planned

for the end of October, with an in-service target of December 9, 2020. BP Pipeline, Contract #2, has completed approximately 41% of their work. That number will start increasing significantly going forward as they move on to some of the more major items of the work like Toler Lift Station. They will be finishing most of the large force main work within the next month and will be significantly accelerating the installation of grinder pumps over the next 60 days. There will be a change order coming and they are still negotiating various items with the contractor for the relocation of the Toler Lift station from one side of the 4 lane to the other. There is a KYTC requirement for encasement of the water line.

3. **Radio Read Meter Replacement Project** – Mr. Hill stated that this work is complete and RD is attempting to close out the loan now and just for a note on your calendars, the warranty expiration is in March of 2021.
4. **Russell Fork WTP PLC Upgrades** – Mr. Hill stated that this work is complete and RD is closing out the funding on that project as well.
5. **Millers Branch of Motley Fork Water Line Extension** – Mr. Hill stated that the permit was issued this month and there is no issues or updates on this project at this time.

Ms. Olson inquired if that the change order regarding the FEMA project needs to be approved by the Board today. Mr. Hill stated that it does. Ms. Olson stated that he probably gave it to Mrs. Hatfield and she didn't include it in their packet. Mr. Hill stated that there is wrap-up change order for BOCA #3 in the amount of \$30,095, and the vast majority of that is an additional 695 feet of 4" ductile iron line which was extended up Gabriel Branch and was not in the original plans because we were thinking we could use an existing line up there and found out that was not the case, so it was added in. It also adds 60 days to the contract due to various delays including delays related to the coronavirus and the total contract time is extended to 240 days. Pay request #4 releases all retainage and closes out the contract in the total amount of \$836,295. The amount due from this estimate is \$182,490.90. Chairman Blackburn stated that they needed to get these in front of them so they can review them. Mrs. Hatfield presented the Board with copies of the change order #3 for consideration.

Chairman Blackburn requested a motion to approve Change Order #3 as presented in the amount of \$30,095 increase which includes an additional 695 feet of 4" DI piping ran up Gabriel Branch and adds 60 days to the contract time for BOCA for the HMGP FEMA Mitigation Project. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-006

Mr. Hill stated that there is a final acceptance letter for the HMGP project that starts the warranty date in July when it was put into service. The Board could authorize Mr. Sawyers to sign that if the Board chooses. Mr. Taylor inquired if a walk-out been performed with Mountain Water personnel. Mr. Hill stated that it had. Mr. Taylor inquired who did that. Mr. Hill stated that they did a punch list inspection and checked off those items. Mr. Taylor responded as okay and inquired if the electrical issues have been addressed on the problems we had been having with the pump stations. Mr. Hill stated that as far as he was aware, but he can check on that specifically, but as far as he is aware there's no further issues. Mr. Taylor stated that what he is getting at is that he would be a little reluctant to accept the project without making sure that the punch list and all of the electrical was working properly, and make sure we didn't have any outstanding issues. The last he heard, we have been having to take some relays and rewire some stuff in the stations to get them back to

working. Mr. Hill stated that he will follow back up with the contractor and his inspector to get clarification on that issue. Chairman Blackburn stated that we could approve this subject to those items being addressed and allow Mr. Sawyers to sign on behalf of the District. There is a payment under project draws and we can approve the payment under project draws after these items have been clarified as resolved. Commissioner Varney stated that subject to that, finalize the project and issue the letter of acceptance. Chairman Blackburn confirmed that as correct. He requested a motion to that effect. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-08-007

PROJECT DRAWS:

After review of the draws, Chairman Blackburn requested a motion to approve the draws as presented, with the exception of the BOCA draw being held until the items of concern raised by David Taylor were confirmed as resolved and contingent upon funding agency approval. Mr. Taylor stated that he just got off the phone with MWD personnel who stated that there are two hydrants that need to be turned, other than that, the electrical work has been cleared up. Chairman Blackburn amended the motion to approve all of the draws as presented, contingent on funding agency approval. Commissioner Friend made the motion. Commissioner Tackett seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,513.12
\$15,513.12	Engineering Services	
BP Pipeline (Contract #2)	KIA Funds	\$ 122,032.95
\$122,032.95	Contract Construction	
H2O Construction (Contract #1)	RD Funds	\$ 138,042.90
\$138,042.90	Contract Construction	
H2O Construction (Contract #1)	RD Funds	\$ 548,020.20
\$548,020.20	Contract Construction	

PHELPS HYDROLOGY STUDY/UPGRADES PROJECT

Environmental Design Consultants	KIA Funds	\$ 12,000.00
\$12,000.00	Engineering Services	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 8,183.00
\$8,183.00	Engineering Services	

HMGP FEMA PROJECT

Summit Engineering	LOC Funds/87% Reimb by FEMA	\$ 6,827.00
\$6,827.00	Engineering Services	
BOCA	LOC Funds/87% Reimb by FEMA	\$ 182,490.90
\$182,490.90	Contract Construction	

MILLERS BRANCH OF MOTLEY FORK PROJECT

Summit Engineering	PCFC Funds	\$ 2,400.00
\$2,400.00	Engineering Services	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-008

MANAGER'S REPORT – David Taylor, Operations Manager, presented in the absence of Mr. Sawyers for this meeting.

- 1.) **System Safety Update** – Mr. Taylor stated that the Safety Director has been doing some of the OSHA standard education with personnel.
- 2.) **Funding Update** – Mr. Taylor stated that he believes that Mr. Caudill addressed this item in his presentation.
- 3.) **Water Loss Update** – Mr. Taylor stated that the Board has a hand out on this item. Keep in mind there is a difference between the 8% and the 23.8% is in the accounting of the actual leaks which we had 64 in July that they repaired. The 23.8% is the one we want to go by as the PSC approved formula for calculation of water loss.
- 4.) **Daily Operations Update** – Mr. Taylor stated that the Board has a hand out update in their packet of information.
- 5.) **Rate Case Study Firm Selection** – Mr. Taylor stated that the Salt River Engineering contract is ready for signature by the Chairman today. There is a question that Mr. Sawyers wanted to ask, and that is whether the District would be going with an historical test year or a calendar year. Mr. Spears stated that due to the radio read meter situation and other things, Mr. Sawyers wants to go ahead and sign the contract with Salt River Engineering with the exception of instead of using a fiscal year, just do a calendar year of 1/1 to 12/31 if there is a delay there. He tried to reach Connie Allen today and couldn't get up with her to get some clarification on it. So, with the ability to change that if we need to change that period, to change the date on that. Chairman Blackburn clarified what it was right now. Mr. Spears stated it is 10/1 to 9/30 is what it supposed to be, but what he is trying to clarify today is if we are obligated now which we are, will they still allow us that debt service in the rate study if we haven't closed the loan on the radio read project. But he wanted to approve it with him having the ability to switch that date and bring it back to the next board meeting if necessary. He (Mr. Sawyers) spoke to her yesterday and she did agree and said the price won't change either way. Chairman Blackburn stated that he didn't see a problem with changing the test

dates as to what is best for the District. Mr. Spears stated that if she says we can include the debt either way, as long as it is obligated before we submit, then we will go ahead and do it. Chairman Blackburn stated that he believes they are obligated right now. Mr. Spears stated that we are obligated but how do they look at it? That is what he wants to clarify with her and the PSC. Chairman Blackburn requested a motion to approve the contract with Salt River Engineering contract for the Rate Study. Jim Vanover has reviewed and it and made some changes to it and they have agreed to it as amended. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-009

6.) Vehicle Replacement Proposed Policy – Mr. Taylor stated that Mr. Sawyers email the board a memo on the proposed policy for vehicle replacement. Mr. Sawyers stated that he has presented the policy and would like to proceed with it. He knows that it is lot of trucks over the next year or so but we can go by the policy but notify the board. Chairman Blackburn stated that he read the policy and inquired if he would put numbers to it and then they can take it up. Mr. Sawyers clarified that he meant numbers as in cost. Chairman Blackburn stated that if we adopt this policy what are they looking at having to spend. Mr. Sawyers clarified that he was talking about the future vehicles that are on the list. Chairman Blackburn confirmed that as correct.

7.) Vehicle Bid Tabulation/Award – Mr. Sawyers joined the meeting via Zoom and stated that last month we talked about needing three vehicles and we got even worse news yesterday evening. Another truck that has about 220,000 miles on it has got metal shavings throughout the fuel system. It is a diesel and is going to cost somewhere between \$7,000 and \$8,000 to repair. He is asking the board to go ahead and allow him to purchase the three vehicles that was bid, and to authorize him to advertise for bid a 3500 series to replace this 2500 series because it will be hauling an excavator all of the time. He has found one that he got a quote on and we can bid it out and get it done pretty quickly because they have it in stock. As the board saw in the documents he sent out, it is pretty much a wash on the payments, where we have paid off three vehicles this year, but also, we didn't have this particular 3500 series budgeted but we still have \$275,000 in the budget for the purchase. We need to purchase all four of these in order to not run into a brick wall with have enough trucks available. He knows that Mr. Taylor could tell you right now what a juggling act he has had as of late trying to make vehicles work. Chairman Blackburn clarified that three of the vehicles have been bid already. Mr. Sawyers stated that is correct and he needs a fourth one. Chairman Blackburn stated that we can approve the three that have been bid and approve him to get bids for the fourth vehicle and ...Mr. Sawyers stated that to speed the process up and keep us from having so many issues with vehicles, he requested to go ahead and authorize him to bid the fourth truck and go ahead and make the deal with the lowest bidder. Chairman Blackburn agreed. Mr. Sawyers stated that a 3500 series truck will run around \$53,000 with a diesel. He couldn't find a gas anywhere in stock. We need these trucks immediately or we are going to be having a lot of issues. Chairman Blackburn requested a motion to authorize the purchase of the three vehicles that Mr. Sawyers has bid, allow him to bid the fourth on and to accept the lowest bid and move forward with the purchase of the vehicles. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-010

Mr. Sawyers thanked the Board. Mr. Taylor inquired what the lead time is on these vehicles. Mr. Sawyers stated that the 2500 series could be 3-4 months. The 3500 series, we may can get it in a couple of weeks.

Mr. Taylor stated that there was a discrepancy with the truck bid and asked Mr. Vanover if he wanted to elaborate on that. Mr. Vanover stated that with a standard bid, the trade should have been stated as \$2,500 per vehicle which Mr. Sawyers says is pretty standard, for a total of \$7,500 for all three. The Walters bid inadvertently stated \$7,500 per vehicle which was a mistake on their part. The mistake was caught and the bidder was contacted and the trade in was clarified at \$2,500 per vehicle. Since there was only one bid, the board is not obligated to rebid and is free to accept the bid as was done in the previous resolution.

Mr. Taylor went through the monthly operating report as updated on the monthly summary. He stated that currently they have about 13 outstanding leaks to try to schedule up to get fixed, as well as about 4 paid taps. Chairman Blackburn stated that it was a good job on the water loss. He doesn't know if they have ever seen with either formula, a percentage this low. Commissioner Tackett clarified that we are governed by the PSC form. Mr. Taylor confirmed that as correct. Commissioner Tackett inquired why we do the other form. Chairman Blackburn stated that we kept the other form because all of our historic data is based on this old format that we used up until 2014 or so. If you look at the historic data, you don't have a comparison if you jump right over to the PSC form. You could perhaps convert the historic data to the PSC format...but he thinks you need to see where you have been to see where you are going. Mr. Taylor stated that the biggest difference in the two forms is that the PSC does not recognize system deterioration to help you out. Basically, what that means is if you've got 40% water loss but you can account for it because you fixed 80 leaks in a month, they don't care about that. They want you to fix what's caused the leaks. Chairman Blackburn stated that what we have been able to do is that with the old form, if Mr. Taylor found a leak on the 25th of this month and he estimated that it has leaked 1,000 gallons a minute for 25 days, so therefore that was accounted for water loss. But under the PSC format, they don't allow that.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Denison made the motion. Commissioner Tackett seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-011

NEW BUSINESS

Commissioner Varney stated that he had an item to discuss. He has given all of the Commissioners a copy and there is an issue at Francis Road of Turkey Creek. We have got a situation where one of the homeowners there called him because they had talked to Brian Booth, County Commissioner, and the issue is that there are two meters that belong to these two houses...if you look at the overhead pictures you can see all of the homes in there. There are two houses at the top of the hill whose meters are down next to the highway and they are right in a ditch where the county needs to clean out. What is happening is that their water lines are running through that ditch...their meters actually used to be across the highway down on the river bank, and at some point in the past we moved them on this side of the highway. But they are down

either in or right adjacent to the that ditch. The next picture shows what is happening, every time they get a heavy rain, water comes down through there, cleaning out that ditch, not only pulling out their water lines but running across the road and flooding that house that is on the other side of that...Chairman Blackburn clarified that that was the water line laying in the ditch there. Commissioner Varney stated that it is their water line going up to the houses. He stated that Mr. and Mrs. Fraley that live there are being a lot more patient than he would be. Every time it rains, it floods and they are calling the county and the county is stepping in and trying to help them clean it up, but there is really not a whole lot they can do because they can't clean that ditch line out because of these water lines that goes to these houses. In that picture you can see a white pipe sticking up there about mid-way of the picture. That is where our service line ends. We have a service line up to there. Adjacent to there, there are two or three meters that goes to these other houses. So, there are water lines kind of spider webbed in there going to these other houses and other place for these people to run their water line that gets it out of that ditch. So, Doug Scalf and he went up there to look at it, which he is aware of it because he has talked to them a bunch of times, but they looked at it and the only real solution (you can see there where C is marked) that is where Mr. Fraley's water meter is, the homeowner that lives below there and is getting flooded all of the time. He agreed to give an easement and use his property, and Doug Scalf said the only real solution is to start where our service line is and come underneath, and dig the road out and come across there and bring those two meters up here where C is located on the picture. The two homeowners will have to come up and go back across the road to hook back up to their existing lines; but the county is asking us to do something so they can clean that ditch line out, it is going to help them out, and will definitely help the Fraley's and the two homeowners are on board with it and are okay with having the meters moved because they are afraid their lines are going to freeze in the winter because it keeps getting unearthed. Commissioner Tackett inquired if between A and D is the water line in question. Commissioner Varney confirmed that as correct and when the water comes off there in a heavy rain it just tears that ditch line up and unearthing their...as a matter of fact, one of the homeowners told him that he has had to replace his line about 3 times in the last year and a half. Chairman Blackburn inquired if the line that feeds the Fraley's meter shoots across the road there from B to C. Commissioner Varney stated that he didn't know but Doug Scalf would know. Chairman Blackburn stated that if you are looking at this picture, this is obviously before you get to that split right there. That meter is probably B in that picture...Commissioner Varney stated that there are 3 or 4 meters there and one up on top of the hill and two right there. Chairman Blackburn inquired if they were looking at coming over to C and then bringing...Commissioner Varney stated that yes, that our service line ends right there where B is and what Doug has proposed to do is start there, dig through the road and out the other two meters right here where C is located. Then the homeowners will come from C, up on this side of the road back beyond where the problem is and they are going to go back across the road and hook into where we move the meters to. Chairman Blackburn inquired if the problem is between A & B. Commissioner Varney stated that yes, that ditch line between A and B is the one where the county cleans out. Chairman Blackburn stated that unless we somehow get to C...Commissioner Varney stated that where B is, our service line is there. We can tap in right there and come across to where C is. Chairman Blackburn clarified that all of this white line we are looking at is customer line and will be done away with. Commissioner Varney confirmed that as correct. Commissioner Tackett inquired that if the line that is in the ditch line is buried two or three-foot-deep, most of our service lines are in the ditch line about 3 or 4 feet deep...Chairman Blackburn stated that they may have encountered rock or something trying to bury them. He inquired what the bottom line is and what is it going to cost us to help them Commissioner Varney stated that it was going to cost right at \$1,000; \$617 in parts and materials and then Mr. Sawyers calculated for him, manpower and equipment is about another \$400. Mr. Taylor inquired what size the line is that comes over from the river to Francis Road, isn't that all just service line? Commissioner Varney stated that according to Doug Scalf, our line comes up and crosses the road and he doesn't know what size line it is. Mr. Taylor stated that it will cost more than that. The line is over on the river bank and to do what we are talking about doing, when that was originally done, they just tapped off the river bank and out the meters up on the side of the road. Then, Mountain Water through the last 20 years, have moved the meter bases on further up and now we about to move them on up even higher. Commissioner Varney stated that there are already 4 or 5 meters up there at the higher location. Mr. Taylor stated that what they are probably going to have to do for volume purposes is to tap the line at the river bank and run a higher volume line to it to accommodate all of them because he thinks they all just have individual service lines that run in that ditch and that is what is getting exposed is what they dug. Commissioner Varney stated that there is only two line running in that ditch to these two houses. Everybody else is already up here above the ditch line. Commissioner Varney showed Mr. Taylor the pictures and explained what Doug had mentioned to do. Commissioner Denison inquired why they can't just dig the ditches deeper and bury the lines lower. Mr. Taylor stated that those are the homeowner's lines and they have probably tried that throughout the years, but every time it rains it washes them back up. Chairman Blackburn inquired if Mr. Taylor would take the lead on this and go over there and take a look at it and fix it. Mr. Taylor stated that he would do that. Commissioner Varney stated that he can get with Doug because

he knows he has run the numbers and has been up there several times. Chairman Blackburn stated that if it can be fixed for that amount, he thinks they should go ahead and approve it today and if it is substantially more than that then...Mr. Sawyers stated that what we normally do if we have to relocate a base is that the cost is on the customer. This would be at their request and it is all depending on what they decide to do. He knows the county said they can't move forward unless something is done and they can't open the ditches up but it is whatever they decide to do. Commissioner Varney inquired what happens if the county decides to go ahead and dig out the ditch lines and makes us move those bases, because he thinks they are about at the point. If that happens, we still end up paying for it ourselves, right? Mr. Sawyers stated that generally if we are on county right of way and the county asks us to move it, it is generally on us. But that is the customer's lines in the right of way and not us in this particular case...Commissioner Varney stated that he is looking at it as from the homeowner that is down below there that is getting flooded out, and as long as we are not doing anything against our tariff he'd like to just go ahead and take care of it. Chairman Blackburn asked Mr. Taylor to just jump in and see what we can do. He opened the floor to a motion to approve doing the work up to \$1,100 and if it is much more than that to bring it back to the board for review. But we are getting into September and October and you don't want to be doing it any later than that. Mr. Spears suggested that Kevin Lowe check the tariff and make sure that it is not out of line with what is in the tariff. Chairman Blackburn inquired if Mr. Sawyers or Mr. Taylor could touch base with Mr. Lowe on that. Mr. Sawyers stated that he would and that Doug Scalf worked up the estimate for this work and got it to him late yesterday evening. Chairman Blackburn stated that if we are in compliance with the tariff and within the \$1,100 limit, he restated his motion for approval of the work with those conditions. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-012

Mr. Spears stated that he had something else also, and should have brought it up earlier but we have a 2-year loan out for the AEP Cost Savings Program and it is up for renewal. With a balloon payment, you can renew it up to three times and he would suggest that we go ahead and renew it another two years at this time. The balance on that is \$124,900 at 4% interest. Chairman Blackburn inquired if we could get a better interest rate on that. Mr. Spears stated that he would talk to them and see. Commissioner Denison clarified that this was the first renewal on it. Mr. Spears confirmed that as correct. Chairman Blackburn requested a motion to renew the AEP Cost Savings Program loan for another two years as discussed, Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-013

Chairman Blackburn inquired if there was anything else before they convened into executive session. Commissioner Tackett stated that he had a question on this water loss summary. He stated that he likes the last page that has the breakdown of produced and purchased gallons. He requested that another column be added for gallons sold. Ms. Olson stated that she would add that to the spreadsheet going forward.

1. Legal Issues**A. Executive Session****1. Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-014

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-015

Chairman Blackburn stated that coming out of executive session, Mr. Vanover updated that board on a couple of legal items, one old item and one new item.

Chairman Blackburn stated that we need a motion to continue to discuss the extension of the existing water purchase agreement with the City of Pikeville in conjunction or connection with our RD credit facility that we are finalizing with Rural Development that would put a plan in place to either extend the existing contract or submit a replacement plan or project to replace that purchased water. He requested a motion to that effect. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-016**COMMISSIONER COMMENTS**

There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today’s regular meeting. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-08-017

After the meeting was adjourned, Ms. Olson clarified from Chairman Blackburn that his intent of the RD resolution was to approve it as presented and to proceed with the RD loan. He responded that, yes it was, and stated that he may not have said it in that way, but that was the intent.

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**September 29th, 2020
5:00 PM**

ATTENDEES

Richard Paulmann, CPA
Gary Slone, Appalachian News Express, via Zoom
Mike Hill, Summit Engineering, via Zoom
Tim Campoy, EDC, via Zoom
Stephen Caudill, Bell Engineering, via Zoom
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager, via Zoom
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Tuesday, September 29th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting is being held in accordance with state guidelines due to the COVID-19 pandemic. Social distancing was observed, masks and hand sanitizing stations were set up at the entrance to the conference room, and the District's engineers, ANE Representative, and MWD's Office/Billing Manager viewed/participated in the meeting via Zoom meetings.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the regular meeting held on August 27th, 2020 as presented. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears was absent for this meeting so the update was presented by Carrie Hatfield. Mrs. Hatfield stated that cash in bank at the end of July was \$446,027.52. Accounts receivable was \$1,138,678.65. Plant in place was \$160,468,959.92. Accounts Payable was \$262,891.33. Equity was \$76,325,462.45. Revenue for the month was \$881,377 and year to date is \$6,971,027.29. Utility operating expenses was \$932,198.29 and for the year is \$7,903,912.65. There was a loss for the month of \$85,338.42 and year to date loss is \$1,207,111.02. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$50,820.98. We had a cash increase for the month of \$11,138.33. Operating account balance was \$406,402.43. KIA and RD reserves are fully funded. The O & M Reserve is \$304,528 and we are still transferring our monthly amount of \$68,500 to the sinking fund which will change in January for Douglas and the Radio Read Project by about another \$8,000. The reason that the retirement is so high in July is, keep in mind, July was a 3-payroll month. That reflected in August because we paid for the retirement for what we collected in July. Power bills are down but if you remember the power bills in July, they were way up. It's all a dating thing, how they come in. They balance out to about the average.

Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-002

Mr. Richard Paulmann was in attendance to present the 2019 Annual Audit information to the Board of Commissioners. After an exhaustive review of the annual audit which is included in the record of these proceedings, Chairman Blackburn requested a motion to approve the 2019 annual audit as presented and to approve to submit to the clearing house upon correction of a page numbering error. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-003

Chairman Blackburn stated to Mr. Paulmann that they thank him for the audit and for his hard work and they will talk to Mr. Sawyers about some of the recommendations that were made in the audit. Mr. Paulmann stated that he is going to meet with Jeff Reed about inputting the audit into the clearinghouse. He thanked the Board and exited the meeting.

PAYMENT OF BILLS**AGENDA ITEM IV**

Commissioner Tackett inquired about the charges for Northside Plumbing, Consolidated Pipe & Supply, East Kentucky Water, High Standards Plumbing. Mr. Taylor stated that Consolidated is more your big items. Northside is for like polyethylene and brass fittings. Mrs. Hatfield stated that the biggest thing from the, is brass fittings for like your booster pump stations. A lot of BPS stuff comes from them. Commissioner Tackett inquired if we get a discount from what the guy walking in off the street does. Mrs. Hatfield stated that for most everything we get; Randy Burnette gets quotes. And they are usually good for a year. Commissioner Tackett stated that is what he was wondering, if there was any way we could negotiate the purchase of these items. We spent \$18,000 to \$20,000 last month in these. Mrs. Hatfield stated that he gets quotes but there are no local vendors that sells those items. They are big companies, but the majority of them, Consolidated comes in the cheapest. Hayes Pipe occasionally with come in a little lower. Mr. Taylor stated that the 2" brass fittings were from Northside and that is because they are the only game in town.

Commissioner Tackett inquired if we keep anything stocked up. Mr. Taylor stated that we do but brass is really expensive so we really don't want to keep too much in one spot. Commissioner Tackett stated that Northside gets it from somewhere, and they mark it up and sell it to us. If there are some common things that we are buying from Northside, could we buy them from wherever Northside gets theirs or do they buy it in such a quantity that.... Mr. Taylor stated that if we have to go to Northside it is usually in cases of emergency. As far as keeping stock items, he is weary of keeping high dollar stuff like that in stock somewhere. He doesn't know what the answer is. Mr. Sawyers stated that usually Northside is the last resort. After review and discussion of the bills as presented in the Board's packet of information, Chairman Blackburn requested a motion to approve the payment of the bills as presented. Commissioner Denison made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-09-004

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for August were in the packets of information given to the Commissioners for the meeting. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of fourteen thousand, five hundred and thirty-six dollars and sixty-five cents (\$14,536.65). Commissioner Denison made the motion to that effect. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-09-005

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated the design plans have been in to the Division of Water since late July and we still don't have a review. They contact the reviewer weekly and are told that she is working through her submittals to get to us. They are all working from home. They did not receive any comments this month on the N & S permit application but are being told it is still in review. N & S just recently changed consultants that review their permits and it has kind of thrown everything into a standstill with them. They continue to contact them weekly to try to get it going. The affidavit for the advertisement of the flood plain permit has been sent to the agency and they still have it in hand. The encroachment permit has been approved.
- 2. Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. The engineer cannot do anything until they have their easements done and they will contact us when that is done.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that the AML Nexus Pilot Grant Application was submitted on July 31st for the replacement of service lines in the Marrowbone area and construction of the Ashcamp Connector. As we discussed last month, AML has completed its review of all of the applications that were received but they remain under the review of the Energy and Environmental Secretary, Rebecca Goodman and her staff. One thing we did learn in follow-up conversations with AML this month, we were informed that approximately 78 applications were received totaling approximately \$275,000,000 in requested funding. AML has \$25,000,000 in funding available to distribute this cycle. Mr. Caudill stated that with regard to the Capital Improvement Plan, they are working this month on the body of the Capital Improvement Plan and drafted the partial reports which have been forwarded to the Mountain Water District for review. The information that was imported included a variety of charts and graphs that are basically charts and graphs of system information that the PSC wants to see when they review these types of reports. They also included a situational assessment, strategic planning information and potential funding source matrixes. This information will be supplemented over the next couple of weeks as EDC and Bell work to finalize the opinion of probably cost for the various projects identified and also forward any outstanding portions of the report. They will do this and turn it into a full report so that it will make it easier for everyone to review. After this, review of the full report, we will incorporate any comments or changes that the District desires and then will distribute the final reports to everyone. Mr. Sawyers stated that he didn't know if they ever set a committee to review that when it is finalized. He stated that way when he does get the data, he can hand it out to at least to a couple of board members to review prior to the next meeting. He did get in the mail this evening his partial draft via UPS and they can start reviewing that. He will be sending other data in case anyone wants to assist in the review process. Chairman Blackburn stated that was a good idea and get a jump start on it. He nominated Commissioner Tackett for the committee and then he requested a volunteer. There being no quick volunteers, Chairman Blackburn stated that he would assist Commissioner Tackett with that. Commissioner Tackett inquired if what he has received is something that can be scanned and sent out. Mr. Sawyers stated that it probably could be scanned and emailed in sections, or he can make them a copy. He can give another to David Taylor and he can start reviewing it also. Mr. Sawyers stated that he will make copies for each of them. Mr. Taylor confirmed from Steve Caudill what the numbers were again for the AML funding. Mr. Caudill stated that AML told them that they received funding requests for approximately \$275,000,000 for this funding cycle and only have \$25,000,000 to distribute. Commissioner Tackett inquired how they normally do that. Do they fully fund a certain number of projects, or do they give partial funding to several projects? Mr. Caudill stated that they normally fully fund or nearly fully fund a selected group of projects. Competition for the AML funding has intensified since it is grant money in the last couple of years. The good thing for us is that we are in the size of the project that they like. They like that \$2M to \$5M project range so they can touch multiple communities. He doesn't have any insight into what the other project applications were, if they were job creation projects of a substantial size or not, and it is a little difficult to know how this particular Environmental Secretary and her staff will look at these because all of the other AML Nexus submittals were under a different administration so we had a little better feel for how they would look at them and what they would favor, but we don't know that with this group. They once funded a project around \$20M but the inclination is they are not going to fund projects that large anymore unless it is a really special project. Commissioner Tackett inquired if he had said what their timetable was for determining who would be awarded the funding. Mr. Caudill stated that they did not and that they had asked them that question and AML declined to even speculate on that and said that they generally had a good idea of when the Secretary would make those announcements, but they did not know when this Secretary would make the announcements. Previously they started announcing them prior to election day and some of them go past election day but he wouldn't be surprised to start seeing some announcements start coming, potentially late next month.

Update by Mike Hill, Summit Engineering:

1. **FEMA BPS Mitigation Project** – Mr. Hill stated that the work is now complete and he has signed release of lien forms from the contractor and there will be no more pay requests on this project. He still has been attempting to contact Emergency Management about the questions they raised regarding the professional services. He thinks there is some confusion over the contracts and fees

which arose from the fact that the most recent work was initiated for two booster pump stations that were added in order to use up some additional funds. He will try to continue to get up with them and resolve whatever question they have.

2. **Belfry Pond Sewer Project** – Mr. Hill stated that H2O is approximately 84% complete with the plant work. In the last month they have received and installed the static screens and are about finished with the piping. They also installed permeated piping and pumps. The casework in the lab has been completed and they just have some final touch up work and fixtures to install there. The polymer building has been erected and are making good progress on the remaining outside work. The expected clean water start-up remains at the end of October with the plant in service target date of December 9th as a substantial completion date. BP Pipeline is approximately 53% complete with their work. Toler Lift Station is the biggest item remaining. They are currently waiting on the valve vault to come in and are predicting another 4 weeks for delivery on that. That is the critical path item schedule-wise that we are working towards for start-up of the plant. They are focusing on setting grinder pumps and expect to have about 50% of tubs in the ground within the next month. They are also getting ready to start work on the Forest Hills and Plaza lift stations anticipating the flow reversal and they should be testing a large portion of the force main over the next month as well. On contract #2 there is a work change directive #1 and change order #1 for the board's consideration. The work change directive includes a couple of items that we have added which we already had prices...an additional quadplex station at the Belfry Middle School, a bore under US 119 where we found an opportunity to make another connection through the bore for some cost savings and they directed the contractor to use some of the quantities for the flowable fill encasement to encase a water line in a slide area along US 119. That was an item that won't increase the bid price as we already had a quantity of flowable fill in the project. The cost of those items is \$20,300 and the change order #1 includes a number of items that we have kind of been accumulating and negotiating over the last month or more, but the most significant item is the reduction of the flood plain units resulting in a cost savings of \$129,600. That cost savings allowed us to balance out the cost of the additional items in the change order making this a zero-cost change order. So, we were able to negotiate the contractor down to keep it within that cost that we needed. There is also a time extension of sixty (60) days which gives the contractor some additional time as documented earlier in the project related to the Covid-19 pandemic and the slow-down he encountered as a result of that primarily as well as time to complete the additional items in the this change order. Mr. Sawyers inquired if Mr. Hill could project out the financial cost of the project for him because he wants to be able to sit down and see where we stand on the funding and the timeline for completion. Mr. Hill stated that he would do that.

3. **Radio Read Meter Replacement Project** – Mr. Hill stated that this work is complete and Mr. Sawyers and the District is working with RD on spending the remaining funds. Mr. Sawyers clarified for the board that the warranty ends in March 2021 for the installation of the meters and not the meters itself.

4. **Russell Fork WTP PLC Upgrades** – Mr. Hill stated that this work is complete and RD is closing out the funding on that project as well.

5. **Millers Branch of Motley Fork Water Line Extension** – Mr. Hill stated that the permit was issued on August 26th and his understanding is that the District is going to complete that work in-house. Mr. Sawyers clarified that the District will be administrating this project which means we will be assisting the Fiscal Court in regards to we will be taking quotes from contractors to do the install plus taking quotes for materials and supplies. Commissioner Tackett inquired how big of a job this was. Mr. Sawyers stated that it is 1,200' LF of 2" water line extension.

Chairman Blackburn requested a motion to approve the Construction Report as presented by all parties. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-006

Chairman Blackburn requested a motion to approve Change Directive #1 and Change Order #1 for the Belfry Sewer Project as presented and reviewed. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-007

PROJECT DRAWS:

Chairman Blackburn inquired from Mr. Sawyers if he could give some detail on the \$54,000 draw for Vulcan Industries. Mr. Sawyers stated that it was for screens for the WWTP. It was equipment that was swapped out. If you remember when we did the optimization program with Ovivo in regards to it, they recommended us switching the screens that were in there. Mrs. Hatfield stated that she had a copy of the invoice if they would like to look at it. After further review of the draws, Chairman Blackburn amended the motion to approve the draws as presented, contingent upon funding agency approval. Commissioner Varney made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
BP Pipeline (Contract #2)	KIA Funds	\$ 227,117.51
\$227,117.51	Contract Construction	
LE Gregg Associates	KIA Funds	\$ 2,694.00
\$2,694.00	Inspection Services	
Vulcan Industries	KIA Funds	\$ 54,000.00
\$54,000.00	Materials	
WV Electric	KIA Funds	\$ 5,402.67
\$5,402.67	Materials	
Intermountain Cable	KIA Funds	\$ 9,986.47

\$9,986.47	Utility Services	
Coleman Transport	KIA Funds	\$ 960.00
\$960.00	Crane Services	
H2O Construction (Contract #1)	RD Funds	\$ 141,284.25
\$141,284.25	Contract Construction	
USA Bluebook	RD Funds	\$ 7,069.50
\$7,069.50	Materials	
CAPITAL IMPROVEMENT PROJECT		
Bell Engineering	MWD Funds	\$ 14,576.50
\$14,576.50	Engineering Services	
DOUGLAS WWTP PROJECT		
Park USA	KIA Funds	\$ 18,065.56
\$18,065.56	Materials	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-008

MANAGER’S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) System Safety Update** – Mr. Sawyers stated that he spoke to the Safety Director and gave him contact information for the City of Prestonsburg’s Safety Director, and told him he could call him and pick his brain and their director could pick his and maybe they could exchange some education between the two as far as some of that goes. He told him that any training he could find online to better qualify himself as far as OSHA training, we would be glad to support him in regards to paying for the education. Mr. Taylor stated that with regard to some modification to the water plant with the chemical containment, we had them cleaned out and the chemical pits scheduled to pump out.
- 2.) Funding Update** – Mr. Sawyers stated that Steve Caudill basically gave the update in regards to the AML Nexus Pilot Program. He will add that the District has put together a project called the Fishtrap Hydraulic Modification Project for Appalachian Regional Commission funding. The funding is coming up available for it and we are also utilizing the Fiscal Court to administrate the project. They have already submitted out an RFQ and we have already met with several firms in the field and the responses are due Thursday by 4:00 pm. He needs the board to select a committee to score the submittals and allow us to go ahead and select. The reason he says to select now, is because they have to have a preliminary engineering report submitted before October 31st for the funding. This is grant funding through the Appalachian Regional Commission. What we are looking at is changing modifications at Millard and replace some existing lines that are giving us problems with leaks. Doing this will enable us to push more water to Pompey and thus into Racoon Creek, therefore, it will help us with our situation on water purchases and also it helps with supplying the water for the Army Corps of Engineers with Fishtrap, their campgrounds and things in regards to

that. We picked this project due to the economic value in it, so the US Army Corps can gain from this project and also, they have been looking at putting in their own line and their own system from their office back over into the lake side. They may work with us on this submitted project and the contractor may do both at the same time, he doesn't know. But he needs the Board to approve a committee to review the RFQ and make a selection and go ahead with an engineer so we can move forward. Chairman Blackburn inquired how many people he needs on the committee. Mr. Sawyers stated that it is usually two commissioners, himself and David Taylor can review it. Chairman Blackburn inquire when this will be out. Mr. Sawyers stated that submittals are due Thursday of this week. He will get it handed out by Friday so they can review it over the weekend and give him a score sheet back on maybe Tuesday. Chairman Blackburn stated that he will take one of them and requested someone else volunteer to take another one. Commissioner Friend stated that he would review them as well. Chairman Blackburn requested a motion to approve the committee to review the RFQ submittals, score them and select the engineer from the submittals for the Fishtrap Hydraulic Modification Project to be submitted for ARC grant funding. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-009

- 3.) **Water Loss Update** – Mr. Sawyers stated the leak detection crew has repaired 58 leaks in the month of August. You have seen what the water loss percentages are 10.78% for the MWD form and 27.7% for the PSC form. The average for the year is 32% so that is quite a bit of drop. The average for the year for the other form is 20% so they have made a real turnaround in the last few months and they are continuing to push forward and do so. They will discuss some of this further in some other items, especially item No.11.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that this is the same information that he has been handing out with the update of Covid-19 procedures according to the Governor's mandates.
- 5.) **Rate Case Study Update** – Mr. Sawyers stated that basically the Board has selected the option of using that calendar year for this year so she won't be able to start the rate case until the first of the year.
- 6.) **Vehicle Replacement Proposed Policy** – Mr. Sawyers stated that this item will be tabled for the time being.
- 7.) **Generator Quotes** – Mr. Sawyers stated that we have had issues with our generator out back for the office and it is pretty much shot. It is going to cost more to repair than to replace it. Staff has gotten quotes and one of them is for \$16,596 from Evapar, one for \$19,995 and the other is for \$15,340 from Louisville Generators. The only thing we don't have in hand yet is the warranty information for all of them. If the board will allow us to replace that generator, we will go with the best deal when we get to see the warranty. He thinks there is a \$1,200 dollar difference between the two lowest. Chairman Blackburn clarified that the one we have is out right now. Mr. Sawyers stated that yes, it is gone. Chairman Blackburn inquired how long it has been out. Mr. Sawyers stated "a little while". Chairman Blackburn inquired if it was 6 months. Mr. Sawyers stated probably three (3) months. Chairman Blackburn inquired who has looked at it. Mr. Sawyers stated that our staff has looked at it, Evapar has looked at it...Chairman Blackburn inquired if it was the engine side or the generator side that was down and if it will start. Mr. Sawyers stated that it will not start. Chairman Blackburn stated that it is the engine then. Ms. Olson stated that the second part of the Evapar quote is what they said it would take to fix it. Mr. Taylor stated that if he is not mistaken, we used to have sewer at Mossy Bottom in the mid 90's; and that generator came from Mossy Bottom.

That is how old it is. Probably an early 90's model and 20+ years old. Chairman Blackburn inquired if the transfer switch is installed with this one. Mr. Sawyers stated that he didn't know what year it was installed. He would assume it has been in there since it was transferred from Mossy Bottom. Mr. Taylor stated that most of the ones they make now have sensors and failsafes on them. What they are saying is basically this one is obsolete and they don't even have parts to fix it. The ones they make now have a technology difference and they don't stock the ones from 25 years ago. Mr. Taylor asked Ms. Olson how many business hours she thought we were out of power here. Ms. Olson stated that she didn't really know but we have "dirty" power here in this area. We have sporadic outages where it will go off for an hour and sometimes, just ten minutes. We have had it down all day at one point. Mr. Taylor stated that our phone system is also tied to the power, so if this happens during business hours there is nothing coming in. Everything is down. Chairman Blackburn inquired how long these bids are good for. Ms. Olson stated that one of them said 60 days but she isn't sure about the other ones. Chairman Blackburn clarified who was the cheapest. Mr. Sawyers stated that it was Louisville Generators and we will get the warranty information on them as soon as we can. He just didn't want to make a decision on which one until he reviewed the warranty. Chairman Blackburn suggested that they table this item until the next meeting when all of the quotes are in and complete and then come to them with a recommendation. He stated that he would like to see a little bit more about...and maybe that is something you can get from the power company.... they probably track their outages through here...just get them to run you a report for the last year and give that with the quotes. Mr. Taylor stated to understand too that, not only can the customers not get in, the girls can't get out to the guys...so we are in the dark too when the office is down and all of your communications are trying to come in. It is not just here that is dark...it is the work order system that is dark too. Chairman Blackburn stated that is a good point. He stated that they will be ready to act on it at the next meeting.

8.) KIA Call For Projects for 2022 – Mr. Sawyers stated that we have done some other projects in the past with SRF funding and it is a low percentage loan. It is anywhere from .25% to 2.5%. He doesn't know if the District is interested in moving forward with doing any projects through this since it is a loan, but we are looking at taking the Capital Plan on further down the road with the rate case and surcharge so he doesn't know if they are interested in a loan right now. Chairman Blackburn stated not until we get that Capital Plan through. Mr. Sawyers stated that these have to be submitted by December 4th.

9.) Service Disconnections To Resume October 20, 2020 – Mr. Sawyers stated that he is going to let Mr. Lowe explain this one. The PSC has lifted the moratorium in regards to disconnects. We are going to have to go through a process also there is a handout in your packet that is a notice to the public in regards to it for you read also. Mr. Lowe, stated that on October 20th they are lifting the ban on disconnections but we will be required any account that is past due a payment plan for a minimum of six months. Our plan is to mail the letter by cycle as their due dates come around to let them know that the order has been lifted and our plans to resume disconnections for nonpayment, and with that letter we will tell them that they need to contact us by their next bill to get a payment plan. If they haven't, we are required to automatically put anybody that doesn't contact us on a six-month payment plan. Based on that, the earliest we are going to be able to disconnect anybody is January 4th, which is the first working day of next year. We are also, beginning immediately, taking appointments for those that want to pay by cash. Commissioner Tackett inquired how many accounts we have that are greater than 60 days. Mr. Lowe stated that he would say that is probably approaching 1,000 accounts. Mr. Sawyers stated to Mr. Lowe that if he gets the opportunity, to get up with Gary Slone with the newspaper and see if we can get him to work with us on an advertisement so we can put something in the paper so the public can know what is going on. Commissioner Tackett inquired if we have to contact them individually or can do it through the paper and let everybody know what is going to happen, but do we have to do it individually also. Mr. Lowe stated that we are mailing everyone a letter that is past due explaining everything to those that are past due. Commissioner Varney clarified that any past due account, even if they were past due before March 5th qualify for a payment arrangement of up to 24 months. That was confirmed as correct. Mr. Lowe stated that if they do not contact us, we will automatically put them on a six-month payment plan. If they contact us, we have to give them up to 24 months. Ms. Olson stated that you have to give them up to the time they at least miss that first payment before they become eligible for disconnection. Commissioner Tackett inquired if this is an interest-bearing plan. Mr. Lowe stated that we are not allowed to charge interest on it. Commissioner

Denison inquired if they are automatically allowed six months. Ms. Olson stated yes, that if they call in and request longer than six months it will be extended. Commissioner Denison clarified that if they automatically go on the six-month plan and then want to change it to longer, can they do that. Mr. Sawyers stated that we would not have a problem amending it. Mr. Lowe stated that the PSC has recommended that we work with them in any way we can to avoid disconnection. Ms. Olson stated that the PSC has also directed that we cannot charge any late payment penalties through December 31st, 2020 as well. Commissioner Tackett clarified that they have not been accruing late payment charges to this point, it is just what their usage is. Mr. Lowe confirmed that as correct. Commissioner Tackett stated that once they are set up on a plan and they don't abide by that...Ms. Olson stated that they are subject to being disconnected. Once they miss that first payment of actual bill plus their payment arrangement amount, they become subject to disconnection. Commissioner Tackett inquired what the average amount of the arrears is per customer. Mr. Lowe stated that he would say about \$150. We have some around \$500 but for the most part, he thinks the average is around \$150.

10.)Renewal of Auto, Liability & Health Insurances- Mrs. Hatfield called the board's attention to the handout regarding the health insurance renewal. They (our broker) got three quotes. We currently have Anthem Blue Cross as our health insurance provider. They also got quotes from Humana and United Healthcare. Humana was way over and wasn't even competitive. United Healthcare actually came in much lower. Anthem increased their premium by 18% for the coming year on the core plan and 16.7% on the buyup plan. United Healthcare is offering a very competitive plan that would result in a savings of 5.1% on the core and 2% on the buyup plan. The two plans that United Healthcare has are very similar to what we currently have with a few little changes. Our Dental Insurance is on a rate hold and will not increase. Our life insurance will hold the rate until the next renewal. Same way with the short-term disability. Basically, we will leave it up to the board, but Anthem did increase it 18% on the core and 16.7% on the buyup and if we change to United Healthcare it would be a savings of 5.1% on the core and 2% on the buyup. Chairman Blackburn inquired what we did last year. Mrs. Hatfield stated that the year before last we had United Healthcare and last year Anthem came in cheaper, and now United has come in cheaper. Commissioner Varney stated that if you renew Anthem you are talking about an 18% increase. Mr. Sawyers stated that Anthem is better as far as service but as far as cost, United is coming in cheaper. Commissioner Tackett clarified that the employees had a harder time with United Healthcare than Anthem. Mrs. Hatfield stated that in the past they have had issues with United and the ones they have spoken with all like Anthem better. Commissioner Tackett inquired if there were any instances where they just didn't pay them. Mrs. Hatfield stated that she actually had an issue herself but United took care of it. It was the hospitals part to bill them and they didn't bill it right so United declined it, and then they couldn't get up with Pikeville to negotiate and so they wrote them a letter saying they had tried to reach you two times and they actually cleared her from it. So, they did take care of it but it took time and process to get that done. Commissioner Tackett clarified that the deductibles are less with United Healthcare. Mrs. Hatfield stated that the deductible with Anthem on the core plan is \$2,000 and United is still \$2,000 on the core. The reason you think it is less is because we had that HRA type insurance. So, the deductible is actually \$1,000 but the District paid \$500 and the employee paid \$500. We have like a savings account that they would pull money out of, and it's called an "insurance sweep" account. Basically, for the employee, they have a \$500 deductible on their part. Commissioner Denison inquired about the bills they approved for Anthem for \$33,000, what the monthly premium is because what he is looking at doesn't add up to that. Mrs. Hatfield stated that if you take the monthly premium...and this is what....and he is estimating his numbers a little bit based on how many people we had last year so it might be a little bit off. Commissioner Denison clarified that the buyup was in addition to the core. Mrs. Hatfield stated that yes, some people choose the buyup which costs the employee more. Mrs. Hatfield stated that the new policy year starts November 1st, so in order to get all of the employees in and all of the changes, we need to get it in by the second week of October. After further discussion, Chairman Blackburn requested a motion to approve United Healthcare for the 2020-2021 insurance renewal. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-010

Mrs. Hatfield stated that our general liability and auto insurance starts again in November and we currently have Tokyo Marine and we have had them since we transitioned over. They increase the policy around \$16,000 and they actually got about 7 different quotes. Tokyo came in at \$98,531, Travelers came in at \$115,000, the other six declined us. Five of the six said they weren't in the market for us and the number one reason was because of losses. We inquired to see what that was and basically it was just one accident that happened that they were basing that on. So, Tokyo Marine, even though they increased it, it would have been double that if we switched to travelers. Chairman Blackburn stated that we are basically locked in to Tokyo Marine and we are going to do the \$16,000 increase. Is that right? Mrs. Hatfield answered in the affirmative. Commissioner Denison inquired if we are carrying collision on all of the vehicles. Mrs. Hatfield stated that this is for all of the vehicles, general liability, your booster pump stations, water plant, the office...everything. It is a blanket coverage over all of it. Chairman Blackburn inquired if Kentucky Rural Water Association has a group that they get insurance through. Mr. Sawyers stated that he doesn't know about Kentucky Rural Water but he knows that there is Kentucky League of Cities and he asked Barry if he contacted them and he told him over the phone that they weren't interested. He doesn't know why. Commissioner Denison inquired if we were carrying full coverage on all the vehicles. Mr. Sawyers stated that he assumes we are but he would have to check to see. Mrs. Hatfield stated that honestly, we made a few changes because there was some stuff that needed to be taken off of there, and you'd be surprised at what we took off there it didn't change but about three or four thousand dollars. Commissioner Denison inquired that on the older vehicles, why can't we just carry liability instead of collision. Mrs. Hatfield stated that they can find out what the difference would be but she didn't think it would make a big difference sadly. Chairman Blackburn stated that they should look into that and in order for them to do what they need to do in October, they need to give them an answer tonight. He realizes there is a narrow window. Mr. Sawyers stated that they can sit down and review some things with them if the board wants them to do that before they finalize it. Mrs. Hatfield stated that their time limit is very short. Mrs. Olson inquired if KACO would quote it. Mrs. Hatfield stated that all they wanted to do was workers comp. They wanted all or nothing. She stated that we do have one small policy with them that covers the Board members and that is the only thing they would do without wanting the whole package. Chairman Blackburn inquired if they talked to them about the whole package. Mrs. Hatfield stated that they did and they are kind of like an agent like People's Bank is as well. Mr. Sawyers stated that when we did that their price was higher at the time. But they wanted everything. We asked them if they wanted to do the workers comp because it was a good price but they didn't want that, they wanted all or nothing. Mrs. Olson clarified that KACO is a broker like People's is. Mrs. Hatfield confirmed that as correct. Chairman Blackburn stated that they have a lot of bandwidth and buying power. Mr. Sawyers stated that next year the contract with our current broker will run out and we will have to do a new RFP, probably next spring, to select a new broker. Mrs. Hatfield said it will be July of next year. Chairman Blackburn inquired with the current broker we have now, can they go to KACO and get a quote on everything? Mrs. Hatfield and Mr. Sawyers stated that they weren't really sure if they could do that. Chairman Blackburn inquired who the current principle is that we deal with. Mrs. Hatfield stated that the broker is People's Insurance and Barry Clark is the contact. It used to be Casey Lequire but he is still with them but not in that role. Chairman Blackburn clarified if they were going to get them to ask KACO to quote the whole thing. Commissioner Tackett and Mr. Sawyers stated that he didn't think there would be time to do that. Mr. Sawyers stated that they could go back and review some of the vehicles and stuff like that and maybe make some adjustments. He stated that Mr. Taylor has already perused some through the booster pump stations. Commissioner Denison inquired what the general liability limit was. Mrs. Hatfield stated that she has a copy of the policy...Commissioner Denison inquired if that includes an umbrella policy. She responded "yes". She showed the board a copy of the policy with the limits on it. Mrs. Hatfield stated that they did have someone come out and they increased the coverage on this building and the lot down there to a half a million dollars. Commissioner Tackett inquired if we have had any claims. Mr. Sawyers stated that we had a gentleman fall in a base late last summer. To be honest he would like the board to think about giving him some authorization at some point to negotiate that in some way in the future. Chairman Blackburn directed Mrs. Hatfield to talk to them about raising the deductible from \$1,000 to \$5,000 and see what that does to the...Mrs. Hatfield stated that would be if you had a fender bender...you know...Chairman Blackburn requested a motion to approve Tammie Fields, Carrie Hatfield and Roy Sawyers to secure the lowest rate they can get on the general liability insurance and

move forward with that, looking at raising deductibles and other issues as discussed. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-011

11.)RD Residual Funding – Mr. Sawyers stated that they have a hand out for the Radio Read Replacement Project. We know that the loan recently closed. The District has funding left over in the loan section and also the grant section. This is the residual funds request. He has spoken to Chairman Blackburn and he is pretty busy right now and so he and Mr. Taylor met with Commissioner Tackett and Commissioner Denison yesterday and they have a proposal here in regards to the District moving forward with the funding. If you look at section number one, that is all related to zone metering. He apologized for not showing the total cost of each section broken out. Also, they have listed under vehicles and equipment; one 3500 series, one 2500 series, two 1500 series, one 4500 series dump truck, one excavator, one trailer, 4” hammer for boring, and replacement of two skid tanks. These skid tanks have issues with regards to leaking as far as water loss, they need to be replaced. It also includes telemetry for one of the tanks. The total amount of the project is \$616,562. He kept the contingency minimal trying to get as much as he could in the project. Estimate is \$626,427 total. What this will do is allow the District to move forward in regards to the zone metering and go ahead and start combating the water loss in house by service line replacements. Part of this we discussed would be to hire three temps to go ahead and start the service line replacement. This also keeps, with these vehicles and these hires, it keeps the daytime leak detection crew in place too. That gives us a construction crew and a leak detection crew together out of the project. Chairman Blackburn inquired if all of this equipment was coming out of the grant and the money we have left over from the Meter Replacement. Mr. Sawyers stated that is correct. Chairman Blackburn inquired with the three temps, he thinks he needs to work with Mrs. Hatfield and Mr. Spears and get them...did you all talk about the labor and how that affects our budget going forward. Mr. Sawyers stated that yes, they did talk about it. Mr. Sawyers stated that if water loss is saved as we were discussing, yes. Chairman Blackburn stated that he was looking at this earlier and Mr. Taylor and his staff have done a terrific job with the water loss. We are down 21% since March of this year. Mr. Taylor stated that the purchased should also kind of trend with that, electrical should trend with that, etc. Chairman Blackburn stated that he didn't think we have never been down to these levels where we have seen reductions like this, maybe a slight reduction in the past. Commissioner Denison stated that they were looking at the cost savings of the purchased water to compensate for the temps. Chairman Blackburn stated that each year we have that and then in the winter it trends up. Mr. Taylor stated that if we keep it the water it is with his crew, he doesn't expect that to happen this year at all. The biggest difference that we have right now is that instead of just having one team at night that is just utilizing from 11 pm to 5 am and they had that one window per 24 hours a day. If it snows or rains, they are rained out and they go to the water plant or do odd jobs and we have to wait for the next night. But having two teams working each side of the county plus relaying that info to the day shift to pinpoint, it allowed us to keep rolling. If it hadn't been for the disconnects and covid-19, this experiment wouldn't have worked. Mr. Sawyers stated that that is not counting once we get the zone metering in...Chairman Blackburn stated that we targeted zone metering 30 months ago and that was like step one. The money is there and we just need to go ahead and do it. He is in agreement with what they have come up with to spend the remaining funds and if there needs to be a motion on the floor to approve it, they can do so now. Mr. Sawyers stated that they plan on submitting it to Douglas Hoff and it would be up to RD to approve the plan. If they don't approve it, he has to see what their issue is with it and it will have to be revised. Chairman Blackburn clarified with Mr. Vanover that they didn't need a motion to approach Mr. Hoff with this. Mr. Vanover stated that they did not.

Mr. Sawyers went through the monthly operating report as updated on the monthly summary.

Chairman Blackburn requested a motion to approve the Manager's Report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-012

NEW BUSINESS

1. **Fishtrap Hydraulic Modification Project** - Mr. Sawyers stated that this item was covered earlier in the meeting.

2. **Legal Issues**

- A. **Executive Session**

1. **Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Chairman Blackburn requested a motion convene into executive session to discuss current and potential litigation as listed on the agenda. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-013

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-014

Chairman Blackburn stated that coming out of executive session, there was one matter that the Board discussed the relocation of an existing easement on a parcel of property located on Chloe

Creek. The board has agreed to split the cost of the relocation to avoid any further dispute on the line.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-09-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**October 29th, 2020
5:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express, via Zoom
Mike Hill, Summit Engineering, via Zoom
Tim Campoy, EDC, via Zoom
Stephen Caudill, Bell Engineering, via Zoom
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC, via Zoom
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager, via Zoom
Carrie Hatfield, Chief Financial Officer, via Zoom

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, October 29th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman, via Zoom
Kelsey Friend, Treasurer
Kevin Varney, Secretary via Zoom
Johnny Denison, Commissioner, via Zoom
Randy Tackett, Commissioner, via Zoom

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic. Social distancing was observed, masks and hand sanitizing stations were set up at the entrance to the conference room. District Commissioners were given the option to attend the meeting via Zoom and 4 of 5 Commissioners chose to do so. District's engineers, ANE Representative, and MWD's Office/Billing Manager and Chief Financial Officer viewed/participated in the meeting via Zoom meetings. In that Chairman Blackburn was held up early in the meeting, Vice Chairman Denison directed the meeting.

VISITORS

Vice Chairperson Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Vice Chairman Denison requested a motion to approve the minutes of the special meeting held on September 29th, 2020 as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of September was \$338,886. Accounts receivable was \$1,306,074. Plant in place was \$160,816,766. Accounts Payable was \$264,899. Part of that number is the underbilling that they charged us for from last year. That number is coming down pretty good and our cash has held pretty fair. The Operating Account Balance at the end of the month was \$294,829 which we were floating in the \$150,000 range so this is an improvement. Hopefully it will improve more when we are able to do the disconnections again. On the income statement, the revenue for the month was \$901,109 and year to date is \$7,872,137. Utility operating expenses was \$996,382 and for the year is \$8,900,295. There was a loss for the month of \$129,930 and year to date loss is \$1,337,041. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$95,272. We had a cash increase for the month of \$208,589. Operating account balance was \$294,829 and is going to expound on this cash flow again. He has mentioned it several times but, that cash flow takes in restricted accounts and he doesn't like that because that is our construction fund and if we get money in and have to bill out at the end of the month, that can be a little bit deceiving. KIA and RD reserves are fully funded. You will see the RD funds increase as we start making payments on the Radio Read so we will have to start back making deposits unto that account for that. Once the Belfry Project is done, we will have another addition. He inquired from Mrs. Hatfield what the RD monthly payments will be. Mrs. Hatfield stated that she doesn't know the exact number but she can look in her documents. She doesn't think it will be on this December bond. Vice Chairman Denison inquired when that first payment will be due. Mrs. Hatfield stated that it should be in July of next year but it could be the December one of next year. Mr. Spears stated that typically it is 6 months after closing but we won't have a principle payment...we will have an interest payment in July and a principle and interest in December of 2021. The O & M Reserve is \$317,000 and we are still transferring our monthly amount of \$68,500 to the sinking fund. Other than that, everything looked pretty good. Our water purchases are continuing to stay low, which is a good thing for us.

Mrs. Hatfield stated that she has on the agenda to renew or pay off vehicles 158 & 159, which is a combined loan. We have the option to roll it over for another two years or pay off the balance of \$28,471.00. Vice Chairman Denison inquired from Mr. Spears how our cash flow looked and what his recommendation was. Mrs. Hatfield stated that in her opinion, we should roll it over another two years but inquired what Mr. Spears thought. Mr. Spears stated that he thinks that is fine and would recommend to roll it over this time. Vice Chairman Denison clarified that we were not going over the two-year rollover period. Mrs. Hatfield clarified that as correct and that this would be the first roll over on this loan.

Vice Chairman Denison requested a motion to approve to roll over the vehicle note for another two years for vehicles 158 & 159 which are jointly on this loan amount. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-002

Vice Chairman Denison opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-003

PAYMENT OF BILLS**AGENDA ITEM IV**

Vice Chairman Denison inquired what Clean Harbor Environmental Services was. Mrs. Hatfield stated that David Taylor had them come in and clean out our tank at the WTP and it had never been cleaned out from what she understood. The quote was close to \$20,000 and it came in a lot cheaper when they did the work. They got it done faster than expected. It was a safety thing and we didn't really have a choice. Mr. Sawyers stated that it was confined space where they cleaned out the bulk tank at the plant. Vice Chairman Denison inquired about the check to James Hamilton. Mrs. Hatfield stated that was the contractor that repaired for the line to be removed at Chloe. Mr. Sawyers stated that it was the concrete contractor from around the Harold area. Commissioner Varney inquired about the credit to Kabelco for \$2,800; if there was anything we pay to them other than the two notes on equipment. Mrs. Hatfield stated that to be honest, that is just the way the system showed it. She went ahead and put in November's payment in the system and that is why you see a credit on there. There is no credit on the account. We are getting ready to pay one of those off; the one that is almost \$4,000 will be paid off soon. Vice Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Varney made the motion to approve the bills as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-004**CUSTOMER ADJUSTMENTS** **AGENDA ITEM V**

Copies of the customer adjustments for September were in the packets of information given to the Commissioners for the meeting. After review, Vice Chairman Denison requested a motion to approve Customer Adjustments in the amount of thirteen thousand, eight hundred and eighty-one dollars and four cents (\$13,881.04). Commissioner Tackett made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Absent
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-005**CONSTRUCTION REPORT****AGENDA ITEM VI****Update by Tim Campoy, Environmental Design Consultants.**

- 1. Phelps Hydrology Study** - Mr. Campoy stated that shortly after he submitted the project update to Ms. Olson, he received a review back from the DOW reviewer with several questions and he had responses to those back in to her on Tuesday afternoon and they are waiting to see if she has any further questions. The Norfolk and Southern permit was approved this month and Mrs. Hatfield has been working to get the insurance coverage that they have to have and the additional fees required to put the lines across their tracks. The KDOW and Pike County Flood Plain permits were approved this month and the encroachment permit has been received for about two months now. He is glad to see we are finally getting movement out of the Division of Water for the pipelines and pump station.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. The engineer cannot do anything until they have their easements done and they will contact the engineer when that is done. Mr. Sawyers inquired if they were going through the condemnation process as the reason they are taking so long. Mr. Campoy stated that they have multiple areas that they are working and it doesn't seem to be as important as it once was. Their priority list is up and down right now.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

1. **Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that he believes that each of them has a copy of the Capital Improvement Plan with appendices and mapping. Tonight, they would like to give a brief synopsis of the report and that will take about 15 minutes, and if it is acceptable to the Board, what they would like to do is to schedule a meeting where they can provide a power point presentation with all of the charts and graphs and be able to take a deeper dive into the report. Just to note, the format for this report was developed in conjunction with Gerald Weutcher, who is a former PSC attorney, now in private practice. He has represented many water districts in the state and has represented MWD in the past as well. The format used and the data presented in it has been successfully used by other entities in order to obtain rate surcharges. There is therefore some data presented in the report that may not necessarily be the terminology that engineers and water districts may commonly use. For example, analysis of such things as non-revenue and unaccounted for water, and those are calculated in this report. They are important to the PSC. For context, the last water district to use this kind of report received approval of its surcharge request in 4 months. It would have been 3, but they felt it should be advertised to the public in a timely manner and that cost them one month. The first part of the report touches on data pertaining to the district's history, system information, number of storage tanks, pump stations and meters, number of feet of water line, amount of service line...but it also discusses how each of these contributes to unaccounted for water. The report then looks at some historical trends which are very important to the PSC. They often use these trends to extrapolate what has occurred in the past out into the future. For the purposes of this report, the time frame reviewed was from 2009 to 2019. Start looking at some key items that the PSC likes to look at; the first being customer base trend. Looking at that trend, in 2009 MWD had 16,882 customers. This number gradually increased from 2009 to 2013 to a high of 17,145. Since 2013, the number has been in a slow decline and the District's current customer count is 16,517. Therefore, the change over the 10-year period is -4.2%. It could be noted that the population of the area that MWD serves declined 11% during that time period. Therefore, the number of customers has declined less on a percentage basis than the decline in population. One of the trends we looked at was the average monthly usage of those customers. It should be noted that the consumption of treated water is decreasing nationally at a rate of between .5% and 2% on an annual basis. This is due to several reasons, first being declining household populations and that explains why the customer base decreased less than the population. But it is also occurring because of the increased use of water efficient appliances and improved plumbing codes and building practices. For the District, average monthly usage by customers has declined from 4,709 gallons per month in 2009 to 3,987 gallons per month in 2019. So, over that period, the District saw a decrease in average use per customer of 714 gallons per month. Right now, the District falls on the lower end of the national range with a decline of 1.81% on an annual basis. The declining customer usage data is useful to know for the District as a utility and the PSC in projecting future sales and revenue. Based on this historical local and national trend, the District will likely continue to see decreases. For context, should the rate of decline continue over the next decade at the same rate it has declined over the previous decade, average monthly usage of District customers will decline to 3,384 gallons per month in 2029. The next trend they looked at was annual metered sales. As would be expected with a decline in population, a decline in number of customers, and a decline in average monthly usage, the annual metered sales of the District has also been decreasing. Annual metered sales for the District has decreased from 953,000,000 gallons in 2009 to 791,000,000 gallons in 2019. Should that rate of decline hold over the next decade, the average annual metered sales will fall to approximately 659,000,000 gallons per year in 2029. Commissioner Tackett inquired if that trend has been a steady decline or has the trend sped up over the last two or three years where we have seen such a decline in the coal industry around here. Mr. Caudill stated that the trend peaked, the upward swing lasted to 2013, then 2013, 2014, and 2015 there was a gradual decline, but beginning in 2016 the decline has been more pronounced. The average monthly usage has been almost perfectly linear since 2016.

Commissioner Tackett inquired if our trend going forward from 2019 to 2029 go along the same rate from 2009 to 2019 or would you expect that trend to speed up a little based on...Mr. Caudill stated that he suspects you will continue to see...they would like to do a power point presentation because it is much easier to understand when you look at the graphs and is a little harder for him to explain like this, but he would expect the linear or the decrease to be substantially the same as between 2016 and 2020 with nothing else changing. He can tell them that it is somewhat sharper that the 1.81% over the last 4 years. Commissioner Tackett stated that he would like to get together and have a power point presentation, too, that he can really hit the high points of the report. He will read through the entire report but he would like to see that presentation. Mr. Caudill responded "sure" and that Mr. Campoy and he is happy to do that and he thinks that will enable them to absorb it much easier when looking at the graphs and trend lines while they are talking also. Tonight, he is just trying to touch on the high points and then they can get down into much more of the detail of it during the power point presentation. Mr. Campoy stated that they also thought that once you get a chance to dig down into it and formulate any questions or comments you have, they can incorporate those into the presentation as well if they can get those back to them, and schedule something later in the month. Commissioner Tackett stated that they just got the report today, as they know, and he hasn't even had a chance to open it. Mr. Caudill continued with the highlights of the report and it was decided that a full presentation would be scheduled with the board for a more complete overview and detail of the plan in the next month.

2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that a Preliminary Engineering Report was prepared and transmitted to Eric Ratliff, the Grant Administrator and Development person for the Pike County Fiscal Court. This document is being used by Mr. Ratliff to prepare an Appalachian Regional Commission Preliminary Application for funding. The due date for the funding application is October 31st and a copy of the PER is included in the Board's packet. In order to develop this work, Mr. Campoy went out and he will let him elaborate on some of what was done to get the scope of this project together. Mr. Campoy stated that they did quite a bit of due diligence work with David Taylor and met with him 3 or 4 times as well as one of the local contractors, in helping to develop the unit costs for the different functions that we were looking at. He thinks we have a good plan prepared. They prepared the map to go into the PER and also an engineer's estimate of probable cost for that. That came out to about \$840,000 for that project. Some pretty big-ticket items in that were the 10" DI, some 4" DI, about 345' of road bores and 170' of 10" ball and socket river crossing, as well as a large vault with masters, PRV and that became part of the PER that was sent to Mr. Ratliff.

Mr. Caudill stated that by way of a quick update, he has checked with AML to see what the status of the 2020 Nexus applications were. It is unchanged from last month. The remain in Secretary Goodman's hands for her and her staff to review. So, no news so far on this funding application. He stated that is all he and Mr. Campoy have unless anyone had any questions. Vice Chairman Denison inquired that page 29 of the Capital Improvement Plan, on annual purchased water cost per gallons, should those numbers be different. Mr. Caudill stated that they should and he apologized for that, and in the PDF copy that will be sent out later today, those numbers have been changed. That was an error on their part. The percentages and the graphs are correct though. Mr. Sawyers stated that he didn't know how current his calculations are, but in terms of water loss, we have done really well in the last few months in dropping the water loss percentage. He inquired how that will affect his plan overall as far as numbers and any corrections they would have to make in any submittal to the PSC. Mr. Caudill stated that they actually like to see the historical numbers. Obviously, he thinks they should add something that talks about the work that has been done in the last few months, but as far as the projects that are identified and what needs to be done in order to decrease the water loss of the unaccounted for water in this case or the non-revenue water, he doesn't think it has any impact on the proposed projects. He thinks the order of them and the type of projects will be the same. Mr. Sawyers stated that it would look really good overall to have something current just for the PSC to see the difference of what has been going on in the last few months, too. Mr. Caudill stated that is right and he thinks that the PSC, as they know from the presentation that David Taylor did there on site, they are very happy to see that the District is being proactive and he thinks they want to help in any way possible. He thinks anything we do to show them that we are heading in the right direction will continue to leave them with that impression and that often helps when you are dealing with the PSC on any type of issue. Mr. Sawyers stated that was his point and he just wants to make sure we drive that point home when we get started with the submittal.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that H2O is approximately 93% complete with the plant work and they are perhaps a month ahead of schedule. Ovivo intends to be moving in to start checking our equipment this week in preparation for our clean water start up, assuming there are not hiccups, should start next week. If that goes as planned, it should take about a week and they anticipate being able to start sending flow to the plant around November 11th. BP Pipeline is working this week to finish piping and valves at the Plaza and Forest Hills lift station. He thinks they may already one or both of those completed. They will be moving to the Toler Lift Station to put in a bypass line there. They don't foresee any problems with them in a position to reverse the flow and send it to the plant for the target date. The Toler Lift Station concrete castings have arrived and have been installed and they are in the process of filling that area so that lift station work will continue on over the next month. BP Pipeline is about 60% complete overall and have got at least 75 grinder tubs in the ground and are still catching up on their electrical connections on those, but by the time we get to the next meeting, they will have the vast majority of those installed. The 8" and 10" force main is complete and is being tested. There is a pending change order #4 (Contract #1) which is for the WWTP that they are recommending for approval and is in their packet. There are four items on that; the first is the change from the osb on the interior walls of the building to drywall. The osb was something they arrived at in the value engineering process and this is an upgrade. That work is completed and they are catching up at this point on the change order. There is the addition of some of the asphalt paving in front of the plant. This was prompted by a request from Rural Development that we have a handicapped parking space in front of the plant, and it also extends pavement from the generator in front of the plant out to the entrance. This is putting back a portion of the pavement that was taken out during the value engineering phase. Mr. Sawyers stated that this is an ADA requirement. Mr. Hill stated that another additional cost item is an increase to the contractor's work related to a change from what we originally designed in the Ovivo backwash system. This prompted some valve and piping changes, and mostly some electrical work changes. This cost covers the additional labor and materials to do that work. The last item is the removal of the electrical service allowance that was in H2O's contract because that work has been requested by Mountain Water and will be invoiced directly to MWD for AEP's cost to bring the service to the plant. The net cost of the change order #4 is \$18,032. That is all for his report unless there are any questions. Mr. Spears inquired if Mr. Hill got to look at the difference in what RD has left in Coal Severance and what we actually have left. Mr. Hill stated that he will send him a copy of the spread sheet that he has gone through and it does look like we will finish the project within budget and he doesn't see any significant overrun. It looks pretty good that we will finish within our budget. The only thing he has a question on is the interim interest and if any of that line item had been paid out yet or if any was anticipated. Mr. Spears stated that with the Coal Severance portion of that, he showed even on this month's draw, \$600,000+ left and there is only about \$358,000 left in the Coal Severance. Mr. Hill stated that he could look into that. Mr. Spears stated that it appears to him the difference is in the land purchased and the right-of-way work. Mr. Hill stated that they did not establish a discrepancy between our records, the District's and RD's records, but he does not think that RD was tracking that in their cost summary. Mr. Sawyers inquired if they ever got the budget projected out that they asked for. Mr. Hill stated that he did. Mr. Sawyers inquired when he will get that to him. Mr. Hill stated that he will send that to him tomorrow or the first of next week. Mr. Sawyers stated that the first of the week would be fine. Mr. Hill stated that there is interim interest in the budget and inquired if any of that had been spent or if they foresee a need for that. Mr. Sawyers and Mr. Spears stated that not to their knowledge but they will have to ask Doug Hoff about that item. Mr. Hill stated that there is about \$200,000 earmarked for that line item and if that is not going to be used, that is additional funds that are available on the project.

Vice Chairman Denison requested a motion to approve the Construction Report as presented by all parties. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-006

Vice Chairman Denison requested a motion to approve Change Order #4 for the Belfry Sewer Project as presented and reviewed. Commissioner Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-007

Chairman Blackburn entered the meeting during the Summit project update and Vice Chairman Denison stated that Mr. Blackburn could take over the meeting now if he wished. Chairman Blackburn stated that Vice Chairman Denison was doing just fine and to please continue.

PROJECT DRAWS:

After review of the draws, Vice Chairman Denison amended the motion to approve the draws as presented, contingent upon funding agency approval. Commissioner Blackburn made the motion. Commissioner Friend seconded the motion.

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 14,070.00
\$14,070.00	Engineering Services	
BP Pipeline (Contract #2)	KIA Funds	\$ 155,291.12
\$155,291.12	Contract Construction	
H2O Construction (Contract #1)	RD Funds	\$ 275,951.70
\$275,951.70	Contract Construction	
USA Bluebook	RD Funds	\$ 43,250.00
\$43,250.00	Materials	

PHELPS HYDROLOGY STUDY/UPGRADES PROJECT

Rail Pros (N&S) Reimb. MWD	KIA Funds	\$ 11,500.00
\$11,500.00	Underground Lic. Fee	
Rail Pros (N&S) Reimb. MWD	KIA Funds	\$ 1,900.00
\$1,900.00	Risk Insurance Fee	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 2,482.00
\$2,482.00	Engineering Services	

DOUGLAS WWTP UPGRADES PROJECT

Overhead Door Company	KIA Funds	\$ 1,411.00
\$1,411.00	Materials	
Wells Group	KIA Funds	\$ 996.75
\$996.75	Materials	

Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-008

MANAGER'S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that there have been no issues with regard to injuries. Our Safety Director is continuing to work on programs and plans and educating and training employees. He has also met with another utility district and sat down and reviewed some of their methods and ideas and compared thoughts and ideas and notes.
- 2.) **Funding Update** – Mr. Sawyers stated that they have already heard Mr. Caudill mention the AML project update he gave and the update on Fishtrap. Fishtrap was submitted today to ARC for funding. Anything beyond that, we are working with the Grant Writer for the Pike County Fiscal Court on any other funding coming up. He will find out from him what is coming up next.
- 3.) **Water Loss Update** – Mr. Sawyers stated the district is still dropping in water loss percentages. For the month of September, the MWD form was at 14.67% and an average of 19.97% for the year. The PSC form for September was at 25.4% and 31.6% for the year. We are gradually dropping the numbers and it is continuing to hold right now, which is a good thing.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that he doesn't know anything out of the ordinary on this except for just talking about the funding for those projects. So, he will just pass this one.
- 5.) **Generator Quotes** – Mr. Sawyers stated that the Board tabled this last month and he thinks Ms. Olson knows more about this than he does. Ms. Olson stated that in the Board's packet, the first packet, last month Chairman Blackburn requested that we ask AEP for a list of outages of what they had on file for this particular office building. The handout is what she got from them. Mr. Lowe and she has talked and they can tell that it is not complete because we know that there was quite a large outage and surge back in April which damaged some of our computer equipment, so we know that is not on here. But this is back three years of outages according to AEP. The second handout is just something that Mr. Lowe and she brainstormed of the effects of power outages on our customers, our field employees, our office employees, and we cannot work from home if there is an outage because if the power is out here at the office, we can't remote in. We can't do anything internally. There are no phones, server or computers. That is just a list of the things that we put

together on the impact of power outages here at the office. Behind that you will see the quotes. We did receive 3 quotes on generators. The first two was Louisville Generators and Evapar and we did receive warranty information on those in time to put it in the packet for this month. They both have 5-year warranties. Louisville Generators is 1 year on parts, labor and travel and 5 years limited on the transfer switch. Evapar is parts, labor and travel for years 1 and 2, year 3 parts only, and years 4 & 5 major parts only. So, those are the two warranties we got on that. The third one for the Boyd CAT one, we didn't receive it in time to be printed. The two lowest options are Louisville Generators and Evapar. They are very close in price. Mr. Sawyers stated that just looking at the numbers, it looks like Evapar is less than \$100 higher but it looks like they have a better warranty. The Board agreed. Vice Chairman Denison inquired if Chairman Blackburn wanted them to make a motion to accept the bid for Evapar. Chairman Blackburn inquired if Mr. Sawyers had a recommendation for the board. Mr. Sawyers stated that in looking at the numbers and the warranty, he would recommend Evapar just because it's less than \$100 between the two and you are looking at a whole lot better warranty and we have had good service out of Evapar in the past on some items. Chairman Blackburn stated that he is good with the recommendation, so if we want to put it to a vote, Vice Chairman Denison can ask for a motion on that. Vice Chairman Denison inquired if anyone else had any comments. Commissioner Varney stated that he agreed with Mr. Sawyers recommendation as well. He stated that the 3rd quote was from Boyd Caterpillar and it was \$19,995. Chairman Blackburn inquired from Mr. Sawyers if this is something that could be pulled into the grant funding that could be attached to that grant. Mr. Sawyers stated that he didn't know about the grant money but we could look into hazard mitigation funds and see if we could get it funded through that. He knows David Taylor has worked some with Homeland Security and Big Sandy ADD does some things like that but he doesn't know how quick or what kind of response we can get on things like this. Chairman Blackburn inquired about the immediate funds that we have...would this be a qualifier for that? Mr. Sawyers stated that RD is wanting us to use it to combat water loss, which he knows that to keep customers in service and those type of items, we might be able to get by with it. Chairman Blackburn stated for him to run that by Doug Hoff. To call him tomorrow and say that we have this item in front of us and is a need that we have and is part of the overall package, so to speak. See if it would be a qualifying expense and we'll put it into the package. Mr. Sawyers stated that if he responds and tells him no, then where do we go from there then. Chairman Blackburn stated that we will let Vice Chairman Denison request a motion to approve the purchase with the caveat that Mr. Sawyers will first take it to RD and Doug Hoff's position on including it in the residual funds request. Mr. Sawyers agreed to do that. Vice Chairman Denison requested a motion to approve the purchase of the Evapar generator as quoted for \$16,596 with the condition that Mr. Sawyers first discuss including it in the residual funding request for the Radio Read Meter Project with Doug Hoff of Rural Development. Chairman Blackburn made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-009

- 6.) RD Residual Funding**– Mr. Sawyers stated that another handout that he sent to the Board is regards to spending the Radio Read Meter Project residual funds that are left over. He has given them some discussion points on the front of the handout and if the board wants to take a few minutes to look that over, they are more than welcome since it was a last-minute handout today. If anyone has any comments...he has also sent out proposals...and he said once before that they can move the numbers around to work in different ways in order to do the project and expend those funds. If the Board utilizes a contractor, we can manipulate those numbers and move with the board in any way they want to move forward with it. Vice Chairman Denison inquired how many meters the contractors could complete with the proposals. Mr. Sawyers stated that with proposal no.1, you pretty much drop the vehicles and equipment out of it, you can do 530 short siders (on the same side of the main line). That is an estimate based on 30 linear feet per base. He can't promise they would get all 530 because that is just us coming up with an average. Some could be 100 feet and some could be 10 feet. Vice Chairman Denison inquired how many could David Taylor do with two

temps. Mr. Sawyers stated that he estimated that us buying the PE pipe based on 400 connections with a 30 linear foot average. Vice Chairman inquired how many we are currently doing a month now. Mr. Sawyers stated that we are doing roughly 40 a month, unless David Taylor says otherwise. Mr. Taylor stated that for the last 6 months it has been 57 a month average for leak repairs, but what we are replacing is 40 to 42 range because we can't replace every one of them. Vice Chairman Denison inquired if he would continue to be able to do the 40 in addition to the proposed estimated 400. In other words, would his current replacements be affected by him doing these additional 400 replacements...over what time period you are looking at. Mr. Sawyers stated that we really wouldn't have a time frame against us because you are just going to purchase the PE materials. Vice Chairman Denison clarified that if we hired the 2 temps, we would be only getting 400 replacements versus 530 with a contractor. Mr. Sawyers stated that yes, that is all we would get because you are using the other to purchase the equipment and vehicles necessary to do so in-house. One of things we have been doing is that we have broken down the 4 quadrants we have and spread everybody out where it is just 3 quadrants now, and you will see that in line item no. 4 on that front talking points sheet, that the District has been spread real thin as far as scheduling and trying to get daily operations complete. What this will do, if we bring in two temps, is we can make sure we are taking care of daily operations, still do the 40 a month, and in addition to that 40 we hope to focus on service lines that are exposed in the creeks and anywhere they are exposed to keep them from freezing or keep others from tearing them out. That number, he doesn't know what we will run in to. He knows we are doing 40 a month right now. Vice Chairman Denison clarified for Mike Spears that the temps were going to cost about \$100,000 annually of District funds. Mr. Spears stated that it would be \$68,640 for two temp employees. Mr. Sawyers stated that it would be a little over \$100,000 if we hired three temps...two would be utilized for service line replacement and one would be utilized in the day shift leak detection team, because when we start back doing the disconnections, we moved a meter department crew member to that and would need to replace one when he goes back to the meter crew; but his suggestion would be to keep the meter employee where he is right now and put the temp in with the meter department. Vice Chairman stated that the question arises of where we are going to get the money to compensate for that. Mr. Spears stated that we basically don't have \$100,000 extra just lying around and his thought process in this would be to fund this within the budget and if we are replacing service lines, we should be theoretically reducing R & M to some extent, and/or water purchases. We would have to take it out of one of those budgeted line items. Vice Chairman Denison inquired where we are currently with the R & M budget. Mr. Spears stated that we were at about \$600,000+ through September and it annualized out at about \$840,000 so there is about \$160,000 there. He wished he had looked at our annual water purchases budget because with the last several months with it being down, we probably have some wiggle room in that as well. Vice Chairman Denison stated that he thinks they need a little more time to stew on this. He inquired from Mr. Sawyers what kind of time line they have. Mr. Sawyers stated that he would call Doug Hoff and have a conversation with him tomorrow and he knows that they have talked about having a special called meeting with regards to the Capital Plan; maybe they could squeeze that in then. Chairman Blackburn stated that he thinks they should table this and if there is a need for a...we will send Mr. Sawyers a list of questions to ask Doug Hoff and if there is a need for a special meeting, we will call it to meet the time line...Mr. Sawyers stated that they could combine this with the Capital Plan presentation, we could probably pass a resolution during that meeting. Mr. Sawyers called the Board's attention to the italicized part on the back page of the discussion points.

Mr. Spears inquired who was on the budget committee this year because they need to get on that in November to make sure it is finished in December. This might go along with what we are doing here with the residual funds. Vice Chairman Denison inquired who was on the committee last year. Mr. Spears stated that if he remembers correctly, it was Vice Chairman Denison and Chairman Blackburn, with Commissioner Varney as an alternate. Vice Chairman inquired if there were any volunteers this year. Vice Chairman Denison inquired if Kevin Varney would help them with the budget this year. Commissioner Varney stated that he would be glad to help and pitch in where needed. Vice Chairman Denison inquired if there was another volunteer. Commissioner Tackett stated that he was willing to help as well. Vice Chairman Denison stated that he could fill in as an alternate if needed. Chairman Blackburn stated that he could fill in as an alternate as well. Vice Chairman Denison requested a motion to approve the budget committee as Commissioner Kevin Varney and Commissioner Randy Tackett, Mike Spears, David Taylor, Roy Sawyers and Carrie Hatfield with himself and Chairman Blackburn and Commissioner Friend serving as alternates if needed. Chairman Blackburn made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-010

7.) Millers Branch of Motley Fork Project Update – Mr. Sawyers stated that this project through the PCFC was awarded to Ronnie Mullins and Sons. They started Thursday and are already complete with the project and doing the bacteriological testing and pressure testing. So that project will be done and out of the way for the Pike County Fiscal Court.

8.) Contract with Legal Counsel – Mr. Sawyers stated that a copy of the contract is in your informational packet and the Board needs to review that and act on that. Commissioner Varney stated that he didn't have any issues with it. Vice Chairman Denison requested a motion to approve the legal services engagement letter with Vanover, Hall & Bartley as presented. Commissioner Tackett made the motion to approve. Chairman Blackburn seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-011

Vice Chairman Denison requested a motion to accept the Manager's Report as presented. Chairman Blackburn made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-012

Mr. Sawyers stated that he would ask the Board to authorize him to sign any documents on behalf of the Board with regard to AML Project Funding that they are looking at for the Marrowbone to Ashcamp Connector and the ARC Funding for Fishtrap Hydraulic Modification project, that way if there are pressing documents that need to be signed to get the funding, he can get that done quicker without having to run down signatures from the Board. Vice Chairman Denison requested a motion to approve Roy Sawyers to sign any and all documentation necessary for the funding of the AML Project funds for the Marrowbone to Ashcamp Connector and the ARC Funding for the Fishtrap Hydraulic Modification Project. Chairman Blackburn made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-013

Commissioner Tackett stated that he had made a request that they add to the agenda the Volunteer Fire Department water usage but that did not make it on to the agenda. Ms. Olson stated that she apologized, she didn't quite get the memo on that and thought he had already discussed that with Mr. Sawyers. She stated that she will go ahead and send invoices out for November for any non-reporting fire departments. She will try that again and see if that shakes any up to remember to get those in. Mr. Sawyers stated the he will give Commissioner Tackett a call about it and they will discuss it. Commissioner Tackett stated that if everybody else is okay with it. Chairman Blackburn stated that he thinks that Commissioner Tackett raises a good point and it has been raised before and it needs to be addressed. Commissioner Tackett stated that he would like to put it on next months agenda anyway. Chairman Blackburn agreed. Mr. Sawyers stated that this is not a special called meeting and they can go ahead and discuss it now if they want to. Commissioner Tackett stated that he was just looking at the report that is in their packets of the volunteer fire department usage report, and he went back over everything for 2020 to date and on average...we have 24 volunteer fire departments, and on average 9 of them every month is not filling out a report that tells us what their usage was. He thinks that went from only two in January that didn't turn something in, to August that we had 14 that didn't turn anything in. He thinks they have talked before that if someone didn't turn in a report, we are supposed to send them an invoice for \$25 for not filing a report. Mr. Sawyers stated that they are assessed a penalty, we just have to bill them for it. Mr. Spears stated that it is critical that you bill those for that because that is something that he has seen Southern Water beat up over in their rate case. Commissioner Tackett stated that if the penalty is \$25 each time and if we had been doing it each time, that comes up to over a couple of thousand dollars. He knows these are volunteer fire departments but it is not hard to turn in an accurate report. Ms. Olson stated that it was something that was coming up every single month and she did send out invoices early in the process after we added it to our tariff, and if got to the point to where all they would do is just fax over a sheet that had zero on it and then the invoice was dropped because it says in the tariff that after they submit something we have to take that into consideration. It was a whole lot of work to just get a bunch of zero blank pages. These particular ones that don't report, the PSC allows me to write off .003% of our monthly gallons sold for those non-reporting fire departments, which helps because a lot of the fire departments are showing that they are not using hardly any water every month, so if she can account for that .003% of the gallons that we sell every month, that goes toward our water loss report and it aids us if they don't report. Which she still gets on them through Doug Tackett and phone calls and emails and still gets them to turn in as many as she can. As far as sending out invoices, she will start doing that in November again and see if we can start getting them all sending them in so that when we have to respond to the PSC, we can show that we are at least trying to get those in. Commissioner Tackett stated that he doesn't want anyone to do unnecessary work but he honestly needs accurate numbers. He inquired if there was any way to put pressure on the fiscal court or the volunteer fire departments to get us an accurate number. Each one of them has trucks that they fill up so many times a month...Mr. Sawyers stated that we have spoken to Doug Tackett who is over Emergency Management and the volunteer fire departments and he has reminded them, he is sure, multiple times. Ms. Olson stated that they are volunteers and not all of them know how to calculate the gallons and a lot of it is not accurate, and sometimes they'll just send a zero in if they haven't kept up with it during the month and they don't really know. So that is something that we run into as well but she doesn't have a problem getting invoices out next month. They have until the 10th of the month to turn them in she doesn't even say anything if she gets them a few days after that, just as long as she gets it before she does the reports for the Board. But she will start sending out invoices for the ones she doesn't receive by the 10th of the month starting in November. Commissioner Tackett clarified that she was allowed to write off .003% if the gallons sold for that month for the ones that don't report. So, if we have nine on average that is not reporting, we are looking at roughly a quarter of 1% of our gallons sold. Ms. Olson stated that the way she calculates it, let's say we sold 73,000,000 gallons, you multiply that times .003 and that number gets multiplied by the number that are non-reporting. For September, that would have been nine. The ones that did report, reported in 29,000 gallons of total usage but with the ones that she was allowed to add in that didn't report, it ended up being 2.23M that she got to account for on the water loss report as opposed to 29,000 gallons. Commissioner Tackett inquired if that gives us a false sense of security on our water loss though. Ms. Olson stated that it definitely helps our percentages because if we don't know that they are accurately reporting when they report zeros when they actually did use some, so some of that could be made up through that. She ran the numbers using the 29,000 number as opposed to the 2.23M and it only changed it about 2% so it wasn't a huge impact but it did help doing it with the formula that the PSC

allows. Commissioner Tackett stated that he is all for helping the District any bit we can but he is also for having real good accurate numbers. He clarified that she has gone through this exercise before with the fiscal court and Doug Tackett and get them to fill out accurate reports...Ms. Olson stated that she has and she got them all reporting for about two or three months and then it started falling off again. So, she went through Doug Tackett at Pike 911 who is the one who is sort of over all of the fire departments and does their coordination and he tried for several months to help get them all sent in and that still only lasted a month or two and then we were right back down to nine or ten that are not reporting. It is a cycle that happens every few months and she just got to the point where she started using the formula instead of fighting with them. But she will start sending the invoices again in November and see if that starts them back up again doing 100% reporting and if that is the case, that is the number we will use. Commissioner Tackett inquired if any other Commissioners had anything to say on that. There were no further comments from Commissioners, so Commissioner Tackett stated that we will go with that. Ms. Olson stated that she would keep them updated next month on the response she gets from the fire departments on this issue.

NEW BUSINESS

1. **Review Dates for November and December Meetings** – The Board discussed the meeting dates for November and December since the regularly scheduled dates fall on Thanksgiving and Christmas holidays. They decided to schedule the November meeting for November 24th at 5:00 pm and tabled a decision for the December meeting until the November meeting.
2. **Legal Issues**
 - A. **Executive Session**
 1. **Pursuant to KRS 61.810(1)(c) regarding current and potential litigation.**

Mr. Vanover, District Legal Counsel, stated that there was no need for executive session for this month.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Vice Chairman Denison requested a motion to adjourn today's regular meeting. Chairman Blackburn made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-10-014

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**November 13th, 2020
10:00 AM**

ATTENDEES

Russ Cassady, Appalachian News Express
Jim Vanover, Vanover, Hall & Bartley
Mike Spears, Spears Management
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Financial Officer

CALL TO ORDER

The Mountain Water District Board of Commissioners' Special Meeting was held via video-conference (ZOOM) on Friday, November 13th, 2020 at 10:00 am.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Johnny Denison, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Randy Tackett, Commissioner

Chairman Blackburn called the special meeting to order and thanked everyone for participating in the video-conferenced meeting due to the Covid-19 pandemic.

VISITORS

There were no visitors for this meeting.

AGENDA ITEM I – RADIO READ PROJECT – REVIEW AND APPROVE PLAN FOR RESIDUAL FUNDS

Chairman Blackburn stated Mr. Sawyers and his staff have put together a proposal that was sent out to the Board members. He requested that Mr. Sawyers read into the minutes the plan for the expenditures. Mr. Sawyers stated that the proposal involves the installation of master meters, service lines, the Long Fork service line replacement project, main line replacement, some minor equipment purchases, and replacement of two water storage tanks. Item No.1, which is the master meters, the District will procure and install this part of the project. Chairman Blackburn inquired how many master meters there were. Mr. Sawyers stated that there was a total of 18. 16 of those will have telemetry upgrades or a new telemetry system at a cost of \$305,516.00. Item No. 2 is service line materials procured by the District. This will be used in combination of the District and the contractor for an estimated 9,000 ft of ¾" and 3,000 ft of 1" at a total cost of \$3,210.00. Item No. 3 is the proposed Long Fork service line replacement performed by a contractor. What the District will be able to do there is to install roughly 100 customers and reconnect onto a 6" line. By doing so, it would allow the District to kill 2.5 miles of 4" line. This is estimated at \$28,000 for the installation of the service line and \$12,500 for the reconnects for a total of \$40,500. Item No. 4 is main line materials procured by the District. The District has worked in a number of 8,000 ft of 4" line at \$2.00 / foot, which is \$16,000, and 2,000 ft of 6" at \$4/foot which totals \$8,000 for a combined cost of \$24,000. Item No. 5 is main line replacement performed by contractor. It is estimated at \$8.00/ft for 4" for 8,000 ft for a total of \$64,000 and 6" line at \$10/ft for 2,000 ft for a total of \$20,000, for a combined estimated cost of \$84,000. Item No. 6 is an equipment list. It will allow the District to get a 4" hammer bore for \$6,500, a box trailer for \$3,000, 2 booster pumps and 2 VFDs for \$20,000, leak noise correlator/data logger for \$32,000, and 4 leak noise ground amplifiers for \$14,600. That is a combined estimate of \$76,100. Item No. 7 is water storage skid tank replacement. The District will procure two (2) skid tanks and oversee the installation of those for an estimated \$104,000. The total of the project is \$637,326.00. The project in general is \$636,000

and some odd dollars and so we are just a fudge over it. Chairman Blackburn stated that all of the Board members have been provided this information in the form of an email earlier this week, and this is the plan after some back and forth on several options that the management of Mountain Water has landed on. At this time he requested a motion to approve the expenditure of the residual funds and grant funds in the total of \$637,326 in the plan as presented, all of which is allocated to water loss, which is the primary reason for the expenditures. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Denison	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-001

COMMISSIONER COMMENTS

Chairman Blackburn requested if there were any further comments. Commissioner Denison stated that he thinks part of that scenario is to hire another temporary worker. He inquired if they needed to do a resolution for that. Chairman Blackburn stated that it would require a separate resolution. Commissioner Denison inquired if he wanted Mr. Sawyers to read his summary. Chairman Blackburn directed Mr. Sawyers to read it. Mr. Sawyers stated that we know with the RD plan as proposed we won't need a temp for that, where we will need the temp is in order to keep the day shift leak detection functioning and moving forward...back when the moratorium came down from the Public Service Commission, they stopped disconnects. So, we freed up a staff member to work in this role but that will soon change again and we would like to hire temp which is going to cost \$2,860 per month and \$34,320 per year. Chairman Blackburn inquired when the District will resume disconnects. Mr. Sawyers stated the first of January. Chairman Blackburn stated that the Board will have time to take that up at the regular meeting format. Mr. Sawyers stated that they can wait until the 24th of November, but can't wait until December because we need to start training someone the first of December. The agreed to table the item until the 24th of November meeting.

Chairman Blackburn inquired if there were any more questions. Commissioner Varney asked Mr. Sawyers to clarify, for the record, the amount of these funds and the source of them. He knows that part of the money is RD funds that was left over from the Radio Read Project and part of it was the grant money.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn the meeting. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Denison	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-04-002

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**November 24th, 2020
5:00 PM**

ATTENDEES

Russ Cassady, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Tuesday, November 24th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Chairman Blackburn inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Vice Chairman Denison requested a motion to approve the minutes of the regular meeting held on October 29th, 2020 as presented. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-003

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of October was \$345,805. Accounts receivable was \$1,278,624. Plant in place was \$161,639,661. Accounts Payable was \$246,351. Equity position at the end of the month is \$75,748,555. Revenue for the month was down slightly this month at \$849,271. There was a billing error/correction in October that occurred. We were about \$20,000 high on our billing last month and that is reflected in that reduction this month. It was a key punch error that got keyed in as commercial water. Mrs. Hatfield confirmed that as correct. Utility operating expenses was \$958,169 and for the year is \$9,858,464. There was a loss for the month of \$143,147 and year to date loss is \$1,479,828. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$108,896. Our R & M was up this month and he will go through the rest first and then talk about that. Cash increased for the month in the amount of \$82,842 and the current operating account balance was \$278,410 at the end of the month. KIA and RD reserves are fully funded. In Mrs. Hatfield's notes, it is noted on there that R & M was up due to the fact that Kendrick Paving billed a majority of the paving for fixing service lines. They did several paving jobs and billed it all at one time. There was a Clean Harbor Environmental clean-up at the water treatment plant to clean out the tanks for \$15,000. Mrs. Hatfield stated that those two things made the R & M go up. The paving was over \$20,000 of it. Mr. Spears stated that is the two big items on the R & M that stuck out. If you look on page 15 of the financials you can see the metered sales for commercial had a spike in November of \$89,000 that was over last month and came back off this month. That was a key punch error on a meter reading and it has been corrected. Water purchases are still looking good. The sewer or the electric are up a little bit. The electrical expense was \$106,000 on page 17 and it is because of the combined bills that just depends on when they come in. These pages (16 and 17) will be the starting point for the budget committee and we will set up a time for a zoom meeting during the first week of December and he will send some emails out to schedule it. Chairman Blackburn inquired what the period of the paving was. Mrs. Hatfield stated that employees gave them a list and as he completed them, he turned in an invoice and goes back a few months. Ms. Olson stated that she thinks it was September, October, and so far this month that he billed. Mrs. Hatfield stated that once he bills that, Ms. Olson goes over her list from the supervisor and the supervisor has to approve that the work was done before we put the invoice in. Commissioner Varney inquired about the transportation expense. It usually runs about \$11,000 and this month it shows a negative \$4,000 but it was super high in September so is that something we recorded that we had to back out or what? Mrs. Hatfield stated that was something that was recorded with the month before, the fuel bill, that should have gone in as October 1st that went in as September 30th. They received an insurance settlement in for a vehicle that was parked beside the road that was hit and she applied that to that account and that is why it offset it to a credit.

Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-004

Mr. Spears stated that included in the packet also is the KIA bond payments that are due on December 1st. He requested if Mrs. Hatfield could elaborate on that. Mrs. Hatfield stated that it was a total payment of \$294,377.24 and will come out electronically on December 1st. The spreadsheet breaks it down between the principal and interest for each one and she also added in the loan balance after the payment. Commissioner Denison inquired what account that comes out of. Mr. Spears stated that it comes out of the sinking fund account. That is the one we transfer \$58,000 a month into to pay these. Commissioner Denison stated that he had also mentioned before that when Mr. Spears gets a chance, he wants the cash flow statement sent to him. Mr. Spears stated that he thought about that today and what is thinking about doing is...the other accounts that are unrestricted, he is thinking we can treat those restricted like accounts receivable/accounts payable just net each month. He will have to play with it and then it would only be the unrestricted. He thinks what we may be able to do is change the designation of what types of accounts they are and that is what he will try to do. Indian Creek and maybe the two Mossy Bottoms drop off and we free up in 2023 about \$300,000 a year if he remembers correctly. That is a little bit down the road but at least

they are closing in on some of them. Chairman Blackburn stated that if there were no further questions, he requested a motion to approve to pay the KIA Bond Payments as presented, due December 1, 2020. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-005

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Blackburn stated that Ms. Olson has submitted this information to the board digitally and inquired if anyone needed time to review it or if they were ready to make a motion. Commissioner Denison stated that they need at least a couple of days in advance to review that. If they need to change the date that they are paying the bills so that the Board has more than 5 minutes to review them, that would be better. Is there any way that can be done? Mrs. Hatfield inquired how much sooner they would need it. Commissioner Denison stated that it should be at least a couple of days. Mrs. Hatfield stated that she can but each day there is more cash that comes in and she usually tries to take care of all of the payables that we have and a lot of them lag and come in...they might purchase it in the month of October but we won't receive the invoice until the last of November. She tries to get them in there because they are billed in that month and by the vendor's calculations, they are due in 10 to 15 days. She can try to shoot for getting it to them the day before the board meeting. Chairman Blackburn stated that is she will let her vendors know that she is going to up the cut off, they will have to hustle and get their invoices in to you. Mrs., Hatfield stated that some of the small ones will but she doesn't know about these big companies will work with us or not. She is not really sure but basically what is on this report here is not the big things that she has to worry about, it's the R&M little purchases that we transfer over to pay on the payables list...that is the one that is going to take...she likes to get it as close as she can get. If they want her to cut it off earlier, she can do that. Commissioner Denison stated that they need it at least a day or two ahead of time. Mrs. Hatfield stated that she can try to shoot for the day prior to the meeting. Mr. Spears stated that they could send one out a couple of days prior to the meeting and then another one that is final on the meeting day. The Board agreed to that option. Commissioner Denison inquired if the Pikeville bill was for water purchases. Mrs. Hatfield stated that it was in the amount of \$55,160. Commissioner Denison inquired if that was the minimum. She responded that yes, she didn't think they added any fees, that was for what we used. Commissioner Denison stated that it was the minimum purchased from the contract. Mr. Spears inquired that regarding that bill, was it for 28,000,000 gallons. Commissioner Tackett stated that it comes out perfectly to be 28,000,000 gallons. If you divide \$55,160 by \$1.97 it comes out to be 28,000,000. He inquired what we actually purchased this month. Mr. Taylor stated that it was 22.5 million gallons. Commissioner Denison stated that they billed us for 28M. Commissioner Denison stated that we also need to make sure we are not over-purchasing from Williamson also. Mr. Taylor stated that he has master meter readings for October 1st to the 31st and we used 22,055,000 gallons. We were under 5,945,000 gallons. The month before that, we were under 5.4M gallons. Commissioner Tackett stated that we have been billed for what we actually purchased until October then. Mr. Taylor stated that looks to be the first month they have billed us for the minimum. Commissioner Tackett inquired if there is anywhere in this report that shows them water purchased from Williamson and Pikeville broken out. Ms. Olson inquired if he printed out the packet that she emailed this morning because there is a spreadsheet in the water loss packet that shows that. Commissioner Tackett inquired if we were on the minimum with Williamson. Commissioner Denison stated that we were over the minimum for Williamson. Chairman Blackburn stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Denison made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-006

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for October were in the packets of information given to the Commissioners for the meeting. Mr. Lowe stated that we had one more adjustment this month than last month, but the total adjusted was up about \$6,000. On the second page there is an adjustment that is \$6,026.05 which makes up for the large increase from last month. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of eighteen thousand, eight hundred and forty-five dollars and sixty-five cents (\$18,845.65). Commissioner Friend made the motion to that effect. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

- Phelps Hydrology Study** - Mr. Campoy stated that as he reported in October, the Division of Water reviewer finished everything up and we got approval for the project. The KDOW Flood Pan Construction Permit, Pike County Floodplain Permit and the KYTC Encroachment Permit have all been approved. The last hurdle is with Norfolk and Southern. They approved the application, but we still can't do any work there until we get the approval back on the insurance and they have worked with Mrs. Hatfield and N & S to make sure that the permit fee and insurance is worked out. We are just waiting on them to get us their final blessing and at that point, hopefully, we will have it all completed and next month we can talk about going ahead and advertising the project for bid.
- Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project.
- Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that this project is to be addressed under Bell Engineering's section.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

- Capital Improvement Plan** – Mr. Caudill, Bell Engineering, stated that he will start out with a quick update on the AML Nexus Grant Application that was submitted on July 31st. As you probably recall, this application was to replace service lines in the Marrowbone area and construction of the Ashcamp Connector. He spoke to Justin Adams and AML earlier today concerning the review process and the main reason he called was because there were a couple of funding announcements that AML made at the SOAR conference recently. One was with PMC in the amount of \$4.27M and one was for King's Daughter's Health System in the amount of \$4M. They weren't the kind of projects that we were submitting on anyway but AML advised that at this point

the review process still is not finished and that the applications are still being reviewed and considered. They further indicated that when a final decision is made, letters will go out to all applicants notifying of their status, regardless of whether they receive funds or not. Review comments from the District were received on November 18th and Bell and EDC are in the process of making the revisions to the CIP in order to incorporate all of the review comments. They should finish those by the end of next week and can make a full presentation of the CIP to the Board anytime during or after the week of December 7th. There are a couple of options for the meeting as well. Mr. Campoy checked around and found an option that if you wanted to have it in person where we could practice social distancing or we can have it over Zoom, whichever the Board prefers. That is just something to think about and how it will fit into your schedule.

2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that a Preliminary Engineering Report was prepared and forwarded to MWD and to Eric Ratliff at the Pike County Fiscal Court. Subsequent to our last meeting, Mr. Ratliff did use this document in the preparation of the ARC application for funding and submitted that application prior to the October 31st deadline. A draft contract for engineering services associated with the project has been prepared and forwarded to MWD as of this morning. The fees in the contract were the same as those used in the Preliminary Engineering Report in the probably project cost and he believes that Mr. Sawyers has forwarded that to legal counsel this morning for review and comment. He inquired if Mr. Campoy had anything add to this project update. Mr. Campoy stated that he covered what was in his notes but he did want to say that regarding the CIP, the venue that Mr. Caudill mentioned was the Coal Run City Hall. They have a large meeting room and have been holding in person Commission meetings there with 16 or 17 people and it is large enough where everybody is spread out for social distancing and he spoke with the mayor and he said we would just need to call them and put it on the schedule. There would be a fee for the sanitation afterwards. They have someone come in and fog the building after the meeting is held. Mr. Sawyers stated that he has a question. How much more time will they need before they are ready for their presentation? Mr. Caudill stated that anytime during the week of December 7th. They should complete the revisions next week and could do it any time Tuesday through Thursday the week of the 7th or any time thereafter. Mr. Sawyers inquired if the Board wanted to look at their schedules and set a date now instead of him trying to coordinate that separately. Chairman Blackburn stated that he thinks they should just circle back to it. At this point he thinks it is probably going to be a remote meeting and he would imagine they would present a power point presentation. Mr. Caudill stated that would be fine and he would have to coordinate that with Ms. Olson regarding the screen sharing. Ms. Olson stated that we can do a shared screen option on zoom and should be able to put anything as far as a presentation on the screen. Mr. Caudill stated that would work perfectly. Chairman Blackburn directed Mr. Sawyers to just update the board when he gets it scheduled and give them a few dates and times to choose from.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that H2O is approximately 96% complete with the plant work and they are on schedule. Clean water start up began a week or more ago but there were some delays because of some faulty VFDs on the forward pumps which are being replaced before they can continue with start-up procedures. Ovivo is planning to return the second week of December to start on that again. As of now, we are looking at December 9th as the date to start sending flow to the plant. BP Pipeline has completed and tested all of their large diameter force mains. The Plaza and Forest Hills flow reversal piping is in place and the bypass piping for the Toler lift station is in place. The line contract...that part of the project is ready to start sending flow to the plant as soon as the start-up procedure is complete. Their contract is about 75% complete and the substantial completion date is set for December 17th and they have informed Summit that they have been impacted by Covid-19 and have had some contact with some positive tests and they are restricting sending out of town crews to the job site. They are staying in touch with them to see how that proceeds but they are staying with local crews currently on the installs. They have about 1258 grinder tubs installed, which is over 65% of the total. Ms. Olson stated that she did speak with Garret Mullins today and he is meeting with her tomorrow to compare his sign-up list with hers so that they can get a final count of sign-ups to this point, so we will have a definite number after that meeting.

Chairman Blackburn requested a motion to approve the Project Draws and the Construction Report as presented by all parties. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-008

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

Summit Engineering	KIA Funds	\$ 15,286.00
\$15,286.00	Engineering Services	
BP Pipeline (Contract #2)	KIA Funds	\$ 299,130.04
\$299,130.04	Contract Construction	
Wascon	KIA Funds	\$ 44,796.35
\$44,796.35	Materials	
H2O Construction (Contract #1)	RD Funds	\$ 99,929.25
\$99,929.25	Contract Construction	
Wascon	RD Funds	\$ 162,958.65
\$162,958.65	Materials	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 10,151.00
\$10,151.00	Engineering Services	

DOUGLAS WWTP UPGRADES PROJECT

Lowes (Reimb MWD)	KIA Funds	\$ 3,172.26
\$3,172.26	Materials	
Park USA	KIA Funds	\$ 18,065.57
\$18,065.57	Materials	
Victory Metal	KIA Funds	\$ 2,009.93
\$2,009.93	Materials	

Ms. Olson inquired if the Board was going to take up the matter of the contract for the Fishtrap Hydraulic Modification Project. Mr. Sawyers stated that they could approve it pending legal counsel review and approval. Chairman Blackburn inquired if Mr. Sawyers had a chance to review it. Mr. Sawyers stated that he had not but he had forwarded it to legal counsel for review. Mr. Sawyers stated that the contract would not go into effect without the project being selected for funding. Chairman Blackburn requested a motion to approve the contract with Bell Engineering/EDC for the

Fishtrap Hydraulic Modification Project pending review and approval of legal counsel and the District Manager. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-009

MANAGER’S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that he didn’t have anything to report unless Mr. Taylor has anything to mention. He did not have anything to add.
- 2.) **Funding Update** – Mr. Sawyers stated that both funding updates, Mr. Caudill has already mentioned the ARC and AML and where they are with that funding at this time. The only other one that he mentioned previously and the board passed on it, was KIA funding which is loans, for the time being because we are going to move forward with the Capital Improvement Plan. He will keep the board updated on it as Eric Ratliff and he discusses projects.
- 3.) **Water Loss Update** – Mr. Sawyers stated the MWD form was at 15.77%. The PSC form for October was at 26.1%. The PSC form is really close to what it was last month and is holding. One item he has in the Water Loss that Connie Allen, Salt River Engineering, who is doing the rate study; he has had a couple of conversations with her regarding some items and thoughts he had. One of them is the life dated by PSC in the life of the lines. Usually, PSC estimates those at 62% and we think that is too high, but talking to her, she said it would just be an all-out study and would be very expensive and most likely the PSC would not approve it. The other item he talked to her about was for us to look at a waiver or an adjustment for our water loss percentage. There is a handout on that which is a memorandum from Connie Allen. She says she can pursue it to see if she can get the District an adjustment prior to going into the rate study and she gave a price of \$4,420 to put something together to submit to PSC too see if we can get either an adjustment or a waiver from them on our percentages for our water loss. He doesn’t think \$4,000 is a lot to ask for if we can get any adjustment at all as far as the cost in the long run. He inquired if the board was interested in approving this and letting her pursue it. Commissioner Denison inquired if there was any history of them approving this for others. Mr. Sawyers stated the he would have to check into that with Connie Allen. He doesn’t know if anybody else...everybody else in the flat lands and western end of the state does not have the issues or the topography that we have here in Eastern Kentucky. Commissioner Denison stated that he understands that but it may be something to look into to see if they have granted that to others. Mr. Sawyers stated that he can research it if they want to go ahead and approve this pending his research to see if anybody has done this or been approved before. He can also talk to Gerald Weutcher about it. He used to work as legal counsel for the PSC and is now working with Stohl, Keenan and Ogden. He can do some research on it and if they want to approve it pending the research or to send an email back out to the board, however they want to do it. Commissioner Denison inquired if he thought that would be beneficial and what kind of rate did he think they would approve. Mr. Sawyers stated that he didn’t know. Their bench march is 15%...if they would let us get to 20% that would be...we are showing we are striving and moving forward with our water loss. We are dropping it compared to what it was. Mr. Spears stated that is they would do it at 20%, it would be substantial. He doesn’t know what the likelihood is that they would do it but if they did, the 15% last time cost us \$180,000 per year so 5% would be a third of that. Mr. Taylor stated that he thinks the water loss average from that time was 35% to 37% average from 2010 to 2014. That is something that we can research. He knows that Ms. Olson keeps those documents and we can go back to 2014, if that is the question, and get the average. Mr. Spears stated that if she thinks there is a likelihood of getting, he would say go for it. He will say he is kind of skeptical that it will go anywhere. Commissioner Denison stated that is why

Mr. Sawyers needs to do a little ground work. Mr. Spears stated that if we spend \$5,000, it won't take much to recover that. Mr. Taylor inquired if that is something that they allow us, is that setting some sort of precedent that they would have to allow with other water districts within the state? And if so, where is the cut-off? We are blaming it on topography and mountains and we know the challenge of that...Mr. Sawyers stated that he knows how the PSC works. Their comments are that we have to treat everybody the same, so...Mr. Taylor stated that is what he is saying he doesn't want to throw \$5,000 away if they are going to look at it like that. Mr. Spears stated that we would have to talk with her and see what she thinks our chances are. He is with Mr. Taylor, our topography and the fact that we are cutting rock to lay the line in, and an engineer's response to him on that was that if its in bedding it probably wouldn't matter. He retired a couple of months later and so he doesn't know what a new person would think but he has tried to make the argument before. With 15%, its not like laying it in clay like in Fayette County and spread over 1,100 miles of line. Ms. Olson stated that the average reported water loss to the PSC in 2014 was 31.6%. The option for getting a waiver is in the regulations. It is not something that we are just coming up with off the top of our head. It is an option for all water districts in the state if they can prove a need based on their infrastructure. Chairman Blackburn stated that we should get Connie Allen to give us a 1 to 5 probability; what's the chance that she is going to be successful in getting us a 3% or more reduction and ask her to quantify it. Then, we will make a choice based on that. If she tells you that she has a 65% or 70% chance likely that they will approve it, then they may roll with her and take it to them. But tell her to quantify it. Mr. Sawyers stated that he would ask her her probability and will also talk to Gerald Weutcher and get his opinion. Commissioner Denison stated that at his last PSC training meeting, the PSC were wondering why people were not taking advantage of this provision.

- 4.) **Daily Operations Update** – Mr. Sawyers stated that as they know, the Governor's mandate has come down regarding working and meetings and so forth, and the District is once again trying to work around what the Governor has suggested as far as staffing, masking and social distancing.

- 5.) **RD Residual Funding**– Mr. Sawyers stated that he and Mr. Taylor are currently structuring a project and preparing the procurement for the vendors and will have everything for Mr. Stratton to review just prior to the procurement process, that way we can have him sign off on this project. He will make Jim Vanover part of it for educational purposes.

- 6.) **Approval of Temporary Hire for the Day Shift Leak Detection Team** – Mr. Sawyers stated that they have talked before about the temporary hire for the Day Shift Leak Detection team. One of things we talked about was that it was \$16.50/hour and \$2,860/month and \$34,320/year with the temp service. In order to keep the Day Shift Leak Detection team, we really need to hire someone. We took the gentleman that was in our meter department, because we are not doing disconnections right now, and moved his over to assist in this. Now the meter department is short because we are going to start doing disconnects the first of January as long as the PSC does not come back with a renewed moratorium. That may be one thing he lets Mr. Lowe research tomorrow to make sure this isn't going to happen again. But if it did happen again, we could utilize this staff member for other items. And he would still have to be training for a month or two anyway. Chairman Blackburn stated that they could table that until the next meeting. Mr. Sawyers stated that if he tables it for another month and he has to be trained for a month and a half or two before it starts, we are starting the first of January if the PSC does not interject again. If they do come back with a moratorium while we are training this guy, we will just have to let him go at that time. He requested any comments from the Board regarding hiring for the leak detection team. Commissioner Denison inquired if he was talking about hiring one or two. Mr. Sawyers stated that it was for one. Commissioner Denison stated that he didn't have an issue with that. Commissioner Tackett clarified that we would still be able to maintain the leak detection crew. Mr. Sawyers confirmed that as correct. Commissioner Tackett stated that he didn't have a problem with it right now as long as it is a temp. Chairman Blackburn stated that it would be with the understanding that if the disconnects get delayed then we don't hire this person. If come January 1st, the PSC says no disconnects again, do we keep him on and wait until the moratorium is lifted again on disconnects? He would want to know that come January 1st you are going to put this guy to work disconnecting for past due accounts. Mr. Sawyers stated that he could let Mr. Lowe send a letter to the PSC in regards to their plans on where they stand on another moratorium as far a disconnects. If they foresee another moratorium coming our way in regards to disconnects and get their opinion on it. Chairman

Blackburn stated that was fair and if you don't get any push back from them, then you can proceed. Chairman Blackburn requested a motion to approve a temporary hire for the meter crew to aid with disconnects contingent upon the PSC's response to whether they plan to reinstate the moratorium on disconnects after the first of the year. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-010

Mr. Sawyers went over the Manager's Report as summarized in their agenda. Chairman Blackburn inquired if Mr. Sawyers would tell them about the illegal hook-ups found in October. We have been down this road before and took a real aggressive stance a few years ago and were actually going to prosecute folks that did this and he doesn't know if it ever got any wind. Mr. Sawyers stated that Mr. Taylor is better to respond to that because he has wrestled with the Sheriff's Department on that. Mr. Taylor stated that they went to the attorney's office and they recommended we go to the county sheriff and file a report. We did that and they have a huge case load and he doesn't know how their priorities and staffing and stuff is, but he knows that it became a lot more work to work with them to get something pushed forward than the time that we could dedicate on it. A lot of it is that we can give them the data but then you have to wait on them to do the leg work and you are at the mercy of what they can do, too. He can't speak to what their caseload is and how they prioritize their cases. Mr. Sawyers stated that we do disconnect people from the main for theft also. Chairman Blackburn clarified that these four meters are turned off right now. Mr. Sawyers stated that he would have to check and see and we've been trying to set standard as far as disconnecting when we catch someone stealing. Ms. Olson stated that on the unauthorized usage report that came from the billing department, there were four that were disconnected, three that we pulled the meter and one that we pulled the straight pipe out. As of the printing of this report, none had been resolved and it was a total of 140,140 gallons were lost and we billed \$4,156.72 to these four people total. Mr. Sawyers inquired if there were any comments. Ms. Olson stated that she would like to address that last month Commissioner Tackett mentioned the fire department usage and she wanted to give an update on that. As of the 10th of the month she still had nine that had not reported and she sent out invoices out. When she did the reports, she had all but four and two of those came in after the reports were done so she only had two that were missing. That is working as far as an incentive and we will do it again next month and see if we can get 100% participation. Commissioner Tackett inquired if the two we are still lacking, if they were habitually not sending them in the whole year. Ms. Olson confirmed that as correct. He inquired which those were. Ms. Olson stated that one was Marrowbone and the other one, she is not really sure who it was without looking. Mr. Sawyers stated that she also sent these to Doug Tackett. Ms. Olson stated that he was a big help in getting them incentivized to turn them in. Those nine were late but she got all of them but four in time to get them on the water loss report. Commissioner Tackett stated that he appreciated her and thanked her. Ms. Olson stated that she would keep it up until we get 100% participation.

Chairman Blackburn requested a motion to accept the Manager's Report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-011

NEW BUSINESS

1. **Selection of Date for the December Meeting** – Ms. Olson stated that she had spoken to Mrs. Hatfield and we feel as though December 22nd would be fine for us and we could get the meeting done before the holiday. We should be able to push and get everything in by that date. Chairman Blackburn inquired what day that was on. Ms. Olson stated that it was the Tuesday before Christmas. Chairman Blackburn requested a motion to approve the special meeting date for December to be December 22nd at 5:00 pm. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-012**2. Legal Issues****A. Executive Session**

1. **Pursuant to KRS 61.810(1)(c) to discuss litigation strategy and tactics relating to Hamilton vs. MWD and to protect the District's litigation posture.**

Chairman Blackburn requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss litigation strategy and tactics relating to the Hamilton vs. MWD case and to protect the District's litigation posture. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-013

Chairman Blackburn requested a motion to Reconvene into regular session. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-014

Coming out of executive session, Chairman Blackburn stated that no action is to be taken. They discussed litigation strategy and directed Mr. Vanover to make contact with the Hamiltons.

COMMISSIONER COMMENTS

Chairman Blackburn stated that prior to adjourning the meeting, he would like to wish everyone a happy Thanksgiving and to stay safe and healthy.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today’s special meeting. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-11-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**December 10th, 2020
5:00 PM**

ATTENDEES

Russ Cassady, Appalachian News Express
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, December 10th, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

ITEM NO 1.

CAPITAL IMPROVEMENT PLAN PRESENTATION – BELL ENGINEERING/EDC

The Capital Improvement Plan was presented by Stephen Caudill, Bell Engineering and Tim Campoy, EDC. A copy of the presentation is included herewith in the record of these proceedings.

Mr. Caudill went over a summary of what the plan covers and then proceeded with a system description of the District as outlined in the plan, including water lines, storage tanks, pump stations, telemetry, meters, master meters, meter testing, staffing, and vehicles and equipment.

Mr. Caudill explained the District's current rate schedule for water, the cost of taps and water withdrawn from a hydrant, wholesale purchase agreement costs and distribution, and water production from the plant at Marrowbone.

The item of the presentation covered by Mr. Caudill was historical trends regarding the District's customer base, average monthly usage data and trends with National Limits, annual metered sales data, annual purchased water data, annual produced water data, non-revenue water trend, and non-revenue water/system input/meter sales trend. Regarding average monthly usage, Mr. Caudill stated that this is usage in predicting potential future average usage. In 2009, the average MWD customer was using 4,703 gallons of water per month. This held fairly steady until about 2014 and then has been in decline since then. The average monthly used in 2019 per customer was 3,989 gallons. Commissioner Denison clarified that was on individual usage. Mr. Caudill stated that it is the average of all the meters. Commissioner Denison

stated that the reduction in coal is probably part of that trend. Mr. Caudill stated exactly. That he had talked about that earlier this week. You no longer have that big user there that is using as much water. This is not uncommon and is playing out nationally as well for a variety of reasons. Overall, from 2009 to 2019, the average customer usage declined by 15%. MWD is not alone in this trend. Impacting the loss is the decrease of the size of the household, conservation due to socio-economic reasons, the use of low flow toilets and shower heads, lower usage appliances such as dish washers and washing machines, and use of better building materials and tighter building codes. This trend is one that the District can expect to see in the future. Mr. Caudill continued his presentation on other trends as mentioned above.

Mr. Caudill next went over the water balance section of the presentation which covered system input volume, billed authorized consumption, non-billed authorized consumption, unaccounted for water, non-revenue water, apparent loss and real loss. Mr. Sawyers inquired if Mr. Caudill could break these numbers out by residential, commercial and industrial use to get more detail. Mr. Caudill stated that he could do that.

The next section of the presentation was future projections. This section covered future projections of non-revenue water and annual metered sales from 2019-2030.

Capital Improvements and the implementation plan was presented next for 0-3 years, 4-6 years, 7-9 years, and 10-12 years and the projected change in unaccounted for water during the plan period.

Potential funding sources were discussed as far as agencies that provide grant funding and loans, as well as the potential surcharge which is customer funded by way of a charge being added to the utility bill for a specific period of time.

The final section of the presentation was regulatory considerations such as microbial contaminants, disinfectants and disinfection byproducts, and contaminants of emerging concern that may be regulated in the future that the District will have to consider for treatment in the future.

Mr. Caudill concluded his presentation and inquired if there were any comments or discussion regarding the plan presentation. Commissioner Tackett inquired if the submittal to the PSC be physical or digitally. Mr. Caudill stated that they would probably prefer digital but he can submit hard copies with that. They like to receive their fillings digitally because it makes it easier for them to post and circulate the information. Commissioner Tackett stated that as he read through the report, he made notes in the margins and sent that out to the other board members and them. Mr. Caudill stated that he believes that they have addressed the majority of those comments and are finishing some of the others. He stated that they were trying to get some copies out so they could see what it looked like, sort of like a trial version. But there are things that he brought up that needed to be brought out a little bit more in the plan and they will do that. Commissioner Tackett inquired what the time constraints are that we have on submitting this to the PSC. Mr. Sawyers stated that he was getting ready to ask the question of Mr. Caudill of how long until he would be ready to prepare the plan to submit to the PSC. Mr. Caudill stated that he thinks everything is pretty much finalized except they are still addressing a couple of the questions that they had in their comments but most of that is done. He would think they would be able to finish it in the next couple of weeks. He is not aware of any time constraints that we are under as far as an agreed order or anything like that in order to submit. Given to where we are in the month of December, there is probably no advantage to submitting until sometime in January anyway. Chairman Blackburn stated that Mr. Caudill presented the board with a GANT chart or timeline about 6-8 weeks ago and he thinks they are close to that but he thinks the plan was to get it in sometime near the end of the year so now we are pushing that to January. Mr. Caudill stated that he thinks they can have the report ready before the end of the year but he is not sure that there is a benefit to rushing to get it in. Chairman Blackburn stated that he agreed. If we get it in in January, we should get a response, he would think, in the first quarter. Mr. Caudill stated that he would think so also. Mr. Sawyers stated that with the Covid-19 situation, it may take a little longer. Mr. Caudill stated that is true. With so many officials working from home, it is hard to get things done as efficiently when you are working as part of a team. Mr. Sawyers stated that if he makes his changes and has those ready by the next board meeting which is December 22nd, and the Board approves it, you can be ready to submit the first of January. Mr. Caudill stated that he thinks so. Mr. Sawyers stated that if it is typically three months for approval, and let's just say that they are backlogged due to Covid, the worst-case scenario would be 4 to 6 months. Mr. Caudill stated that he would be very surprised if it was not sometime in the second quarter. Mr. Spears inquired if we would be bound to his plan as to how we would expend the surcharge. Mr. Caudill stated you are laying out a plan, if this is what you want to do, but from the PSC's standpoint they would be approving a surcharge to do something. If something comes up in say the 3rd quarter of next year, and there is some kind of equipment that comes out that is ten times better at finding leaks, they would certainly allow you to purchase

that. They just don't want you to take money that you are getting for a surcharge that is set aside for, say leak detection and repair, and use it to build a new office building or something like that. Mr. Spears inquired how would they go as far as in-house construction. Mr. Caudill stated that if you use a force account, they would just let you pay that force account out of that surcharge. Mr. Sawyers stated that basically we would go borrow a certain amount of money at their recommendation at the beginning and spend out of that and document everything we do in detail and submit it to them. It would be like we do a normal project. Mr. Caudill stated that he believes there is a monthly report, or it may be quarterly that is required. Commissioner Tackett clarified that they were discussing the surcharge. That was confirmed as correct. Commissioner Tackett stated that we would be getting that money monthly, and we document how much we get for the surcharge for that month and then that money would be available for whatever we are going to use it for, is that correct? Mr. Caudill stated that you have to identify what you want to use it for. Mr. Sawyers stated that you would need to go to the bank and borrow the money because it may take you a whole year to get enough money built up from the surcharge to even start a project. Commissioner Tackett stated that he sees MWD as having two main problems; one is our minimum purchased water that we have, and two is our leaks that we can't get under 15%. If we follow this report, it will take 15 years to get our leakage down to 15%. Is he reading that wrong or what? Mr. Caudill stated that the reason we started out with 15 years is that that was the contractual time they were supposed to look at. That is not to say that you can't do other things to try to accelerate that. Commissioner Tackett stated that with the zone meters, and he doesn't know when they will get started on that, but they have money to do a lot of it now. That will help us identify where we need to go first. Mr. Spears stated that what Mr. Sawyers was talking about, was like what Southern Water did. They went ahead and borrowed money to put their meters in and then used the money from the surcharge to pay that payment. But that was just one project there. And that would be an option. If you put in a \$600,000- or \$700,000-line replacement then you would borrow that and use the surcharge money to make that payment. Mr. Caudill stated that is correct. Mr. Sawyers stated that he had a couple of questions. He stated that they used everything based on the industry standards and not everything is based on that. If you go back and look at our water loss, PSC wise, on their form we have dropped from the 35 to 36 percent range down to around 25%. That is a 10% reduction and your projections are 15 years and we have already cut it 10% in a fairly short period of time. He thinks if they keep progressing the direction they are going; we can beat the 15-year time frame. Commissioner Tackett stated that we are using a cleaned-up version of this report to submit for a surcharge, and if he understands correctly, the surcharge is only for a period of time until you get the items paid for that you've identified. So, are we submitting this entire report to get a surcharge or to get everything that is listed in this report and is the surcharge going to be there the next 15 years or just for leak detection and repairs to get our leakage down? Chairman Blackburn stated that the entire plan gets submitted and then there is a detailed plan for the initial phase whether that is strictly service line replacement or a combination of service line and main line, but he thinks there will be a detailed plan with a finite time limit. Mr. Caudill stated that you can always petition the PSC to remove the surcharge whenever you wish to. Mr. Sawyers stated that he believes the PSC would let us institute the surcharge based on the initial three-year plan and will monitor our progress over the short term. Commissioner Tackett stated that even if we go for the 3 years, this plan calls for a lot more than leak remediation. Mr. Caudill stated that we are only asking for a surcharge to do part of it. So, other parts of it would not be eligible. Commissioner Tackett inquired how long, typically, do the surcharges last. This plan provides for leak remediation in one area for 3 years and then another area for 3 years and so on. Mr. Sawyers stated that the PSC will approve a shorter-term surcharge for 3 to 5 years and then review what we have accomplished. After further discussion, Mr. Spears inquired what the process was to submit the plan. Mr. Caudill stated that typically the District's PSC attorney that the board has chosen would prepare it and submit the application with the plan. Mr. Spears inquired if we have to submit something that outlines a plan for spending along with the plan. Mr. Caudill stated that he doesn't believe so, as long as you say you are going to use it for leak reduction, he thinks that would be enough for them. Commissioner Tackett inquired if we would have to get PSC approval for a loan to do this work if it is going to be less than 2 years. Mr. Sawyers stated that he believes that the PSC would have to approve any loan associated with the plan. Mr. Spears stated that from a legal standpoint if it is under two years, you don't have to get their approval, but to use funds from this escrow for the surcharge you might have to get approval for that. Chairman Blackburn stated that the plan going forward would be that Mr. Caudill would present the final plan at the next board meeting and along with that, he will have the detailed plan of the initial phase. To be presented along with the complete plan to the PSC. Hopefully we can have something we can act on and move this forward. The board thanked Mr. Caudill and Mr. Campoy for the work they have put into the plan. There were no further comments on this matter at this time.

ITEM NO 2.**LEGAL ISSUES:****A. Executive Session**

1. Pursuant to KRS 61.810 (1)(c) to review the District's Wholesale Water Purchase Contracts.

Chairman Blackburn requested a motion to convene into executive session to discuss the District's Wholesale Water Purchase Contracts. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-001

Chairman Blackburn requested a motion to reconvene into regular session. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-002

Chairman Blackburn requested that Mr. Vanover give a summary of what was discussed during the executive session. Mr. Vanover stated that the purchase contract with the City of Pikeville was discussed in that for the month of October and November, Pikeville billed the District for water that was not utilized, but for a minimum amount and the last order from the PSC set the rate as a single rate for water purchased from the City of Pikeville. We are concerned that by paying for water that we have not utilized, that could violate the tariff in terms of the amount per gallon that we are paying for. The Board has decided to pay for the actual number of gallons used as opposed to the minimum bill, escrow the difference between those two amounts and see if this matter can be resolved with the City. At the same time, the Board has decided to file a request for clarification from the PSC regarding the minimum amount with regard to their rate order from December 19, 2019. Chairman Blackburn requested a motion to pay the October bill for the amount of water that was actually used at the rate set forth by the PSC, and to escrow the difference between the amount that we used and the amount that the City of Pikeville is billing us for going forward until a resolution is reached on the matter. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-003

COMMISSIONER COMMENTS

There were no further comments during this section.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's special meeting. Commissioner Denison made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-004

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

December 22nd, 2020
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Tuesday, December 22nd, 2020 at 5:00 PM.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Johnny Denison, Commissioner
Randy Tackett, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Chairman Blackburn inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Blackburn requested a motion to approve the minutes of the special meetings held on November 13th, 2020 and November 24th, 2020 as presented. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-005

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of November was \$405,242. Accounts receivable was \$1,274,873. Plant in place was \$161,891,875. Accounts Payable was \$242,640. Equity position at the end of the month is \$75,858,406. Revenue for the month was down slightly this month at \$817,171. Year to date is \$9,538,939. We are looking at somewhere around \$10.3M or \$10.4M for the year which is pretty close to our budget other than cut off fees and late payment fees that we could not collect for in 2020. Utility operating expenses was \$940,922 and for the year is \$10,799,386. There was a loss for the month of \$158,104 and year to date loss is \$1,637,933. Included in the loss is depreciation of \$323,628. Operating income for the month was a negative in the amount \$123,752 which also includes depreciation. Cash increased for the month in the amount of \$141,694 which is probably some construction where money flowed in and out on those projects, and he will be switching the cash flow statement and try to get it down to just the unrestricted funds where we don't really see that even though that is not really appropriate. The current operating account balance was \$328,849 at the end of the month. KIA and RD reserves are fully funded. In our O & M Reserve, which is the one we put the \$6,000 a month in or so, we have \$331,005. We are going to be transferring to the sinking fund \$68,500 a month to pay the bond payments we will talk about in a moment. He doesn't have the budget completely ready, but looking at that number with the Belfry project and the Radio Read, both coming on line, it will increase about \$83,000 or \$84,000 next year. We will be putting about \$15,000 back for that each month starting in January. Other than that, everything looked okay. The power bill was down \$91,000 and it fluctuates based on timing and when those consolidated bills come in. He didn't see anything that really jumped out at him. The water purchases are still looking good. We are into our lowest usage months, but that is all he has on the financials for now.

Chairman Blackburn inquired if there any questions on the financial report. Commissioner Denison inquired if he was going to have the board the cash flow with unrestricted accounts available by the next meeting. Mr. Spears stated that he was going to try his best. It depends on some of the other decisions that are made with the budget, but he will do his best to have it at the next meeting. Commissioner Denison inquired if he was going to have Mrs. Hatfield break out the Manpower and put that in a separate account instead of in O & M. Mr. Spears stated that he will have it moved up and inquired if he wanted it done for 2020 or just start in 2021. Commissioner Denison stated that he can just start that for 2021. Mr. Spears stated that he has broken it out for the budget year manually but will start that for 2021. Chairman Blackburn opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-006

Mr. Spears stated that included in the packet also is the RD bond payments that are due on January 1st. He stated that we have \$223,000 in bond payments due to RD from the money we set aside monthly to be able to make those payments without it being in our cash flow. At the end of the month, we had \$518,487 in that account but he will have to get Mrs. Hatfield to confirm if the KIA payments were written out in November and went out on December 1st or 2nd. Commissioner Denison inquired if on the Radio Read project, if that was on the 40-year amortization. Mr. Spears responded in the affirmative. Chairman Blackburn stated that if there were no further questions, he requested a motion to approve to pay the RD Bond Payments as presented, due January 1st, 2021. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-007

Mr. Spears stated that Ms. Olson sent him an email today that they have changed the format...he thinks the computers are down at the DLG where he keys the budget in, and normally he keys those in right after the board meeting in January. We have to fill it out manually and can't get the form yet. We have some calls into them, but they have upped the time frame to January 15th. So, we will have to have the budget done by then. What he asking the board to do is approve him to go ahead and submit it and once the budget committee is satisfied with it, then he will submit it to the Board next month. If there are any changes after the 15th, he can submit an amendment to the budget. He just wants to make sure that it is done timely. Their computer system must have gone down sometime in April according to the voice mails and this is different, but he wasn't aware of it until Ms. Olson got an email from KRWA as a reminder and he hadn't seen anything on it until now. Chairman Blackburn confirmed that he needed to key the budget in before January 15th. Mr. Spears stated that he has to submit the excel spreadsheet that they send us via email once we get our hands on it. The budget committee will be finalizing it before then. He would like them to authorize him to submit that and Mr. Sawyers will be actually submitting it...but for them to submit it and after the full board gets to review it, they can file an amendment if there are any changes. It is going well right now. He is trying to get the notes section tied up and the committee will probably have one more meeting. Chairman Blackburn requested a motion to approve Mr. Spears and Mr. Sawyers to submit the budget to DLG by January 15th, 2021 contingent upon any change amendments being filed by June 30, 2021 after full review of the Board. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-008

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Blackburn stated that copies of the bills were submitted to the board digitally several days ago and inquired if anyone needed time to review it or if they were ready to make a motion. Chairman Blackburn inquired if there were any questions or comments regarding the payables. Commissioner Varney stated that he had a couple of questions. He stated that he noticed that the last couple of months we have had this bill from Citco water, which he doesn't remember seeing in the past, and was wondering what that was. Mrs. Hatfield stated that they used to be CI Thornburg but they have changed their name. We buy a lot of our chemicals for the water plant from there. Commissioner Varney stated that there is one that just says Park. He inquired what that was. Mrs. Hatfield stated that is wastewater chemicals for the wastewater plants. Commissioner Varney stated that is all the questions he had. Commissioner Tackett inquired if the purchased water bills were included in these. Mrs. Hatfield stated that they did transfer the money to the escrow account for the last two bills. Some have gotten emails for the new escrow account to open up. They had to go back and redo it because they had Mr. Sawyers' last name spelled wrong. You should get a new one and check your email for that. Chairman Blackburn stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Friend made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-009

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for November were in the packets of information given to the Commissioners for the meeting. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of eleven thousand, nine hundred and twenty-eight dollars and thirty-six cents (\$11,928.36). Commissioner Varney made the motion to that effect. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-010**CONSTRUCTION REPORT AGENDA ITEM VI****Update by Tim Campoy, Environmental Design Consultants.**

1. **Phelps Hydrology Study** - Mr. Campoy stated that after the last meeting they continued to work with Mrs. Hatfield and Norfolk and Southern to make sure that we got the insurance documentation to the right place. It is like dealing with the Federal government, as anyone who has dealt with Norfolk & Southern knows. That has been done and we finally got a fully executed document from them, so that is everything we need now to prepare an advertisement for this project. He requested that the board authorize him to advertise this project so we can get a spring start on it. They have already begun to put the bid documents together and getting those ready so they can work on a schedule with Mr. Sawyers and get it bid out. Chairman Blackburn inquired when they plan to start the project. Mr. Campoy stated that he would like to start working on a schedule with Mr. Sawyers and start laying out a schedule for that so that they can advertise it in January and work toward being able to start in the spring. Chairman Blackburn inquired if it would be incumbent upon, he and Mr. Sawyers bringing the schedule to the board and then let the board approve the whole project since there isn't a whole lot to go on. He would coordinate with Mike Spears and look at the available funds. Mr. Sawyers suggested that they could lay out a GANT chart with a timeline and where you are at on the funding, and the construction so we can an idea on how much money is still available for construction and engineering. Mr. Campoy stated that he will get with Mr. Sawyers and set up a time to go through this and then get with Mr. Spears on the funding. Mr. Sawyers inquired from Mr. Vanover if he got a chance to look at the contract in regards to the Huddy Project that Mr. Campoy is working on. He stated that he did. Mr. Sawyers inquired if everything was fine with the contract. Mr. Vanover stated that everything was okay with it. Mr. Sawyers stated that it was pretty much standard KDOT contract. Mr. Sawyers stated that it is ready for the board's signature then.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. Mr. Sawyers stated that the contract is ready for the board's signature's since Mr. Vanover has reviewed it and approved it. Mr. Campoy stated that they had this project along with site #5 as one job, and when they completed site #5, they closed that out and turned around and needed new paperwork to keep site #7 alive. Mr. Sawyers stated that he got a new contract from KDOT for this project. Mr. Campoy stated that is where this comes in. They closed out the other project and created a new contract just for site #7. That is where that is coming from. Instead of leaving the contract open for site 7 they ended up closing it out and then redoing a new contract for site 7 only. Chairman Blackburn requested a motion to approve the Huddy KDOT Contract for Site #7 as reviewed and approved by legal counsel. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-011

3. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that this project is to be addressed under Bell Engineering's section but they are still waiting on a response on funding from ARC.

Update by EDC/Bell Engineering – Tim Campoy/Stephen Caudill

1. **Capital Improvement Plan** – Chairman Blackburn stated that thinks the goal was to come into this meeting with a specific plan and he inquired if this was to be a presentation. Mr. Caudill stated that it is not a presentation and actually they have one written up but as far as a description of it basically for leak detection, he will have to forward that to Mr. Sawyers. They have also, after the last meeting, made revisions to the Capital Improvement Plan...after the presentation and have forwarded that to Mr. Sawyers also by UPS and they should be received this week. Mr. Sawyers stated that he received them late this evening. Mr. Sawyers stated that they have talked a lot about industry standards but are they coming back with any type of recommendations or is this just leaving it with industry standards, or how do they...Mr. Caudill inquired if that was as far as the surcharge. Mr. Sawyers responded "yes". Mr. Caudill stated that what they have done, and he apologized because he should have gotten that to him already, is written up some stuff here about leak detection as far as replacing...but it is somewhat generic as far as replacing service lines and things like that, because no decision has been made on how much money will be available each year. Chairman Blackburn stated that he thought they were going to put the plan together, do an estimate and try to get that amount approved for the initial plan, whether that is Marrowbone or whatever district it is that we tackle that has been identified as the culprits to leak detection...the service lines. If we are going to tackle service lines and we are going to go to Marrowbone, then he thinks they already know that line count. We know how many lines there are on that service line and we can put a number to it. He thinks Mr. Sawyers has already done an estimated cost per foot and he thinks now it comes down to isolating and locating the initial project. Mr. Sawyers stated that there are three items listed under your Capital Improvement Plan that you see there...A, B and C. One is we are asking the Board to put together a committee for selection of the projects in order to move forward. He would recommend two board members, himself and David Taylor. If the board wants to recommend someone else as the fifth member they can. Maybe Mike Spears could be on there, since it is finances related. That would be five on the committee to sit down and look at the projects on how we are going to proceed with the projects and the surcharge. The second item is that you are going to need PSC legal counsel for the surcharge application filing. Chairman Blackburn stated that he thinks the committee should be Mr. Sawyers and David Taylor and you guys present to the Board your opinion of what the first area that we attack should be with the service lines. That could be a committee in itself and you could work with Mike Spears but he thinks they should work up the detailed plan for the initial project and bring it back to the board. And you all are free to call on Mike Spears if you need some help with the cost analysis and you are bringing this back to the board and then we can really dig down into it and say yes this is the project we want to do. Mr. Caudill stated that maybe he can get together with Mr. Sawyers and David Taylor too and then they can help put that together also. Mr. Sawyers stated that they will have to select PSC legal counsel to file the application for the surcharge. We have used Jack Hughes a lot in the past here and have also used Gerald Weutcher. He doesn't know if the board has anyone that they would want to utilize for the application process or if they want resumes or some kind of proposals. The third item is an RFP for engineering and design for the selected projects for the PSC submittal. Chairman Blackburn inquired if Mr. Sawyers had a recommendation for legal counsel. We have used Jack Hughes a lot in the past. Gerald Weutcher used to work at the PSC as legal counsel and we utilized him recently with regards to the waiver we got for the grinder unit inspections and he was successful with it. He doesn't know if it matters which one he recommends or not. He can do

a cost analysis or an RFP and ask them to give him a quote on what it would take to get through the steps and present it back later. He can ask for a cost not to exceed. Chairman Blackburn clarified that he would also do an RFP for...Mr. Sawyers stated that project that they select or finalize through the Board, they will select someone to design the proposal. Chairman Blackburn inquired what has to be designed. These are line replacements. Mr. Sawyers stated to Mr. Caudill that when you take the surcharge in, will you have to have drawings for PSC to approve the project or can it just be generic and we just say that we are going to replace this many? He knows for a contractor to bid the project, if we utilize a contractor, they are going to have to at least know where there are creek crossings, river crossings...Chairman Blackburn stated he thinks you are going to need a design plan but some of it you are going to have...you are going to have 1,500 or so service lines. Say half of them are going to be on the same side as the main line. The other half is going to require road borings or you do a separate loop bore or that sort of thing. There will be some drawings but he doesn't know that it will be a design. Mr. Sawyers inquired from Mr. Caudill if we could get by with a generic on a bid with a contractor by just saying to give us a price for creek crossings, give us a price for same siders, and give us a price for road bores. Mr. Caudill stated that you are going to have to put some quantities on that. You can estimate the quantities and he agrees that it is not going to be a detailed design. For PSC purposes, you can probably present just a map showing the locations and a few standard details showing how you want it done and specs would be so minor those could go on the plans showing what kind of pipe you want. He would just estimate the quantities. Chairman Blackburn stated that he doesn't think it would require an RFP and he thinks it is something basically that you can just about do in-house. Mr. Sawyers stated that he didn't know how far PSC took it and that is the reason he put it in here so we would have it if we needed it. Chairman Blackburn clarified that Mr. Sawyers will bring back to the board...and he would like to go ahead and give Mr. Sawyers the approval to turn loose the PSC legal counsel on the PSC surcharge application because these are the things are causing lead times that ...we are already pushed back into 2021 and if we go back and look at the GANT charge that Mr. Caudill provided the board back in late summer, we were submitted at this time on the GANT chart. We are pushing this thing now to March and maybe April. We need to start identifying the lead time matters and attack those and get this thing submitted. He opened the floor for a motion to allow Mr. Sawyers to review the two legal counsels and confer with Jim Vanover and jointly make a decision and move this forward by selecting legal counsel to work on the surcharge submittal. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-012

2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that as Mr. Campoy stated that there was an application for funding submitted at the end of October. He followed up with Eric Ratliff and he indicated that they have not heard anything back as of yet from the funding agency and the project is still in a holding pattern.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that the Belfry WWTP is now online and was started up a week ago on the 14th of December. The Forest Hills pump station is now sending flow to the plant. The CVS pump station is still pumping to Williamson and they also have not turned on any grinder pumps just to make sure that they don't overload the Forest Hills plant. That will continue until the Toler lift station is completed and online in the next week or so. That brings H2O to 99% complete and are on schedule and there is a pre-final walk out inspection scheduled for January

7th, 2021. The only significant thing that H2O has to complete is installing the HVAC system, which they are working on now. BP Pipeline’s project is a little over 83% complete. They have actually reached their substantial completion date in the last few days; however, they are continuing to be impacted by covid-19 and delays with the out-of-town crews that they were sending to the site. Their work force is much reduced from what it once was. They have 120 grinder units partially installed. They have 20-25 complete and ready for the plumbing hook ups. They won’t put those in use until the Toler lift station goes online. They still need about 15 or 20 additional sign-ups for the project and he knows that we are working to get those. There is a small change order for approval for the concrete sidewalk and concrete slab for a cost of \$4500. Mr. Sawyers stated that there are two things he wants to point out. He knows that some people have back peddled on their sign-ups but one thing you have to keep in mind...even though there is like 155 sign ups right now, some of these are apartment complexes and others. You are probably looking at more like 175 customers at least in that range based on the numbers we have right now. Mr. Hill stated that would get us to the number we need to get to. Mr. Sawyers stated that one of those has like 16 apartments in it that has one of the quadplexes. It will boost your numbers at least by 20 or more to be at least 175. We could probably verify that closer in the field as far as apartments. The other item is that he knows that the contractor is delayed on his project because of Covid, but can he not put forth the effort to find another sub-contractor to assist in this matter. Mr. Hill stated that he probably could and they could push him to try to do that. Mr. Sawyers stated that he originally had a sub-contractor on the project over there that he let go and he knows he could probably bring back to help assist in finishing the project.

Chairman Blackburn requested a motion to approve the \$4,500 change order for H2O for the side walk and slab concrete work for the plant. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-12-013

Chairman Blackburn requested a motion to approve the Project Draws and the Construction Reports as presented by all parties. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 20-12-014

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

H2O Construction (Contract #1)	RD Loan Funds	\$ 63,021.97
\$63,021.97	Contract Construction	
Ruben & Hays	RD Loan Funds	\$ 10,479.88
\$10,479.88	Legal Services	

Stratton Law Firm	RD Loan Funds	\$ 4,152.82
\$4,152.82	Legal Services	
Internal Interest on Loan	RD Loan Funds	\$ 111,893.97
\$111,893.97	Interest	
H2O Construction (Contract #1)	RD Grant Funds	\$ 54,464.48
\$54,464.48	Contract Construction	
BP Pipeline (Contract #2)	RD Grant Funds	\$ 107,542.77
\$107,542.77	Contract Construction	
Summit Engineering	RD Grant Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
CAPITAL IMPROVEMENT PROJECT		
Bell Engineering	MWD Funds	\$ 6,061.00
\$6,061.00	Engineering Services	
PHELPS HYDROLOGY STUDY/UPGRADES PROJECT		
EDC	KIA Funds	\$ 7,000.00
\$7,000.00	Engineering Services	

MANAGER’S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that he didn’t have anything to report. Everything is continuing to move smoothly with the new Director and what is going on in the system.
- 2.) **Funding Update** – Mr. Sawyers stated that there were two projects that were not selected for funding for the AML Nexus program. One was Brushy Creek/Sycamore Water Line Extension that the Pike County Fiscal Court asked us to work with them. That was not selected nor was the project we submitted as the Marrowbone to Ashcamp Connector.
- 3.) **Water Loss Update** – Mr. Sawyers stated the MWD form was at 21.44%. The PSC form for November was at 28.4%. We might be up just a little on the PSC form for November.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that the District is still abiding by covid-19 policies as best we can.
- 5.) **Authorize District Manager and Committee to Advertise and Purchase Items for RD Residual Funding**– Mr. Sawyers stated that he is setting up an in-house committee where they are advertising and purchasing items through the RD Residual funding. It would just be him, David Taylor and one more to make decisions on items we are purchasing and doing the equipment descriptions. Mr. Sawyers inquired if the board would authorize him to move forward to do the bids and accept lowest or best bidders on those and get this moving forward so he doesn’t have to come to board over the next month or so to get everything approved. Chairman Blackburn clarified that he had a list and presented it to the board on everything he is purchasing through that. Mr. Sawyers stated that he didn’t have a “list” but he gave them what they were going to do with the funding in general and RD approved that. Now they are breaking the stuff down in numbers and bid specs to advertise so we can get this stuff purchased. Chairman Blackburn stated that this has to happen in

how many days? Mr. Sawyers stated that we are moving as fast as we can on it. Mr. Hoff talked about it and it is sixty days. Chairman Blackburn clarified that that was from the closing. Mr. Sawyers stated that he would say so. He hasn't come out and said he is going to enforce that. He named sixty days and wants him to have it advertised. Chairman Blackburn stated that these funds have to be allocated and spent and a lot of it has to be advertised. He thinks for this, what they should do is select a couple of board members to ping this off of and we will take volunteers or name names, but somebody should review this as these dollars are being allocated just so they are not handing them a blank check. Randy Tackett and Kelsey Friend was named to the committee to oversee the spending of the funds. Chairman Blackburn requested a motion to approve the committee to review and advertise items for residual funding as it is being spent to move the process along for the equipment that has been approved by Rural Development. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-015

Commissioner Tackett clarified when the funds have to be spent by. Chairman Blackburn stated that he thinking by March. Mr. Sawyers stated that they are going to try to spend it in the next 60 days. Commissioner Tackett if the money was to be spent or committed. Mr. Sawyers stated "committed".

- 6.) Approval to Purchase Track Loader/Skid Steer** – Mr. Sawyers stated that the next two items is related to the Belfry Wastewater Treatment Plant. We bid out for a used skid steer. We asked for a 2005 and up with less than 2,500 hours. We got three responses: Boyd Cat (which used to be Wayne Supply), Brandeis and Wilson Equipment. As you can see on the bid tab, the Boyd Cat had a 2015 model with 1,692 hours for \$30,000 without the warranty. Brandeis had the 2017 Takeuchi with 1,450 hours for \$30,000 on it. Both are the same price. There is a difference in the warranty. The difference as far as the equipment in general...the one from Brandeis is two years newer and has 250 hours less. It does have forks with their bucket and the one from CAT does not have them. You are looking at another \$700-\$1,200 to install those because we do need them. Since both are the price they are, he would like the Board to authorize them to go and inspect this equipment and try it out. If he picks one, he is leaning towards the newer one with less hours and the forks. He would like for them go look at both pieces of equipment by inspection and try them out and whichever one they want to choose between the two, that the board authorize them to move forward. We need this at the Belfry Wastewater Treatment Plant for loading and unloading supplies and chemicals, to haul the waste from the screens to the dumpster, will be able to use it in the pipe yard there for unloading pipe, chemicals, and supplies, and also, we will be able to keep some stone there and be able to load stone for some of the projects that need it. That is all he has on this item if the board wants to make a decision on that. Commissioner Tackett inquired if we have any other equipment that is the same brand or model number. Mr. Sawyers stated that we currently have a skid steer at the Phelps Freeburn plant but he doesn't know the brand. Commissioner Tackett stated that if we had several of the same model, it makes it easier to keep parts on hand. Mr. Sawyers stated that we may just keep enough inventory to service it until it would have an issue. Commissioner Denison inquired which one has a better warranty. Mr. Sawyers stated that the CAT has 12 months or 500 hours for \$1,750 and the Takeuchi had 6 months or 500 hours for \$790 plus it had the forks. He thinks they need to at least go try them out and make sure they are up to par. If there is nothing wrong with it, he is in favor of the deal that Brandeis is offering but needs to confirm that by inspecting them. Chairman Blackburn inquired where they were at. Mr. Sawyers stated that one is at Brandeis and one is at Boyd CAT. Chairman Blackburn inquired what the price is on a sludge box.
- 7.) Approval to Purchase Sludge Box** - Mr. Sawyers stated that the sludge box that we have currently, we want to keep it standardized, so the system we have we already have two in place at Douglas. We need a second one for Belfry and it will run about \$36,000. Basically, we need it for

additional storage and drying time for the waste before it is transferred to the land fill. They cannot take it in the initial condition it is in. It has to have drying time. These weren't designed for the project. Chairman Blackburn inquired what the Freeburn rate per day is. Mr. Sawyers stated that it is a 300,000 gpd with headworks designed to go up to 400,000 gpd which is pretty much the same as Belfry. Their volume is close to the same. Chairman Blackburn requested a motion to approve the purchase of the sludge box for the Belfry Pond Sewer Project. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-016

Chairman Blackburn requested a motion to approve to purchase the skid steer selected after review and inspection. Commissioner Friend stated that he would go with Mr. Sawyers and Mr. Keathley to inspect the equipment for selection. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-017

Mr. Sawyers inquired from Mr. Spears how we would fund these purchases. Mr. Spears stated that we can borrow the money and put it in the 2021 budget, he would imagine. Mr. Sawyers stated that we need the board's authorization then, to use the equity line to purchase. Mr. Spears stated that we do have an equity line but he would suggest that we just get straight financing for it. Mr. Sawyers stated that with everything involved it would be approximately \$66,000; if we go for the warranty, approximately \$67,000 for both items. Chairman Blackburn stated that would be part of the resolution approval.

- 8. Discuss Methods to Prevent Unauthorized Usage** - Mr. Sawyers stated that Commissioner Tackett requested us to add this to the agenda for discussion. He stated that he assumes he means theft of service. Commissioner Tackett stated that in November, there were five accounts that were illegally connected to the system with 427,000 gallons lost. He inquired if that was metered or how was the connection illegal and how did we determine the gallons lost. Mr. Lowe stated that he doesn't know the particulars of these five, but if there is a meter in there, it is based on the usage on the meter since the last reading we had on the meter. If there was no meter and they installed a straight pipe, we base it on their average monthly usage prior to them being disconnected when they were a paying customer. Commissioner Tackett inquired how we found these five. Mr. Lowe stated that he was not sure and would have to look into them and get back with him on that. Mr. Sawyers stated that the normal procedure when you run into a theft of service is what...to disconnect from the main? Mr. Lowe stated that if it is one that we had a lock on, we take the meter out at that point. We do a follow-up if they haven't contacted us to reconnect in a couple of weeks. If they have installed a straight pipe, we will take the straight pipe out and issue a work order to disconnect it from the main line. Commissioner Tackett clarified that this was five that we found just in the month of November. Mr. Lowe stated that is pretty typical and even more so when we are actually doing disconnects for non-payment, which we are not doing right now and will be starting back in January but haven't done any since March. Ms. Olson stated that she thinks most of these are probably found by the meter department's audit as they do readings. Chairman Blackburn stated that they are constantly switching out meters for testing as well. Commissioner Tackett

stated that there were showing 163 meters that we removed for testing. If we test those meters and they are good, do they go back on the shelf. Mr. Sawyers stated that according to the PSC every meter has to be tested every 10 years, and that is what they are doing. They are rotating them in and out to be tested so we can stay compliant with the PSC. Mr. Lowe stated that we hold the tested meter until we need it somewhere else. Commissioner Tackett stated that the meters we are testing right now are all brand new. Mr. Lowe stated that is corrected but they all have to be tested in 10 years and we cannot wait until the 10th year to test them. Commissioner Tackett inquired how often we find bad meters. Mr. Sawyers stated that usually if it is a bad meter, it will read low. Mr. Lowe stated that it is not frequent. Ms. Olson stated that she does a meter report every month and Randy Burnette is our meter test technician and is fully certified, and he lets her know every month how many he tests, how many are good and how many test bad. For 2020 in the last 11 months, we are looking at a 97% to 98% percent good rate, so maybe 2-3% of meters that test outside of the required parameters of 98%-100% accuracy. Commissioner Tackett inquired if we had a procedure for checking these meters for illegals. Mr. Lowe stated that we do. If we lock one off for non-payment and they don't pay for reconnection, we check it again in about 2 weeks to make sure they are still locked off and then check it every couple of months after that for the ones that don't pay to reconnect. Commissioner Tackett inquired if we have any knowledge or suspected knowledge of any illegal taps on our main line in any locations. Mr. Lowe stated that if we suspect any, we issue a work order and disconnect it and he is not aware of it. Chairman Blackburn stated that the board took this up 2 or 3 years ago with the sheriff's department and we tried to prosecute some folks with the thought being that if we made it punitive, people wouldn't do it. But David, if he is on here, maybe he can speak to that, but he doesn't think we had a lot of success with that. Mr. Lowe stated that an example from about a decade ago, is that we found an illegal hookup that we actually did press charges against. We went to court and they charged him with a misdemeanor and basically ordered him to pay what he owed us and we still don't have it. Commissioner Tackett asked him to define an illegal hookup. Chairman Blackburn stated that it is when they bypass the meter...test pipes he thinks they call them. You can buy them at some hardware stores and the ends are uniquely made to fit on each end of the meter base. We have pursued this as recently as two years ago. Commissioner Tackett stated that he was just curious as to what percentage of what we are calling non-revenue water or leakage is illegal usage. Ms. Olson stated that on the water loss reports, if it is paid...the report she gets tells them if they resolved it by paying for it. If they have, it moves into the revenue water category where she can count it. If they do not pay for it and it stays on their account, then it is not considered by the PSC as allowable non-revenue water loss. Commissioner Denison inquired if the data had indicated that there was problem with that in a certain area. Commissioner Tackett stated particularly stuff that has been in place for years and years and he was just curious how to go about tackling something that may have happened a long time ago but is still happening today. Chairman Blackburn stated that they have looked at a few items in general that have been mentioned since he has been here that there is a potential for...not a bypass in the meter base...but an actual hookup that took place maybe 20 or 30 years ago that is not metered. There is speculation that those lines are out there, but those will all be found out as we do the service line replacement project. Commissioner Tackett stated that only if there is not a meter there. Chairman Blackburn stated that you would be so close to being all over it...if you go by a house and everybody else has a meter and it doesn't have one, then that is one when you want to sample the spigot...Ms. Olson stated that is where the zone meters that we are going to be putting in to update our water loss efforts will come in also. We will be able to find the leaks on the day shift and the evening shift and if they hear that running, they will be able to investigate. Commissioner Tackett stated these would not be leaks. They would be an illegal tap that may have been put in 20 or 30 years ago. Mr. Sawyers stated that if they are using it, it will sound like a leak and if they are not on the customer list, then they will know. Chairman Blackburn stated that is something they can discuss more later and proceeded to move on with the meeting.

Mr. Sawyers went over the Manager's Report as summarized in their agenda.

Chairman Blackburn requested a motion to accept the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-018

NEW BUSINESS

1. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) to discuss litigation strategy and tactics relating to current MWD contracts and litigation and to protect the District's litigation posture.

Chairman Blackburn requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss litigation strategy and tactics relating to MWD current contracts and litigation to protect the District's litigation posture. Commissioner Friend made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-019

Chairman Blackburn requested a motion to Reconvene into regular session. Commissioner Denison made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-020

Coming out of executive session, Chairman Blackburn stated that the district's litigation strategy was discussed as well as a payroll discussion. He inquired if Commissioner Varney would give them the update on where they stand with that. Commissioner Varney stated that the payroll proposal discussion should be on the agenda under executive session. They discussed personnel issues and approved the salary increase proposal that was presented the Board from the budget committee and will take effect January 1, 2021.

- 2. Budget Payroll Proposal** - Chairman Blackburn requested a motion to approve the salary increase proposal as presented. Commissioner Denison made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-021

COMMISSIONER COMMENTS

Chairman Blackburn stated that he has an announcement and he communicated to the board earlier that effective January 1, 2021 he will be leaving the board. He has enjoyed the time he has spent on the board here at Mountain Water and he is proud of a lot of things that they got accomplished. He will be available they have his cell phone and to feel free if he can be of any assistance. Commissioner Varney stated that he appreciates him and in the time that he has been on the board he has been instrumental in helping him and he knows that he has out in a lot of time and a lot of hours and Mountain Water is better off now than they were when he started and he appreciates him for his leadership and his friendship. Chairman Blackburn stated that he appreciates the kind words. Commissioner Tackett stated that Chairman Blackburn knows how he feels about him. He has worked with him for the last 17 or 18 years at Sidney and then working with him on the board and he appreciates the time he has put in here. Chairman Blackburn stated that he thinks this board and Mountain Water is positioned well with good leadership and he doesn't have any doubts that the board going forward, that Mountain Water is in good hands. We have a well-qualified board in place and with the initiatives that we are taking and the problems that we are tackling, the District will be fine and he thinks they will get another good strong board member and you guys will do well. The projects they have undertaken over the years have been challenging and he is really proud of some of the accomplishments they have made. Commissioner Denison stated that he appreciates him time and that he has helped him tremendously in the time he has been on the board and he hates to see him leave. Chairman Blackburn stated that circumstances are that it is just really unobtainable for him to keep doing what he is doing long distance and he told them that he is just a phone call away.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Blackburn	Aye
Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 20-12-022

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

January 28th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Brian Scott, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, January 28th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Randy Tackett, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

ELECTION OF OFFICERS FOR THE BOARD OF COMMISSIONERS FOR 2021

Vice Chairman Denison inquired if Commissioner Tackett was still adamant that this item should wait until the full board is present. Commissioner Tackett confirmed that is what he thinks; that they should have all Commissioners here before they elect officers. Vice Chairman Denison tabled this item until the February meeting.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Vice Chairman Denison requested a motion to approve the minutes of the special meetings held on December 10th, 2020 and December 22nd, 2020 as presented. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that unrestricted cash accounts at the end of December was \$803,168.90. The operating balance is \$317,575.16 at the end of December. Accounts receivable was \$1,230,326.84. Plant in place was \$163,097,852. Accounts Payable was \$264,226.83. Equity position at the end of the month is \$68,134,589 which is a drop from last month of about \$4,000,000 and the reason is that he moved advances for construction out of that net position to match their audit. It is up in long term liabilities and you will see it there. When he was trying to compare back to make sure that the approved audit numbers were in there, we had it down the net position and it actually goes down in the short-term liabilities but he just put that in the long term. Vice Chairman Denison inquired if Mr. Spears knew what the receivables were at December 31, 2019. Was that the \$1,083,000? Mr. Spears stated that is correct. Vice Chairman Denison stated that is up considerably. Mr. Spears stated that is up about \$150,000 and in accounts payable we were down about \$160,000. Vice Chairman Denison inquired what that accounts payable number was. Mr. Spears stated that accounts payable at the end of 2019 was \$431,951 and is down to \$264,226. We were taking advantage of the terms during that time while waiting on the RD money to come through on the radio read and they gave us the money back we had spent that prior 15 or 16 months in November of that year. We paid some notes off...a line of credit was paid off in December of that year. We had some pretty substantial accounts payable bills that we drilled down also in January that year. Commissioner Varney stated that the financial statements that were emailed out stated accounts payable was \$258,000 and change. Ms. Hatfield stated that is what she showed...\$258,910.45. Mr. Spears stated that the one he ran this morning, there must have been a bill pop in there after they ran those the other day. The difference in those two amounts is \$5,316.38. He asked Ms. Hatfield to run one now and see what it shows. He stated that he is reading off of the one he ran this morning. It looks like someone has put an invoice in there for December from the time they ran it to the one he ran this morning. Commissioner Varney stated that he sees it on the payables for Lowes for \$5,316.38 that was added on 1/27...yesterday. Ms. Hatfield stated that it was keyed in before that and the check was done yesterday, so she doesn't know why it wasn't on there the first time. Mr. Spears stated that he didn't either but we know what it is now. Revenue for the month was \$823,453.93. Utility operating expenses was \$966,857. There was a loss for the month of \$171,523. Cash decreased for the month in the amount of \$14,659.94. The current operating account balance was \$305,528 and page 5 shows the breakdown of that amount. KIA and RD reserves are fully funded. The electricity was up this month. You can see that on page 17. We were down last month. Water purchases appear to be the same in total between Pikeville and Williamson. Our Repair and Maintenance was down in December. We had a total Repair and Maintenance sewer of a little over \$10,000 and for water was \$37,000. We budgeted for 2021 \$100,000 a month into that. That is all he has on the financials for now. Ms. Hatfield stated that she just sent everyone an email with the updated financials that reflect the correct amount for the Accounts Payable. She stated that the Lowe's invoice was keyed in for January so again, she is not sure how that ended up in the December financials and she has never seen that happen before. Mr. Spears stated that he can look at that and see what happened.

Vice Chairman Denison opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-002

Mr. Spears stated that the board needs to also ratify the budget. He doesn't know if they need to go through the whole thing but they have the one he sent. It was approved in the budget committee before he submitted it, but he just requested that the board approve it for ratification and he can submit it to anyone who wants the full detail on the budget. Vice Chairman Denison requested approval to ratify the budget as presented and approved by the budget committee. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-003

PAYMENT OF BILLS

AGENDA ITEM IV

Vice Chairman Denison inquired if there were any questions or comments regarding the payables. Mrs. Hatfield stated that there was one check that was added on today for the Plaza bill for Williamson Water which we just got today. Vice Chairman Denison inquired where the payment is for the retirement. Mrs. Hatfield stated that it doesn't show up in the payment list but is on the disbursement journal because she pays that electronically but it was for \$51,064.70 which includes that two payrolls and the safety bonuses that went out and they require us to add that to it. It is on page 62 and says CERS. Vice Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Tackett made the motion to approve the bills as presented. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-004

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for January were in the packets of information given to the Commissioners for the meeting. After review and discussion, Vice Chairman Denison requested a motion to approve Customer Adjustments in the amount of twelve thousand, seven hundred and ninety-nine dollars and ninety-six cents (\$12,799.96). Commissioner Varney made the motion to that effect. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-005

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated that after the last meeting they were to meet with Mr. Sawyers and Mr. Keathley to discuss the schedule for bidding and construction for the project, but due to Mr. Sawyers illness they were unable to have that meeting. It is now scheduled for the second week of February and then they can bring that to the Board at the February meeting.
- 2. Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project.

3. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that this project is to be addressed under Bell Engineering’s section but they are still waiting on a response on funding from ARC. He spoke to Eric Ratliff this week and he said that he still hasn’t heard from them but that is not necessarily a bad thing, as rejection letters have been going out to other applicants. The acceptance letters go out after the rejection letters, so that could be a good sign for us on funding for this project. We are still waiting and hopeful on that.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Capital Improvement Plan** – Brian Scott with Bell Engineering was sitting in for Stephen Caudill who was unavailable to attend the meeting. Mr. Scott stated that copies of the full plan with all appendices and mapping was printed and forwarded to the Mountain Water District.
2. **Fishtrap Hydraulic Modification Project** – Mr. Scott stated that a contract for engineering services associated with the project was prepared and submitted to the District on November 24th for review and comment. That is all he has on these items and requested any questions or comments. There were none.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that the Belfry WWTP is now complete and plant is in operation. They conducted a pre-final walk out inspection on January 7th. RD was not present in person but they copied them on the punch list and minutes of the meeting. There are only a small handful of corrective issues that H2O needs to take care. They will issue a second punch list to Ovivo since there are a couple of items on their list that need to be corrected so they will be staying in touch with them before they final out their contract. BP Pipeline is working on the Toler Lift Station. They should have that work done and ready for startup in about a week. It has taken longer than anticipated but he thinks they are very close to getting the work done and electric to the station. Forest Hills lift station is pumping to the plant and CVS lift station is still pumping to Williamson until we get the Toler lift station on line. BP Pipeline’s work is approximately 85% complete. They have gone past their current contract time at this point, although they submitted a pending change order and make them aware that they requested additional time due to the impacts of the corona virus. They are working on electrical for the residential hookups. They have all of the pumps in the ground but have to come back and have all of the electrical connections made so those are ready to put into service once the Toler lift station is operational. On contract 1 there is a final pay request for H2O Construction and a final change order #6 for some minor HVAC work where we added ERV and 4” duct work at the plant to condition the incoming air. That change increases the price by \$2,800 and adds 7 calendar days to give them extra time due to a weeks delay from Ovivo replacing some equipment that was found to be faulty during their startup. That is all he has unless there are questions. Commissioner Tackett inquired when he anticipates the entire project being complete. Mr. Hill stated that it is hard to gauge given the way their progress is up and down, but he thinks it will be at least another month to 6 weeks. But certainly, within that time frame we should have the majority of pump stations operational. Commissioner Tackett clarified that we are generating some revenue from this project now. Mr. Hill stated that we are not from the new project yet. Forest Hills lift station is sending flow to the new plant that was previously going to Williamson, but none of the new grinder stations have been put on line because they recognized that they would be overloading Forest Hills lift station. They have stressed the point to the contractor as well, that as this continues to go on, this is costing the District revenue by not having those pump stations in service. At least when they get Toler on line they can start putting individual grinder stations in service as they go.

Vice Chairman Denison requested a motion to approve Change Order #6 for Contract #1 H2O for the additional HVAC work for the plant for \$2,800. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-006

Vice Chairman Denison requested a motion to approve the Project Draws. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-007

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

H2O Construction (Contract #1)	RD Grant Funds	\$ 369,402.96
\$369,402.96	Contract Construction	
BP Pipeline (Contract #2)	RD Grant Funds	\$ 35,683.59
\$35,683.59	Contract Construction	
Summit Engineering	RD Grant Funds	\$ 15,386.40
\$15,386.40	Engineering Services	
Wascon	RD Grant Funds	\$ 32,489.18
\$32,489.18	Materials	
Ovivo	RD Grant Funds	\$ 45,668.35
\$45,668.35	Materials	

CAPITAL IMPROVEMENT PROJECT

Bell Engineering	MWD Funds	\$ 1,996.00
\$1,996.00	Engineering Services	

DOUGLAS WWTP UPGRADES PROJECT

Wascon	KIA Loan Funds	\$ 8,433.92
\$8,433.92	Materials	

MANAGER'S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that he didn't have anything to report.
- 2.) **Funding Update** – Mr. Sawyers stated that as Mr. Campoy reported earlier, we are still waiting word on funding from ARC right now for the Fishtrap Hydraulic project. The only thing coming up in the future to be released is the CDBG which we would have to go through the county on, and would be freed up by spring. If the Board would like to sit down and look at this closer, we can look at possibly doing a Community Development Block Grant. Usually that is for about \$1,000,000, and we could look at projects for that.
- 3.) **Water Loss Update** – Mr. Sawyers stated the MWD form was at 26%. The PSC form for December was at 33%. The 2020 PSC annual percentage ended up being 30.4% for the year. He would like to back up and point out that in 2018, we were at 39.08%. In 2019 we were at 36.81% and this year at the end of 2020 we are at 30.4%. We dropped nine points in our water loss for the annual average in two years.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that the District is still abiding by covid-19 policies and that is still ongoing.
- 5.) **Capital Items List - 2021**– Mr. Sawyers stated that Ms. Olson handed out a Capital Items list that some of that was discussed during the budget meeting.

Mr. Sawyers went over the Manager's Report as summarized in their agenda.

Vice Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Friend made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-008

NEW BUSINESS

1. **Wolfpit Industrial Site** – Mr. Sawyers stated that this is proposed for phase 1. It is for water and sewer for the industrial site. It will involve a 200,000-gallon water storage tank. It will also involve upgrades to our existing system and also booster pump stations. The fiscal court wants the District to be a co-applicant on the project and it would be mostly Coal Severance and grant funding. Vice Chairman Denison stated that there was an informational packet with mapping emailed to the board and the fiscal court is asking the District to be the co-applicant for the project. He inquired if everyone had a change to review that. All Commissioners answered in the affirmative. Vice Chairman Denison inquired if Commissioner Varney would read the resolution, which he did and it is attached hereto in the record of these proceedings. Vice Chairman Denison requested a motion to approve the resolution as presented to authorize the District to be a co-applicant for the Wolfpit Industrial Site Project and authorize the District Manager to sign and submit a grant application on behalf of the District in the amount of \$1,869,210 in conjunction with the Pike County Fiscal Court. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-009

2. Legal Issues

A. Executive Session

- 1. Pursuant to KRS 61.810(1)(c) to discuss litigation strategy and tactics relating to current MWD litigation of Hamilton vs. MWD and to protect the District's litigation posture for potential litigation with regard to an easement for a water storage tank site.**

Vice Chairman Denison requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss litigation strategy and tactics relating to current and potential litigation to protect the District's litigation posture. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-010

COMMISSIONER COMMENTS

Vice Chairman Denison stated that he believes that they have discussed previously, he thinks they need to compare this budget to actual numbers for each month. Mr. Spears stated that he can put the budget on the financials and can put a report on there starting in February. Commissioner Tackett clarified that for the February meeting they will have a budget to actual spending report for January and a year to date. Mr. Spears stated that he thinks he can do it that way. Vice Chairman Denison inquired if there were any additional Commissioner comments. There were none.

ADJOURN MEETING

Vice Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-01-011

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

February 25th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, February 25th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Randy Tackett, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Vice Chairman Denison requested a motion to approve the minutes of the special meeting held on January 28th, 2021 as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-001

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of January was \$320,514. Accounts receivable was \$1,229,972. Plant in place was \$163,192,079. Accounts Payable was \$197,704. Equity position at the end of the month is \$67,960,960. Revenue for the month was \$870,122 which is the highest we have had in the last 4 or 5 months. Utility operating expenses was \$1,016,770. There was a loss for the month of \$180,321.

Included in the loss is depreciation in the amount of \$323,628. There was negative operating income for the month of \$146,647. We had a cash increase of \$3,114.16. IN the month of January we had three (3) payrolls. He will defer to Carrie Hatfield, but if he recalls, those were \$75,000-\$80,000 at a time. Mrs. Hatfield stated that they were about \$68,000. The retirement will be within February and it was about \$70,000 she thinks, but the average is about \$68,000 each. Mr. Spears stated that that hit us this month. The current operating account balance is \$309,794. KIA and RD reserves are fully funded. The O & M Reserves are \$344,287 and we transfer \$83,500 into the sinking fund every month and currently have a little bit of a buildup in there. Vice Chairman Denison clarified that the income/loss was \$180,321 and depreciation was \$323,628 of that, so the operating income is not negative. Is that correct? Mr. Spears stated that operating is still negative because it has the \$323,628 included in that also. Our sinking fund right now has \$300,000 in it and we have only made one deposit in it this year in January. We have a little bit in there that has just built up over time. Just to give an idea of where are with it. Vice Chairman Denison stated that is money we can actually tap into if we needed it. Mr. Spears stated that we absolutely could as long as we keep enough in there to make future KIA and RD payments. On the back of the last report you have, we finally have a good budget income statement which is actual vs. budget starting on page 19. There is one more report that we can add to this that he thinks would be good, although he is hesitant about singling out a month because the way we are doing the budget goes in, we put the annual budget in and it takes it across by 12. But there is a report that shows the current month budget and bearing, so we could get that set up now that we have the other one set up. He will caution them that down in repair and maintenance, the bottom line on page 20, we have \$49,000 budgeted for R & M and only spent \$5,100. Some of the others were a little closer but it is hard to predict a bad weather event that really drives those up: freeze and thaw, and what have you. So, you don't want to get too excited about seeing that number. As far as total budget to actual, we were \$45,000 under for January, the bulk of it being mainly R & M. Vice Chairman Denison stated that the budgeted revenues are a little bit higher than actual. Mr. Spears confirmed that they were \$34,000 higher. Vice Chairman Denison inquired if he anticipated that number going back up. Mr. Spears stated that yes, but also keep in mind, that we have some months over that later in the summer months that will even that out on average. Commissioner Varney clarified that the budget includes a little higher estimate for the Belfry project also. Mr. Spears confirmed that as correct. Vice Chairman Denison stated this is exactly what he wanted to see and if he could put that other report on with the variance on it, they would like to see that. Mr. Spears stated that they are all welcome to call him any time to clarify anything they see on the financials. Commissioner Varney stated that he really appreciated the new report of budget vs. actual. That is going to be really beneficial going forward. Vice Chairman Denison opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-002

PAYMENT OF BILLS

AGENDA ITEM IV

Vice Chairman Denison inquired if there were any questions or comments regarding the payables. He inquired if there were any new bills added to the last one they received via email. Mrs. Hatfield stated that she revised it but the one in their packet is the most current one. Commissioner Varney inquired if she sent out another one besides what they got in their packet. She stated that she did not. The one with totals on page 46 of their packet is the correct one. The actual amount to be paid is \$371,602.87. Vice Chairman Denison clarified the amount of the Pikeville water purchases and then stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Friend made the motion to approve the bills as presented. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-003

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for January were in the packets of information given to the Commissioners for the meeting. Commissioner Varney inquired about the one large adjustment. Mr. Lowe stated that as you can see in the gallons adjusted column, they adjusted for 2.9M gallons total on a 3-month adjustment. Vice Chairman Denison inquired what the root cause of that one was. Mr. Lowe stated that they suspect that they have their own holding tank and it was leaking. Mr. Taylor stated that they gravity feed to what looks to be an old pumping station well, and what it does is that when they are not taking water from us, they can take from another type of slurry pond because they use it for like land water. The months in the transition between TECO and Virgie Clean, they weren't running. Then they started to produce coal and became a pretty big user again. But constantly they have about a 4-5 gallon a minute leak that runs but it is a pretty old system. He has gone and looked at it about 2 years ago and it is definitely in need of rehabilitation. He is not sure what they're of a fix is going to be, but they wrote in for a leak adjustment on their usage. Vice Chairman Denison stated that we need a solution to that some way or another. Commissioner Tackett inquire how long this adjustment was for. It was confirmed it was a 3-month adjustment. Commissioner Tackett clarified that they can't ask for another adjustment. Mr. Lowe stated that they cannot get another adjustment for twelve months. Commissioner Tackett stated that this adds up to about \$1,000 every month. He wonders if they are going to come back next year and ask for the same thing. Mr. Lowe stated that he talked to one of their representatives today and he actually called one of the partners and the partner told him he needed to get on this and get it resolved next week, so hopefully they do. Mr. Taylor inquired what that made their total balance. Mr. Lowe stated that it is about \$12,000. Vice Chairman Denison inquired if they have paid that. Mr. Lowe stated that they have not and they asked for a payment plan and we did a payment plan for them today on their balance. Commissioner Tackett stated that other than that one adjustment, this is the best January we have had in the last 4 years. Vice Chairman Denison confirmed that except for 2018. Mr. Lowe stated that generally in January we have the most leak adjustments just because of freezing. If we have a spike, it is generally in January. After further review and discussion, Vice Chairman Denison requested a motion to approve Customer Adjustments in the amount of eighteen thousand, four hundred and sixty-eight dollars and eighty-five cents (\$18,468.85). Commissioner Tackett made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-004**CONSTRUCTION REPORT AGENDA ITEM VI****Update by Tim Campoy, Environmental Design Consultants.**

1. **Phelps Hydrology Study** - Mr. Campoy stated that they met with Mr. Sawyers and Mr. Keathley on February 18th to go through the schedule for the Phelps Hydrology Study project. They have worked through that and worked through some items that they wanted to see in the bid package as they got it put together. With that, they have submitted a project schedule to distribute to the Board and he will go ahead and go over it. Mr. Campoy stated that with their approval of this schedule this evening, they can get the advertisement over to the newspaper in the morning to be in beginning March 3rd. They will advertise for 3 weeks until the 24th with a pre-bid conference on the 17th of March. They have it set up for last day for questions on the 22nd and the final addendum to be issued on the 26th with bids due March 31st. Then, they have bid evaluations and contract review by Mr. Vanover through the month of April with award of the bid being at the April 29th meeting. From that point, they will issue the Notice of Award and Notice to Proceed so the contractor can order their supplies, and you can see from the schedule that they have a two-month window there for supplies. That is just what we are seeing right now. In talking with contractors and deal with a couple of projects that they have ongoing, that is what they are seeing just for basic pipe and supplies. With that, the pump station, he talked

to Wascon about it, and they are basically considering their drawings and to get it delivered, they are looking at about 90 days on that. Those are pretty real right there, of what we are seeing. It just goes back to Covid. They have a five (5) month construction period which is July through November with a substantial completion date of November 30th and final construction phase to get everything buttoned up through December. Vice Chairman Denison requested a motion to approve the project schedule and authorize Mr. Campoy to advertise the project for bid. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-005

Mr. Sawyers reminded Mr. Campoy that before the plans are submitted to Lynn Imaging, he and Mr. Keathley need to review the plans.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Capital Improvement Plan** –Mr. Caudill stated that copies of the full plan with all appendices and mapping was printed and forwarded to the Mountain Water District. Since then, there has been no further work related to the Capital Improvement Plan, although he and Mr. Sawyers have had discussions as far as retaining an attorney and doing some additional work like that to move the project forward with the PSC. Mr. Sawyers stated that he is currently working with Mr. Taylor on it to move things forward with the PSC.
2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that they did a preliminary engineering report for this project that was used by Eric Ratliff, Grant Administrator for Development for the Pike County Fiscal Court. That was submitted to ARC in October of last year. We have not heard anything on it as far as it being funded. He spoke to Mr. Ratliff earlier this week just to confirm that he had not heard anything, and he advised that they were going to reach out to ARC and try to get a status update sometime in the next week or so. We are still in a holding pattern on this project. Assuming that it does get funded, in preparation of that, they have prepared a draft contract and forwarded it in November for review. If it does get funded that has also been done.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that they have received their final certificate of occupancy from HBC on the Belfry WWTP building and that contract is now complete, in the warranty period, and the plant is in operation. BP Pipeline has completed the Toler Lift Station and startup was completed on February 10th. They still have to come back and complete some additional site grading and install the security fence and gravel the access road when the weather gets more favorable to completely complete the work at the lift station, but it is operating as intended. Flow from the CVS lift station was routed to the Belfry WWTP on February 16th. BP Pipeline's focus now is on completing electrical connections. The grinder pumps continue to be a critical path item as it has been for a while. They have gotten about 158 total sign ups right now and of those 38 stations are ready to be put in service. They have about another 107 or so, as of a week ago, partially complete, but the electrical work needs to be completed before they can put those in service. BP Pipeline is telling the engineer that they are intending to complete 6 units per

day on average until completion, and intend to work 5 days a week to get more progress made. If you do the math on that, they are projecting at least another month or month and a half's worth of work to get done. Based on the pace they have been going up to this point with the weather impacts, he thinks that estimate is overly optimistic. He thinks they are looking at more like mid to late April before substantial completion on all of the grinder stations. As of now, they are about 89% complete by total dollar amount. They are over their contract time and have a pending change order request that includes some additional time for coronavirus impacts that they say they have experienced. He inquired if there were any questions. Mr. Sawyers stated that now that they have the lift station on line, is the contractor putting the ones he has set and completed on line. Mr. Hill stated that is his intent and theirs, that they go ahead and puts those completely done hooked up, instead of jumping back and forth...Mr. Sawyers inquired if the ones he has complete now are going into the lift station. Mr. Hill stated that they weren't as of the last progress meeting and he hasn't gotten an update this week to see how many of those he has gotten put into service yet. But now that Toler is on line, there is not reason they can't put those on line. Mr. Sawyers stated that now that the lift station is on line, we need to get those started up immediately because that is revenue. Mr. Hill agreed. Vice Chairman Denison clarified that there were 38 that were ready and installed. Mr. Hill stated that is correct and he will follow up and make sure that he is going to make those a priority to get on line. Ms. Olson inquired if Mr. Hill will ask them to send her a list of those as he puts those on line so she can forward those service agreements downstairs to get those accounts active. Mr. Hill stated that he would do that. Commissioner Tackett clarified that they said they were going to install 6 units per day, 5 days per week. Are there any penalties if they don't do that? Mr. Hill stated that there are liquidated damages built into the contract but like he said, they have got the coronavirus impact that they have been dealing with that is the primary reason for the delays. Commissioner Tackett stated that based on what their estimate is going forward... if they only come out and work 3 days per week, and only get 18 put in instead of 30, like Mr. Sawyers said, that is revenue that we are losing if they aren't on line. Mr. Hill stated that certainly if we don't see that kind of commitment from them and they start backing off and aren't working 5 days a week or less than 4, we will bring that to Mr. Sawyers' attention and revisit that. Mr. Sawyers inquired how many crews he has working right now. Mr. Hill stated that he would have to check with Mr. Mullins and see. Mr. Sawyers stated that he didn't see why he couldn't send another crew in and get those on line...the ones that are complete...now that the lift station is running. Vice Chairman Denison clarified that he has basically another 120 left. Mr. Hill confirmed that as correct. The electrical work is the main delay at this time. He needs more electricians to be in there working multiple houses at a time. Vice Chairman Denison stated that we need those on line as soon as possible and inquired if there were any questions. Ms. Olson inquired if there was a current change order now that needs to be addressed or if that is from previous meeting. Mr. Hill stated that there was no change order for this month. Commissioner Tackett stated that the only comment he has is that we need to hold their feet to the fire until they get all of those installed. Mr. Hill stated that he agreed.

PROJECT DRAWS:

Vice Chairman Denison requested a motion to approve the Project Draws. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-006

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	RD Grant Funds	\$ 87,163.34
\$87,163.34	Contract Construction	
Summit Engineering	RD Grant Funds	\$ 15,386.40
\$15,386.40	Engineering Services	

MANAGER'S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that he didn't have anything to report.
- 2.) **Funding Update** – Mr. Sawyers stated that Mr. Caudill has already touched base on the ARC Fishtrap project and that is what he heard from Eric Ratliff this also.
- 3.) **Water Loss Update** – Mr. Sawyers stated that there is good news on it as shown on the handouts. The MWD form was at 11.78%. The PSC form for January was at 19.6%. This is good way to get the year started off and especially with the temperatures we have had and things going on. He wants to compliment David Taylor and his staff for getting out there and working at it and getting it done. Commissioner Tackett inquired what page that was on in the packet. Ms. Olson responded that the water loss summary starts on page 55 and the handouts start on page 58. He thanked her for that information.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that the District is still abiding by covid-19 policies and that is still ongoing. We have had staff do vaccinations and are completing the second round of vaccinations this week.
- 5.) **Cyber Security Discussion**– Mr. Sawyers stated that Vice Chairman Denison brought this item up and they have had touched a little bit on it via text. If the Board has any questions, he would be happy to answer those. He knows that Vice Chairman Denison saw about the episode in Florida where they got hacked at their water treatment plant near the Super Bowl. He has informed him that our plant network is on one computer and our internet that the plant is on, is on a separate computer so it is protected from that. If the Board has questions as far as the office is concerned, Mr. Lower would be the one to answer those. Vice Chairman Denison inquired from Mr. Lowe if he is still making sure everything is backed up and that we have our anti-virus program in place. Mr. Lowe stated that we are and we are actually backing up to the cloud twice a day and we have a physical device on the server backing up daily as well. As far as our anti-virus software, we are up to date on that. Commissioner Tackett inquired who is doing that. Mr. Lowe clarified that Eastern Telephone is doing the anti-virus software and updates. Vice Chairman Denison clarified that the water treatment plant is not hooked to the internet, is that what he is saying? Mr. Sawyers stated that it has a separate computer for it. What runs the plant and the system is all on a separate computer that cannot be hacked. Vice Chairman Denison clarified that it is hooked to the internet. Mr. Sawyers stated "no", that it is a totally separate network. Someone would have to come inside the plant to tamper with it. Mr. Spears inquired if there was any way to put a tape back up drive or something to back that hard drive up on that one, even though it is not hooked to the internet. What happens if you get a crash? Mr. Taylor stated that it is just wonder ware software that the PLC'd in to where the computer controls the PLCs but, it has the inputs and outputs to read and control, but as far as saved data, that is printed off and makes a report on it so there is nothing really to save. If the computer was to crash, we would just have to have a second one.
- 6.) **Bid Award – Leak Correlator, Mag Meters, Pumps, Motors, & VFDs, Water Storage Tanks** – Mr. Sawyers stated that these are items pertaining to the Radio Read Residual Funding. We had a committee of three: himself, David Taylor, and David Wolford from the District to score each one and to review the bid documents as they came in. On the Leak Correlation Machine, that bid was the only one received. On the Mag Meters, they scored those also and the low bidder was Gilson Engineering and Sales. For the Pumps, Motors and VFDs, the low bidder was OTP Industrial Solutions. All three of the low bidders were the ones selected by the committee as well. For the water storage tanks, there was only one group that bid on it. There was another vendor that called in but didn't submit a bid. With that said, we have the only bidder which is Southern Tank and Manufacturing. These items are ready for the Board's approval today. Once the Board approves them, they will go on to RD and go through their process of bid transparency from the District's perspective, of the American Iron and Steel Act. She will review them to make sure these are okay before he submits them to Dan Stratton to finalize the purchases. Commissioner Tackett inquired

what the lead time was on these. Mr. Sawyers stated that he doesn't know if they put lead time on their bids, but he would guess that we can assume 4 to 6 weeks generally. The storage tanks may be longer. They may have to construct those and he doesn't know what they have on hand. Vice Chairman Denison inquired if those were two (2) storage tanks. Mr. Sawyers confirmed that as correct. Commissioner Tackett inquired where those were for. Mr. Sawyers stated that they are for Right Fork of Greasy Creek and Kendrick Fork. Mr. Sawyers inquired if Mr. Taylor agreed with him on the lead time for the bid items. Mr. Taylor stated that he agrees. Usually, 4 to 6 weeks for individual pumps and motors on order. We have never placed an order quite this big but this is coming from a factory that is known to us and we have never had delivery problems before with them. He thinks it is safe to assume a lead time of 4 to 6 weeks since we have been dealing with them for years. Commissioner Tackett inquired that once we start placing these orders and they start coming in in 4 to 6 weeks, how long after that can we start putting these in. Will we be ready at that time? Mr. Taylor stated that we have pump station upgrades that we are already planning on as soon as the weather breaks, to pour the pad, and go ahead and get those started with construction. As far as, being ready for whatever comes in for replacements, we will only be able to do one at a time. We only have a crew of 4 that are also doing preventive maintenance, so, we will be straddling a little bit to try to squeeze these jobs in, but we know it is coming in. If he is asking how long it is going to take to get this whole project done, he will know better in the fall. Mr. Sawyers inquired if the Board wanted to approve these items now or wait until he is done with the report. Vice Chairman Denison inquired if any board members had any questions. There were none at this time. Vice Chairman Denison requested a resolution to approve to award the low bidders for the leak correlation machine, electromagnetic meters, pumps, motors, & VFDs and water storage tanks as recommended by committee. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-007

- 7.) Selection of Legal Counsel for Surcharge Application Submittal** – Mr. Sawyers stated that we utilized Jack Hughes a lot in the past and have utilized Gerald Weutcher on a project that we had last year or year before last. We have two (2) that we can go to as far as that he knows of, for the surcharge application submittal. He would like for the Board to go ahead and make a selection of which legal counsel they would like to utilize for the surcharge application submittal; either Jack Hughes or Gerald Weutcher. Jack is in business for himself and Gerald works for Stoll, Keenan and Ogden. Vice Chairman Denison inquired how Mr. Sawyers' experience has been with Mr. Weutcher in the past. Mr. Sawyers stated that it has been a good experience. He is very professional, he is ex-military, and everything he has every seen in conferences he has done really good on teaching the classes. Board members may have seen him there teaching classes. Commissioner Varney stated that he has and clarified that he was a former PSC attorney. Mr. Sawyers confirmed that as correct. Vice Chairman Denison inquired if any board members had any comments. Commissioner Tackett clarified that Mr. Sawyers was asking them to select someone today. Mr. Sawyers stated that they can pick one today pending them moving forward with the surcharge application. If we don't go forward, we don't utilize anybody. Commissioner Tackett stated that he thinks it is critical that we do go forward with it. Vice Chairman Denison stated that he doesn't think they actually have to do a request for qualifications for professional services. Mr. Sawyers stated that is correct. They can just select someone. Vice Chairman Denison stated that his choice would be Mr. Weutcher. He inquired if Commissioner Tackett was agreeable to that. He stated that he was. Commissioner Varney stated that he was fine with that and was curious if Jim Vanover or Mr. Sawyers had a preference if they have dealt with both of them. Mr. Sawyers stated that he likes Mr. Weutcher real well, personally. He like Jack but he thinks Gerald would be his preference. Commissioner Tackett stated that he has only had dealings with Jack Hughes and he had not been too thrilled with what we have seen coming out of his office, as far as quality. Ms. Olson stated that two years ago Mr. Weutcher was the District's attorney when we applied for the waiver on the mechanical equipment inspections and he was successful in getting us a waiver on

that. The PSC was actually so impressed with that case, that they ended up applying it across the board to utilities in the whole state and not just us. It was a very good case turn out for him and for us. Vice Chairman Denison stated that he thinks he is the man for this issue. The board members agreed and he was selected.

Mr. Sawyers went over the Manager's Report as summarized in their agenda and stated that if they had any questions, to let him know.

Ms. Olson inquired if there was a resolution needed to select Mr. Weutcher. Mr. Sawyers stated that they said that with professional services, we can just move forward and select someone.

Vice Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-008

NEW BUSINESS

1. **Conflict of Interest Statements** – Ms. Olson inquired if Mrs. Hatfield wanted to address this item. Mrs. Hatfield stated that every February they usually do the conflict-of-interest statements. She has attached in their packet, a list of all of our vendors. They can go through there and if there are any there that are a conflict, they can fill that out on the page and sign in. If there is no conflict, they can put neither, and sign and date and put in the file. It is something that we do because vendors do change and she thinks we are technically required to do that. Ms. Olson stated that it is included in the District's ethics policy.

2. **Legal Issues**

- A. **Executive Session**

1. **Pursuant to KRS 61.810(1)(c) to discuss litigation strategy and tactics relating to current MWD litigation of Hamilton vs. MWD and tactics relating to current MWD litigation and the District's contract with Salt River Engineering.**

Vice Chairman Denison requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss litigation strategy and tactics relating to current and potential litigation to protect the District's litigation posture. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-009

Vice Chairman Denison requested a motion to Reconvene regular session. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-010

COMMISSIONER COMMENTS

Vice Chairman Denison inquired if there were any additional Commissioner comments. There were none.

ADJOURN MEETING

Vice Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent (Feed cut out before vote)

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-02-011

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**March 10th, 2021
5:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express
Sharon Hall, Pike County Fiscal Court
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Mike Spears, Spears Management
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer
Kevin Lowe, Billing/Finance Manager

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, March 10th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS: Chairman Denison requested if there were any visitors for the meeting. Ms. Olson stated that Sharon Hall with the Pike County Fiscal Court is the only visitor she knows of for this meeting and we welcome her. Commissioner Denison inquired if Ms. Hall had any comments. Ms. Hall stated that she was just in attendance to answer any questions if necessary.

ITEM NO 1:

Board of Commissioners Election of Officers:

Commissioner Denison stated that the Board needed to elect officers for this year. He inquired if any of the board members had any recommendations for Chairman. Commissioner Tackett made the recommendation that Commissioner Denison be elected the Chairman of the Board. Commissioner Friend seconded the motion. Commissioner Denison nominated Commissioner Randy Tackett as Vice Chairman. Commissioner Friend seconded the motion. Commissioner Denison made the motion that Commissioner

Varney remain as Secretary and Commissioner Friend remain as Treasurer for the upcoming year. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-001

ITEM NO 2:

Maynard Fork Water Line Extension Project:

Chairman Denison requested that Commissioner Varney read the prepared resolution into the record. Mr. Sawyers stated that before he does that, he would like to give the board a background on the project. The Maynard Fork Project was put in the project with Sycamore and the area has a problem with water quality and the volume of water. There is a lot of elderly people up there...there is a little old lady that is having to carry water that is about 90 years old and the Fiscal Court is pursuing the funding with the Appalachian Regional Commission. Part of that opportunity is that the district will have to come up with a 20% commitment of the 80% of the grant. Commissioner Varney stated that the District's 20% is estimated to be \$40,171.60. Commissioner Varney then read the resolution during the meeting, a copy of which is included for reference in the record of these proceedings. Commissioner Denison stated that there is \$76,000 being provided to the District. He inquired from Ms. Hall is that could be utilized for this particular grant. Ms. Hall stated that she thinks that is going to be utilized for a different project; Peach Orchard. And then they will come up for the rest of the project. She inquired if Mr. Sawyers wanted to tell them about that project. Mr. Sawyers stated that Peach Orchard is another area that Commissioner Robinson is interested in getting water to. It is another area with similar issues to Maynard Fork. The only thing up there is that it is only 4 customers to this project and is about the same price range. They right now have about \$70,000 left over and want to put it toward the Peach Orchard project and look for the rest of the funding to perform the installation of the project. Commissioner Denison inquired if there was any way to move part of this \$76,000 over to this particular project. Ms. Hall stated no, that this is an ARC application that requires a commitment letter of 20%, but the District's 20% may not be forty-some thousand. But she would put 20% in the letter so that she can get the approval, but she and Mr. Sawyers have talked about it with the road commissioner and we can do the paving which would take another \$10,000 out. They have already shaved the budget down to \$200,000 from \$210,000 and then she thinks they will go from there, but in order to submit it she has to get the commitment letter for the 20% for the District. They are looking at this as an emergency. She has had Commissioner Keene send her emails, Rocky Adkins called her, she has talked to the ARC Director again yesterday and he said that a Commissioner called him and they are looking for this letter. Commissioner Denison requested a motion to approve the resolution as read during the meeting and included in the record. Commissioner Varney made the motion as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-002

Mr. Sawyers stated that the Fiscal Court did agree to perform the paving which pulled \$10,000 off of the project. Once we select an engineer, we may be able to trim this a little more by the District purchasing the materials and then bidding the installation out separate. He was able to do that with the Millers Branch project and we will have to wait and see what we can do. Commissioner Denison inquired what the timeline is on this. Ms. Hall stated that the grant applications were due by October of last year. When this emergency came up on this water problem, and the legislators got involved and they called and the Commissioner at the Department of Local Government has the power to invite you to do an application, even though it is not application time. So he invited us to do it. In doing the pre-app like you normally do, then they select the pre-app and let you do the full application, they have selected us to go ahead and do the full application. She had another hold up though with the water councils web portal, where Maynard Fork was a part of the Sycamore Phase II Project, that WX # couldn't be used and she had to make Maynard Fork a separate project and get a separate WX #. They are meeting on Tuesday the 23rd and she is hoping to get that done then. She is also hoping to get it to the clearing house and they will have it all by the end of April. She spoke to the state director of ARC and asked them to let Commissioner Keene and Rocky Adkins and them know that we are not dragging our feet, that we are pushing it as fast as we can. This is fast for getting a normal application in. She is looking for it to be approved this summer so that we can begin the project this fall. She needs someone to set on a committee to procure an engineer. ARC told her they have to procure an engineer. She was going to pull the inspection fees out and they told her she couldn't do that either. She is hoping to have an advertisement in the newspaper on March 16th procuring an engineer for the project and then accept bids on the project through March 31st, and set up a meeting for the 1st week of April to select an engineer. Mr. Sawyers inquired if it had to be done by and RFP. Ms. Hall stated that it will be an RFQ, for the most qualified. She inquired if we can do the selection the first week of April. Mr. Sawyers stated that we have a regular board meeting coming up real soon. Ms. Hall stated that it has to be advertise from 7 to 21 days. Mr. Sawyers stated that we would need a special called meeting when she got to it then. She stated that she is going to cut it off on March 31st. Typically you give them three to four weeks, but this is a smaller project and anybody with any experience with water lines should be able to put a package together in two weeks. Mr. Sawyers stated that he thought they should be able to do it in a week. She stated that they needed someone on the selection committee. Mr. Sawyers inquired if there were any volunteers for the committee. Commissioner Denison nominated Commissioner Tackett for the committee and he agreed. Ms. Hall stated that Commissioner Robinson with the fiscal court will want to be on the committee as well. Commissioner Denison inquired if there were any further comments or questions regarding the Maynard Fork Project. There were none.

ITEM NO 3:**Loan Rollover / Payoff for Two (2) Vehicles:**

Commissioner Denison stated that we have two vehicle loans that are up for renewal or to be paid off. He stated that he and Commissioner Tackett is of the opinion that they need to go ahead and pay these off. He inquired from Mr. Spears if he would explain the consequences would be to the rate study if they did that. Mr. Spears stated that in a general rate study, that debt service is available and qualifies as part of the rate. It is not going to make that much difference either way. He thought about it today. If they don't want to pay it off, he doesn't think it is going to be devastating. It would be about \$1,000 a month revenue generally how they calculate your debt service. Commissioner Denison stated that he told him that it would be 6.5 cents per customer and that amounts to about \$1,100 per month. Mr. Spears stated that the payments are showing about \$1,090 and he just roughed it at about 15,500 customers to kind of see what... Commissioner Denison inquired what number he came up with. Mr. Spears stated that it was about 6.5 cents per customer per month. Commissioner Denison stated that from a standpoint of rates, that is going to add \$1,100 to the rate a month. Is that correct? Mr. Spears stated that his point yesterday when he did that is that some we will be replacing and we won't have anything built in to cover the payments and that is one way of doing it. We are still in the first two years of paying on it so we are still well within the PSC guidelines. Commissioner Denison inquired from Mrs. Hatfield what the rate is we are paying on these loans. Mrs. Hatfield stated 4.5%. Commissioner Denison clarified that was on both loans. She confirmed that as correct. He inquired what the payment is on them. Mrs. Hatfield stated that she will have to check the file to see exactly. Mr. Spears asked if the 4.5 would stay if we renewed the loans. Mrs. Hatfield stated that he has not given her a rate but typically with Community Trust Bank we ask for them to roll them over at the same rate. Mr. Sawyers made the recommendation to go ahead and pay it off but wait until after Mr. Spears gives the test year for the rate study. Go back and reevaluate it in a few months because Mr. Spears is going to use a test year of what... from July to June? Mr. Spears stated whatever the Board tells him. A full 2021 would be his preference but he can do July of 20 to June of 21. Commissioner Denison clarified that these are due tomorrow. Mrs. Hatfield stated that it is tomorrow but she didn't know about this special called meeting, so Steve Belcher agreed that if we waited until the next board meeting, they could wait for that as well. But since we had this special meeting, she wanted to go ahead and get this out there, that way they can get the ball rolling we the Board decides to roll them over for another 2 years. Commissioner Denison inquired from Mr. Spears that we have an adequate cash flow. Mr. Spears stated that he thinks they would be okay on that. Mr. Sawyers suggested that they renew it for a year and pay it off then. That way you still get... Mr. Spears stated that it being in existence, if it drops off it may not help. Commissioner Denison stated that it is his opinion that instead of paying 4.5% interest, and it not making that much difference in the rates, he thinks they just need to pay them off. Mrs. Hatfield stated that the monthly payment on those is \$1,090 per month on vehicle 155 and \$550 per month for vehicle 161. Commissioner Tackett inquired what part of that is interest and what is principle. Mr. Spears stated that the principal portion last year was \$10,579 in 2020 on the big one and \$5,813 on the smaller one principal portion. Commissioner Varney stated that if you take the \$26,000 at 4.5% the next payment of interest would be about \$98. Mr. Spears stated that we can pay those off and then we can look up needs during the rate test year. Commissioner Denison stated that we shouldn't pay the interest if we have money available to pay these off. After further discussion, Commissioner Denison requested a motion to approve to payoff vehicles 155 and 161 as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-003

COMMISSIONER COMMENTS

Commissioner Varney welcomed Commissioner Runyon to the board. She thanked him and stated that she feels very green but will do her best. All of other Commissioners echoed the sentiment of welcome and expressed their confidence in her. Commissioner Runyon stated that she appreciated their confidence and can see how having people in different fields, she can see where that would help the board.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn the special meeting. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-004

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

March 25th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, March 25th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on February 25th, 2021 as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-005

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of February was \$358,555. Accounts receivable was \$1,194,256. Plant in place was \$163,761,354. Accounts Payable was \$232,440. Equity position at the end of the month is \$67,784,046. Revenue for the month was \$803,744 which is the lowest we have had in a while. Utility operating expenses was \$980,741. There was a loss for the month of \$211,690. Included in the loss is depreciation in the amount of \$335,997 and he has adjusted that. He didn't adjust January for the depreciation increase because it was going to throw the beginning capital off so he didn't, but he will do so. There was negative operating income for the month of \$176,997. In February the retirement was higher due to having three payrolls in the month and they expected that. We had a cash increase of \$3,114.16. IN the month of January, we had three (3) payrolls. Electric is higher and they are looking at that. The electric was \$140,000+ and we have never seen a number like that. There is a couple of things...page 17, the 6th line down. That is a statement of the last 12 rolling months. Commissioner Varney stated that is a good report for them to look at. Probably the increase was that it only hit part way in January and then another part of it is where Belfry WWTP went on line and there are 5 new meters apparently. They are going to analyze that and see what happened. Billing days are not that much higher than previous. Commissioner Varney stated that he knows they bumped that in the budget and still in just two months are about \$26,000 over. Mr. Spears stated that they bumped it about 11% and we have these other meters. He has to make sure he has the Belfry electric in the right spot. Ms. Olson stated that AEP had a rate increase that began in February also. She stated that they rebilled what they had already billed and adjusted it for the new rate. Mr. Spears stated that may be what happened then for the February billing. Ms. Olson stated that her bill had 3 sections. The first one, the rebill, and then the new bill. Mr. Spears stated that could be the answer to that then. The current operating account balance is \$345,852. KIA and RD reserves are fully funded. The O & M Reserves are \$351,000 and we transfer \$83,500 into the sinking fund every month and currently have a little bit of extra in there and we may need it with these extra loans coming on line. Depreciation went up about \$50,000 so that increased from \$280,000 to \$339,000 which is non-cash. Nothing else really stood out drastically as far as comparing month to month. On pages 19, 20, & 21 of the financials, are two months actuals and two months budget and where we are to date as far the budget. Pages 22-24 are the budget we looked at last month which has one month ended but doesn't have the variance column on it. The revenues...even if we had a regular revenue month...we are in a low revenue month. That will pick up in the summer months which are higher revenue months. Chairman Denison clarified that we had a positive cash flow for the month if you skip over that depreciation. Mr. Spears stated that yes, we did have a positive cash flow of \$38,000 for the month. Chairman Denison inquired why the monthly insurance expense is down this month. Mrs. Hatfield stated that they do installment payments and they are not monthly. They will do one and then two or three months later they will send another one. So, it is a timing difference. Commissioner Varney inquired about the laboratory testing. He stated that he was looking at the report where you compare the two months to the budget, and we have two different laboratory expense accounts and one is pretty well on but the other one, the last couple of months has been way up about \$12,000 over what the budget is. Mr. Spears stated that the second one, he thinks, is sewer. Commissioner Varney stated that it was usually about \$1500 to \$2000 per month and the last two months it has been \$8500 and \$7500. He was curious if it was something we were doing different. Ms. Olson stated that we have added Belfry WWTP and there is sampling that is required there which would be additional. Mrs. Hatfield stated that we received some additional invoices in February that were for January that we had not received so those were added. They were invoicing individually and there was a meeting with them and we asked them to send a full invoice monthly. Ms. Olson stated that February is also the month that we do our quarterly sampling on TTHMs and HAAs that are quarterly. Mr. Sawyers asked Mr. Chris Dempsey to elaborate on the sewer sampling as well. Mr. Dempsey stated that one of the costs that went up is on the Belfry WWTP, we had to do a test called Whole Effluent Toxicity once a year and it is pretty pricy. It's a one-week test with fish kill and all of that which is about \$3000 and that was done in February. We are also having to add a couple of extra samples for the treatment plant for water purposes that are not state permitted. Chairman Denison stated that he didn't have the schedule for the debt service. He inquired what items are coming off soon. Mr. Spears stated that we do have some debt service coming off and he will review it and let him know what is coming off. He stated that he is going to revisit the budget and look and see if we need to amend it. We can amend it up to the end of June. He thinks we may have missed on the electricity as well as some new meter account that were about \$9000 this past month and he will look at that some more. Mr. Sawyers stated that we have had to pay for some power drops as well. Chairman Denison clarified that the rate for the retirement is still about 24%. Mr. Spears stated that it is 24% and goes to 28% July 1st. There being no further questions, Chairman Denison opened the floor to a motion to approve the financial report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-006

PAYMENT OF BILLS AGENDA ITEM IV

Chairman Denison inquired if there were any questions or comments regarding the payables. Chairman Denison inquired if the payment to John Hughes was for that declaratory order. Mrs. Hatfield stated that it was. Chairman Denison inquired if the payment to Peoples Insurance is split into different categories. Mrs. Hatfield stated that no, the bill itself comes all together but it is for the general liability, all of your insurance, all of your booster pump stations, the office...blanket coverage for all, but she does not have a breakdown on this invoice. The breakdown is on the renewal policy. Commissioner Runyon inquired what the payment to the Hog Trial Building was out of curiosity. Mr. Sawyers stated that it is probably a refund to one of the fiscal court's properties. Mrs. Hatfield confirmed that was an overpayment refund on an inactive account. Commissioner Tackett inquired on the payment to the landfill for \$1700. Mrs. Hatfield stated that was for sludge. Commissioner Tackett inquired about the Pike County Solid Waste Payment of \$1600. Mrs. Hatfield stated that we have six different locations where we have rental dumpsters. We are looking into buying the one at Belfry and the one at Douglas. That's an additional \$65 or \$75 at each location. Jamey Keathley is getting a quote to replace those with ones we own and will be a lot cheaper. Commissioner Tackett clarified that we would be purchasing our containers...Mrs. Hatfield clarified that they would still charge the \$149 a month for pick up only. Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Friend made the motion to approve the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-007

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for February were in the packets of information given to the Commissioners for the meeting. Chairman Denison inquired if Mr. Lowe is having luck collecting on the payment schedule from the large adjustment and payment plan from last month. Mr. Lowe stated that the first payment is not due until April 1st. Chairman Denison requested a motion to approve Customer Adjustments in the amount of ten thousand, four hundred and twenty-seven dollars and seventy-four cents (\$10,427.74). Commissioner Varney made the motion to that effect. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-008

CONSTRUCTION REPORT **AGENDA ITEM VI**

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that in accordance with the schedule that was provided last month, the movements and activities on this project have occurred. The advertisements were run the 2nd, 9th and 16th of March. The mandatory pre-bid meeting was held on March 17th at the District offices. Contractors present were BP Pipeline, H2O Construction and he noted on his report Mullins Construction, but they were actually there teaming with G & W Construction and G & W would be the lead on that. Tomorrow our final addendum will go out for the project and they have been working on a couple of items with Mr. Sawyers and Mr. Keathley as questions have come up. Bids are due the 31st by 4 pm at the offices of Jim Vanover. At that point they will be opened and read aloud. On that then, they will then evaluate the bids and bidders and make recommendations to the District and hopefully by the end of the month, award the bid or if the Board wishes to give them the authority if they are in budget, to award the bid prior to the next meeting. He opened that up to any discussion on that matter. The schedule did say that they would run that in through to the board meeting at the end of April. He inquired if anyone had any concern one way or the other on that. Commissioner Tackett inquired how critical is the time to the project. Mr. Campoy stated that everywhere they look they are having problems with receiving materials. The sooner they get on it the better, but you may only be talking about a delay of a few weeks, so in the whole scheme of things, the project is probably a 5- or 6-month project. So really it is not time critical to do that, he was just offering that as a possibility. Commissioner Tackett stated that if there were really good advantages to going ahead and doing it, he is open to that, but if there is no advantage to it, he thinks they could present it at the April meeting. Chairman Denison agreed with that. Mr. Campoy stated that they will stick with that. There were no further questions on this project.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. They said they would contact them when they got their issues straightened out.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Capital Improvement Plan** –Mr. Caudill stated that since last month they have had some preliminary discussions with Gerald Weutcher. As they recall, last month Mr. Weutcher was the attorney that the District decided to employ to assist them with the surcharge case before the Public Service Commission. They had some conversations concerning what information he is going to need from Bell Engineering. At the request of Mr. Weutcher, they forwarded an electronic copy of the Capital Improvements Plan to his attention so he could go ahead and start reviewing it and looking to see what was in it. Mr. Sawyers, Mr. Taylor, Commissioner Tackett and himself met on March 16th to discuss essential improvements being included in the surcharge being discussed. At that time, they came to a consensus on two potential options concerning the scope of work being included in the surcharge. Subsequent to that meeting, two draft alternatives for potential improvements and opinions of probable costs were circulated for discussion amongst the four of them. Mr. Sawyers made some modifications to the documents based on the historical data that he has on past costs that have been incurred by the District. Mr. Sawyers will be addressing this further during the Manager's Report.

2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that there is really no change to this project in the last month. We are pursuing funding from ARC for this project and he checked with Eric Ratliff, the county's grant administrator, last week and followed up with him early this week, and he indicated that they have not heard anything yet from ARC as to whether they intend to fund the project. He did indicate that the county is continuing to follow up with ARC concerning this application so that they keep it in front of them and hopefully get it funded. There were no further questions regarding these projects.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that Contract 2, BP Pipeline, as of today have gotten 75 pump stations in service out of a total of 158 sign ups. They are about 47% in service which brings them to about 90% completion with the overall contract. They are still working 5 days per week but are not averaging the 6 installs/connections per day that they told us was their goal. They are averaging about half of that. At the current rate, it is looking like the remaining hookups will not be completed until the end of April or even into May. They will be at least into May finishing up their cleanup work and other tasks. The project is currently past the project time. Their final completion date was to be January 16th but they have submitted a request for an additional 90 days which has not been formally put into place yet. That 90 days is not going to be enough for them, even now, obviously. As spoken about in the past, we are still evaluating their request for a scope in cost change or increase due to additional paving replacement and additional drilling for some creek crossings done for environmental reasons. Although they are behind and making fairly slow progress, they are making somewhat steady progress and the project is still within budget. Based on their prediction of the final quantities on small diameter pipe, we could come in as much as \$20,000 under budget at this point. He inquired if there were any questions. Mr. Sawyers inquired if they have added any additional crews on to try to get this project moving along faster. He knows they discussed that in the progress meeting about two weeks ago. Mr. Hill stated that in talking to the contractor, he said he isn't going to be able to put any additional manpower on the project. Mr. Sawyers stated that he heard him say about additional paving and directional bores. He requested that he go back over their additional time request. Mr. Hill stated that his request for additional time is primarily pointing to the coronavirus impacts that he states is affecting his ability to send additional personnel to the project. He is pointing to the overrun of pipe quantities that have taken extra time to install. That total pipe overrun is probably no more than 5-10% of the total. Mr. Sawyers stated that he would ask the Board to keep this information in the back of their minds with what we are dealing with in regards to this case, just for a future project that is going to come up for bid. He wants them to keep all of this in mind with what we are dealing with here on this project. We have a plant constructed and on-line faster than they got the collection line. Mr. Hill stated that the bypass at the Toler Lift Station was constructed to give them the ability to get that in place because the work at the lift station wasn't done yet. Chairman Denison stated that he said that it looks like we are going to come in under budget, but were there any penalties in that contract as far as time. Mr. Hill stated that he didn't quite hear all of that question. Mr. Sawyers clarified that he was asking if there were any liquidated damages in regards to their being late. Mr. Hill stated that there is and he would have to look up the amount but he is thinking it is \$500 per day. Mr. Sawyers inquired if the Board wanted to wait on this until there is a liquidated damage review and also the review of when the lift station went on line as to when the customers would be put online, as a time frame where we can factor up lost revenue. You still have 75 more customers and you are looking at another month and he won't bring any other extra crews in to try to get this accomplished. Just more delays. Chairman Denison stated that he thinks we need to hold off on a resolution approving any additional time right now. Mr. Hill stated that he had nothing further at this time.

PROJECT DRAWS:

Chairman Denison inquired if there were questions regarding the project draws. Commissioner Tackett stated that there is one there for BP Pipeline and inquired if we are on a schedule of completion on these draws, or how much more do we have yet to pay them. Mr. Sawyers stated that he is estimating we are coming in under budget by about \$20,000. Chairman Denison inquired what the time line is. Are we prepaying this without the work being done? Mr. Hill stated that the BP Pipeline invoice on the draws is for the work completed in the last month, mainly the grinder stations they put online in the last month. Commissioner Tackett clarified that it looks like that project may end up \$20,000 under budget, but are they going to be asking for additional monies though, for what...Mr. Hill stated that they are. He doesn't have that amount yet because they are still trying to work out the quantities they are asking for, but they sent in a request for additional cost but the total amount of it is unclear. Chairman Denison stated that we really don't know then, that it is going to be under budget. Mr. Hill stated not when it is all said and done, no. Commissioner Tackett inquired if Mr. Sawyers asked about the penalties for them taking so long because it is eating into our revenue. Mr. Hill stated that the contract does provide for liquidated damages if they

go beyond the contract time. They will just have weigh that against...it essentially comes down to whether you want to assess the liquidated damages against the contractor's arguments that it was due to coronavirus impacts. The other thing the contractor has mentioned a few times is that the District didn't have all of the sign-ups for the pump stations at the onset of this contract, so he has had to move around a lot more than he otherwise would have, he claims, as the sign ups came in. Chairman Denison stated that they were going to put that issue on hold until the next month's meeting. Mr. Sawyers stated that it would be with the stipulation that he comes back with a projection of those costs and the time frame needed on the lost revenue and the liquidated damages. Mr. Hill stated that he is sure they will have a better picture of that by the next meeting. Chairman Denison requested a motion to approve the Project Draws. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-009

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	RD Grant Funds	\$ 22,534.55
\$22,534.55	Contract Construction	
Summit Engineering	RD Grant Funds	\$ 15,386.40
\$15,386.40	Engineering Services	

PHELPS HYDROLOGY STUDY SEWER PROJECT

EDC	KIA Grant Funds	\$ 2,500.00
\$2,500.00	Engineering Services	

MANAGER'S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **System Safety Update** – Mr. Sawyers stated that he didn't have anything to report.
- 2.) **Funding Update** – Mr. Sawyers stated that Mr. Caudill has already touched base on the ARC Fishtrap project and that is what he heard from Eric Ratliff on this also.
- 3.) **Water Loss Update** –Mr. Sawyers stated that the MWD form for the month of February was at 26.94% and for the year was 19.36%. The PSC form for February was at 29.3% and for the year average, we are at 24.45%.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that the District is still abiding by covid-19 policies and that is still ongoing.
- 5.) **Bid Award – Annual Pavement Replacement**– Mr. Sawyers stated that last year we had five (5) bid on the project and we only had one (1) this time and we contacted the ones that bid last year. The bid received was with Kendrick Paving and we will a formal resolution to award this bid for

pavement replacement contract. Ms. Olson stated that the bid tabulation sheet was on page 50 of the Board's packet of information. Mr. Sawyers stated that last year we had a contractor with a little bit lower bid but they walked away early on in the season and then Kendrick Paving took over as the second lowest bidder and this year they were the only bidder. Commissioner Varney inquired if this bid was comparable to what their bid was last year. Mr. Sawyers stated that he is close looking at the numbers. He is not sure exactly without looking up the comparison. We just got this bid about an hour before the meeting but it looks comparable to last year. Commissioner Tackett clarified that Kendrick Paving is who had the bid last year. Mr. Sawyers stated that no, it was Boyd Paving but early in the season he kindly walked off from it, probably because he had too much on his plate and we just took the second lowest bidder, Kendrick Paving, to finish the season, and Kendrick bid on it for this year. It is Gary Kendrick. Commissioner Tackett inquired if they were good about coming whenever we needed them. Mr. Sawyers stated that they were pretty good about turnaround time. One of the stipulations in the specifications was that they if they do poor quality workmanship, they have to come back and redo the job so we are not out any money anywhere they have an issue of not satisfying the customer, especially driveways.

- 6.) Douglas WWTP** – Mr. Sawyers stated that this item is going to take a little while. The District's WWTP at Douglas, he has already discussed this in some detail with Chairman Denison, and the plant has had issues with internal equipment and components, that being the membranes have failed due to clogging and major storm events that have caused inflow and infiltration, and issue with one of our submersible mixers, dewatering sludge issues and the screen failing. The District has been in negotiations regarding the warranty for replacement of some these issues with Ovivo. Basically, what we have boiled it down to is that we are going to have to replace the membrane modules (there is 9 total) and the actual cost is \$40,000 per module which is \$360,000. What we have worked out with them in regards to the membranes is that they will pay for 6 of those and the other 3, they are going to discount those to \$25,000 each from \$40,000 each, so the District will be out roughly \$75,000 to replace the membranes. The screen itself, the company that manufacturers it is going out of business and we cannot get any kind of components to make the repairs or insert or anything in any way. This type of screen has not been very successful for us from the beginning. We have worked out a deal with another vendor, the one we utilized for the Belfry Project. Those two screens run \$43,000 total. There are some things in this that they want us to care of and that is that the labor would be on us and any other side items that we have to buy as far as incidentals like pipe or fittings and rental of a crane would be on us. He has it totaled up as \$75,000 for the membranes, \$43,000 for the screen, 3 days rental of a crane for \$3,750, reseeding of the plant to cover the warranty for mixed liquor based on the amount of waste in the system for \$7,500, a screen hopper for the screen for an estimated \$4,500, and the total being \$140,000 plus freight and shipping. He apologized for piling all of this on last minute but Mr. Dempsey will tell them that he got this about 20 or 30 minutes before the meeting. He hasn't been able to put anything in writing, just notes until then. He has been offered to go with the newer membrane system, which is ceramic (the others are polymeric sheets and this is ceramic like we are using at Belfry). It is better quality than what we have at the plant as an upgrade but the problem is the estimated cost of \$697,323 because you are looking at all of the ceramic sheets involved in this, plus internal components that have to change to retro the project in. The difference in this project is that right now we have got roughly another 7 years of warranty on our current system and he has asked them to give him a life expectancy on these and he still thinks it will only be 2 to 5 years, and we may still fall short of our warranty and may still have to have some help with regards to it. That's just them estimating it. The system at Belfry has a life expectancy of 20 years. Over there they have a 12-year warranty. Commissioner Tackett inquired when that plant was activated. It seems like it was only 3 or 4 years ago they were building it. Mr. Sawyers stated that he is right. It is going on 3 years. Mr. Dempsey stated that it went online in August of 2018. Chairman Denison inquired what the warranty on that was. Mr. Sawyers stated that they are paying 80% and we are paying 20% because some of the issues we have had is based on the screen failing, based on some of the I&I issues. They won't cover the entire warranty, but they are covering 80% of it. Commissioner Tackett clarified that they are only going to cover it if we put the same thing back in. Mr. Sawyers stated that is correct. We can do a retro to put the other one in at a cost of \$697,323. They do have a financing option if the Board wanted to stretch this out to put that in. If we can get the 7 years out of the warranty, you may later look down the road at a different membrane system. Commissioner Tackett stated that if we go with a better system now like we installed at the Belfry WWTP, we aren't going to get any help at all. Do we have any way to recover anything from the old system? Mr. Sawyers stated that what they pointed out was that the Belfry system was like \$900,000+ and

they started at \$800,000+ and discounted it down to \$697,323 so they discounted it over \$100,000. The last number they gave him was \$800,000+ and he asked them if they could do better than that and they dropped it down to \$717,000 and now to \$697,323. Commissioner Tackett clarified that this is a different company that manufactured the original. Mr. Sawyers stated the ones at the Douglas WWTP is a different manufacturer and they use a middle man. The one at Belfry, they produce them out of their own manufacturing plant. The system at Belfry is totally Ovivo. Microdyne is the company that those polymeric sheets come from at Douglas. Commissioner Tackett inquired when a decision would have to be made on this. Mr. Sawyers stated that we are out of compliance with the Division of Water and are not getting the treatment like we are supposed to because of the issues until we get this in place. Commissioner Tackett inquired if there were any fines associated with being out of compliance with the Division of Water. Mr. Dempsey stated that we are on bypass with the state right now because he gave them two options; the plant could overflow, or it could overflow at the lift station. DOW suggested that we chlorinate and we are doing direct discharge from plant though chlorine because we can't put the flow out. We should be able to put out 300 gallons per minute and we can push 51 gpm tops. Mr. Sawyers stated for Mr. Tackett because he didn't think he could hear that, that what he was saying is that we are currently running a bypass with approval of the DOW, and we are chlorinating what is going straight out of the plant. Mr. Dempsey stated that this is the state's suggestion and the reason he let them pick how the flow was handled. Mr. Sawyers stated that this is the recommendation that the state made to us until we can get this fixed, so we are trying to move on it pretty quick. It just depends on the direction the Board would like to move in. Commissioner Varney inquired if he could break down the two choices again. Mr. Sawyers stated that you are looking at about \$140,000 if we use the existing system and replace the membranes and the screen and stuff associated with it. That has a warranty for another 7 years on it and the life expectancy is about 2 to 5 years. He thinks someone told him at first that it was 5 to 8 years but they shortened it up to low ball us so they wouldn't be overestimating. The new one is a 20-year life expectancy; it has a 12-year warranty (4 flat and 8 prorated) at a cost of \$697,323. Mr. Spears inquired if the new one has been out long enough to have a history on it. Mr. Sawyers stated that it is a new product but he can say that with the major storm event that they had at Belfry, this system over there handled the I & I a whole lot better with the surge that they had. The technician came in with Ovivo and looked at it and was impressed with how well it worked because of the surge during the storm. Mr. Dempsey added that the screens also are substantially better. They are static screens with no moving parts, no motors or rakes and the chance of breakdown is slim to none. Commissioner Varney clarified that if we go with the first option, we will have the 7 years of the warranty and then we will be facing this again. Mr. Sawyers stated that is correct. Commissioner Varney stated that we don't know how much those numbers will come out 7 years down the road with what they pay versus what we will have to pay on it. Mr. Sawyers stated that it will be a higher price for it later down the road, he is sure. Chairman Denison inquired how they ended up paying 80% this time. Mr. Dempsey stated that it was because we have had errors from the get-go. Even on the punch sheet we did for Summit Engineering before final payment was made, there were issues with the plant. Mr. Sawyers stated that we reminded them of different things that they were supposed to be involved with us in and plus, just negotiating...you know. Chairman Denison stated that we are looking at \$280,000 difference in continuing to do what we've got versus the 7-year warranty, we can do it 3 times. Commissioner Runyon clarified that he was talking about subsequent repairs if we go with this one. Chairman Denison stated that yes, since this one will last about 4 years and trying to compare the two. Chairman Denison stated that it would be best to have a special meeting to discuss this. Mr. Sawyers stated that we can schedule a work session next week if they would like. That way they can kind of mill it around their heads what they want to do and we look at the numbers closer. Chairman Denison clarified that we could handle the \$140,000. Mr. Sawyers stated that he did ask them if they could do it in installments. Mr. Spears stated that we had \$380,000 in O & M. Mr. Sawyers stated that the installments would be 40% with the purchase order, 30% in 30 days and 30% in 60 days. That's on the \$140,000. Chairman Denison stated that if we do the other, we are going to have to have PSC approval, Mr. Sawyers confirmed that as correct. With this being the situation, we can explain to them that doing it would get us back in compliance with the Division of Water. Chairman Denison stated that they needed to have a work session to see what the debt service would be on that. Mr. Sawyers stated that he may give our PSC legal counsel a call on this as well. He stated that he will schedule a work session for next week on this issue.

7.) **Surcharge Application** – Mr. Sawyers stated that he thinks they have already spoken to Mr. Caudill about it. He has worked with Gerald Weutcher and Jim Vanover has helped him with the language in regards to the contract and we have it signed. He has started asking us for a template and information he needs to get the ball rolling. He went back and roughed something in and really hadn't gotten it complete when he handed it out in the meeting with Commissioner Tackett, Mr. Taylor and Mr. Caudill, but he went back and tweaked it and sent it to Mr. Caudill and Mr. Taylor to look at. In that meeting they discussed two options. One was two additional in-house capital replacement teams. Those are on pages 51 and 52 of your packet. First line item is customer service line replacement. This includes all parts from the tap to the base, minus the saddle, and he tried to factor in 1 ½ conduit for creek crossing and potential easements. One of the things he would like to do is, if we have a neighborhood that has 5 houses together, he would like to run a 2" line across, tap off of it and run it to all 5 and not have 5 individual service lines. That is less issues for us in the future and makes common sense. The next line item is Miscellaneous. He utilized that actual cost for pavement and stone backfill in 2020 and projected it for 3 years. The next item is water main line replacement. This is an estimate for a contractor at \$300,000. Booster Pump Station replacement is \$150,000 for three of them. Water storage skid tank replacement is \$175,000. Then for two crews, it will require two 3500 series utility trucks, four 1500 series trucks, two mini-excavators and two pull behind trailers at \$330,000. Mr. Spears inquired if we needed four 1500 series trucks. Mr. Sawyers stated that we would be having them doing a different variety of things. They won't be able to just double up, we will be having them scattered doing other things as well. Staff is four operators and two laborers for \$756,000 for a three-year cost estimate. That is not factoring in any raises or anything of that nature, that is just actual price right now. It includes laborers at \$12.00 per hour and operators at \$14.00 and all benefits. Chairman Denison inquired if it included the bump up per year on the retirement. Mr. Sawyers stated that it does not. He didn't include any raises or any bumps. Just currently what it would be right now. He didn't factor any contingency in either, which should be added to the bottom. Right now, he just rushed to get this done. Hydraulic modifications, we are just looking at Rocky Road for \$45,000. Telemetry system is 15 sites at \$105,000. Pressure Reducing Valve Station Replacement is \$40,000. This is a total of \$2,496,000. So, Commissioner Tackett knows, he did leave off the additional zone meters just because he had rushed and forgot them. But right now, we have scheduled for 14 to 16 zone meters in the other project and can always get together and discuss this next week if you want to add any additional ones. On page 52, is for three additional teams. The first item stayed the same price. He didn't add anything extra as far as the taps which there would be more taps done. He just didn't get the opportunity to do that yet. The Miscellaneous stayed the same and once again, if we are doing three crews and we are doing more service lines, those two prices would increase. He will have to sit down with Mr. Taylor and Mr. Caudill to finalize some of the numbers to see what we think we can do there because if we have a third crew, we have all of these other items to address on this page. So, we may have one crew addressing everything else and the other crews doing the service lines. There are no other changes on the page until you get down to the vehicles and equipment. Because this option has three crews, we need two 3500 series utility trucks, four 1500 series trucks.... Commissioner Tackett stated that is the same as with two crews. Mr. Sawyers stated that he sees that now and he has messed up there. Commissioner Tackett stated that the only thing he sees different is that for three crews, he added one large excavator. Mr. Sawyers stated that he added two more trucks in the cost but it is a typo in the number. He changed the cost to six 1500 series trucks, just so they know. Commissioner Tackett inquired how much the large excavator would be. Mr. Sawyers stated that he estimated \$100,000 and \$30,000 each on the two trucks. Commissioner Tackett inquired if we would need a trailer to haul it on. Mr. Sawyers stated that we are going to use the dump truck and low boy to haul it that we already have across the road. We have to rent these large excavators at times to do some of these projects, especially the maintenance projects. It is has really helped us throughout the years since we have taken over and he hates making those rental payments when we could be buying one. You can see the only two factors in the numbers he changed there was under the equipment and the labor...\$160,000 on the equipment and \$240,000 on the labor. Like he said, it would be nice to have the third crew to do these other items. We could utilize the large excavator in different projects. What we generally do is wait until we have several projects and then rent one to do them. We used it a lot when we did the maintenance project and that way it keeps us from running out during all of these weather events, by us making repairs, we don't have to go out so much during them. For examples, for the freeze and flooding we have had, we have had minimal issues this time around because of all of the work we have done in the last few years to tighten those items up by utilizing the bigger excavator, too. Commissioner Tackett stated that with a 16% rise in the 3-year cost estimate, we

should increase our lines replaced by 50%, is that right? You went from \$2,496,000 with two additional crews to \$2,896,000 with three additional crews. So, we are adding one full crew with only a 16% increase in the cost estimate. If we add one full additional crew, should we not get 50% more service lines replaced? Mr. Sawyers stated he mentioned that we may have to...it depends on what we need to sit down and talk about this in regards to...do we have the third crew dealing with the other issues such as the booster pump stations, skid tanks and water storage tanks. We can add more to it, he just needs to set down and talk to him and Mr. Taylor about it and determine more what you want to do. He doesn't think they need to totally address this issue and approve it now because it is going to take 4 to 6 weeks...he stated that he wants to set a committee up and if the committee approves something in here, will the board be fine with...Chairman Denison inquired from Mr. Caudill what the PSC typically allows for time on the surcharges. Mr. Caudill stated that it is typically five years. Mr. Sawyers stated that Gerald Weutcher said in their meeting that we could go up to 4 or 5 years. Mr. Caudill stated that he has seen 3, 4 and 5 years with the PSC. Mr. Sawyers inquired if they wanted him to stretch it out to 5 years to keep the number down and then they can reevaluate the number of service connections. He rushed, like he said, to get this done and these other issues he has had...Chairman Denison inquired what the surcharge is based on 3 years. Mr. Sawyers stated that \$2.5 million would be around a little over \$4.00. Commissioner Tackett stated that \$4.00 was the number he was looking at and he didn't want to exceed that but he didn't want it to be much less than that so that we can hit this wide open. After we get three or four months put back so we can have something to start on, we really need to hit it. Mr. Caudill stated that the \$4.00 is based on a 3-year surcharge. Mr. Sawyers inquired from Mr. Lowe what the current customer count was. Ms. Olson stated that as of the end of February it is 16,665. Chairman Denison inquired if that included the multi customers. Ms. Olson stated that number does not include multis. Chairman Denison stated that the number is actually higher. Ms. Olson stated that those are not metered. They are apartment residents that use our water but don't pay an individual bill. Mr. Sawyers clarified that it is still 16,665 and you just have to do the math. Commissioner Tackett stated that at 16,665 customers, it is going to be about \$800,000 per year. Is that what you have it figured at? Commissioner Varney confirmed it at \$799,920 if you are using \$4.00. Commissioner Tackett stated that we are kind of guessing at everything saying "is it going to last 3 years?", "is it going to take 5 years?". It is going to take as long as it takes to get our water leakage under 15%. Mr. Sawyers stated that he agrees. Commissioner Tackett stated that he hopes it is 2 years and we can take this surcharge back off of people's bills as soon as we can. That is what he wants done. Chairman Denison stated that he doesn't think we can have a \$6 to \$8 per month surcharge. That is his issue. Mr. sawyers stated that if you go 5 years, you might cut it to \$3, but if you stretch the project out it is longer to get your water loss down. Commissioner Varney stated that if he did it right, using the \$2,896,000 at 16,665, at 4 years that is \$3.62 month. Mr. Sawyers stated that he would recommend just going 5 with it and if we are done in 2 years, great. But if we go 3 years and don't get it up to where we want it...Mr. Spears stated that the problem you have to realize is, if you cut it too low that is less revenue you have to work with a month. Chairman Denison stated that creates a cash flow problem. Mr. Sawyers stated that when he says 5 years, he is saying the same rate for 5 years in case we need to go that long is what he is getting at. Mr. Spears stated that what he is saying though, is that if you drop it down to \$3.60 a month for 4 years and then went to 5 years to cut it to \$3.20 which is less money monthly to do the work. Mr. Sawyers stated that he isn't talking the same amount of money. He is just talking about projecting it out 5 years whether it is more or less for \$4.00 a month. It would be more money is what he is getting at. He just wants to get on the list with the PSC having approved them for 5 years, if we can do it in 2 years, great. We can over this in the work session. This is just to give you an idea. Commissioner Tackett stated that at least we are moving forward.

8. **Radio Read Residual Funds Project** – Mr. Sawyers stated that he got something back just before he came down to the Board meeting from RD. They approved the purchase of the electromagnetic meters, the booster pumps, motors and VFDs, the digital leak correlator, the 30KW generator with 2 transfer switches and approved sole source approval for telemetry. Also, approval for another item that he has added to the list, which is an automatic self-cleaning strainer for the Russell Fork Water Treatment Plant. He knows that he has had to tweak this project a little bit in order to finagle some things and this strainer is needed really bad at the plant. What it does...he will let Mr. Taylor give them a run down on the automatic self-cleaning strainer. Mr. Taylor stated that what they have is that when the water plant was originally designed it had three separate intakes, and what the engineers didn't consider was the height of the river and the undertow velocity that would render those intakes useless. So, when the river gets up to a certain level, we had gotten a floating barge that they should be familiar with. The problem is that the screen size for the barge pump is a little

too broad for the Actiflo system. This strainer will be a containment or middle-man for in between to not allow any of that big stuff to get into the plant so that we can treat just as we would on those intakes. What we did in this last flood event was something that we couldn't have done 3 to 6 years ago, but were running a river level of over 5 feet higher than what our cutoff was and we had to maintain that for about 5 to 6 days. That would have ruined us years ago. What we had to do though, was we had rotating crews throughout the clock...three 8-hour shifts...that would clean those pumps inside the plant to do the job that the strainer would do. There are other benefits also, even with the regular intakes as far as the micron size coming in, but it would work in conjunction with the barge pump and if we can run that then we can save on electricity too, just by the VFDs as opposed to running a couple of the other ones. It is basically to protect the plant from heavier solids coming in. Commissioner Tackett inquired if we put the same size filter on the barge that we have in the plant, wouldn't we have to maintain two people there to keep the filter clean at the barge? Mr. Taylor stated that the strainer we are talking about is self-cleaning. It uses a rotary drum that goes around and once it indicates that the side is getting solids, it uses backwash water from the high side to come back and clean that drum. It is seamless so you can keep going. It is continuous. Mr. Sawyers stated that another benefit is that we are able to keep our customers in service when we have problems. Another benefit would be less water we would have to purchase from other entities during a weather event, and less manpower to go in and change everything around when we get a storm event when we are purchasing water from someone else, which usually takes hours the first day, and when you go back, you go through all of that work again. Commissioner Varney inquired if he had to cut something from the wish list to do this. Mr. Sawyers stated that he just tweaked it and manipulated stuff, but things that are really important, no. Items like maybe utilizing a contractor, he did pull some away from it. But they approved that item and the others he mentioned. One issue that we do have, is that we approved in the board meeting the purchase of water storage skid tanks and after looking at the bid, the price was only good for seven days due to price fluctuations in the steel market. He informed RD of this, and they said to reject the bid and negotiate the price. Chairman Denison inquired how much was in that. Mr. Sawyers stated that prior to purchasing, probably around \$90,000, but that did not include getting the, on site. He was allowing about \$120,000 for everything because the price has gone up and we have to get them on site, we will have to have equipment to get it on site or have a contractor help us getting on site one. We do need a resolution to reject the bids and for him to negotiate the pricing.

Mr. Sawyers went over the manager's report as presented on the summary and stated that is all for the manager's report. Chairman Denison inquired if anyone had any questions. Commissioner Tackett stated that with the 3 meters replaced for meter failure, is that the new meters that were recently installed? Mr. Sawyers stated that they were. Commissioner Tackett clarified that those were less than 3 years old. Mr. Sawyers stated that they are under warranty for 15 years and prorated for up to 25. Sometimes you have issues with some of them and we have to address them, but they are warrantied 100% at 15 years and prorated up to 25 years.

Chairman Denison requested a motion to approve the bid award for annual pavement replacement as discussed to Kendrick Paving. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-010

Chairman Denison requested a motion to reject the bid on the water storage skid tanks and give the District Manager authority to negotiate the pricing in accordance with RD's recommendation. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-011

Mr. Sawyers inquired if they wanted to go ahead and set a meeting date for the work session. Chairman Denison inquired when would be convenient for Commissioner Tackett. Commissioner Tackett stated that Thursday would be the first day he would be available and inquired if that was too late. Chairman Denison stated that was fine with him. Mr. Sawyers stated that it was fine with him and would have to be advertised as special called meeting anyway if they are involving the whole board. Chairman Denison stated that he was just going to set up a committee. He inquired if Commissioner Friend would be available on Thursday of the following week. He inquired what time. Commissioner Tackett stated that whenever was convenient for everyone else was fine. Commissioner Friend stated that he can do whenever. Mr. Sawyers inquired if they could do 4:30 pm. They both agreed to that time on the following Thursday.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Friend made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-012

NEW BUSINESS

1. **Conflict of Interest Statements** – Ms. Olson stated that this item is just a reminder that those were given out last month and to be turning those back in to Mrs. Hatfield. Commissioner Varney inquired if they were in the packet for last month. Mrs. Hatfield stated that they were in their packets last month but if they need them, she can make more copies tonight for them to take with them. Ms. Olson stated that if she would make 3 hard copies, she would come up and get them during executive session. Mrs. Hatfield stated that Commissioner Friend already has his as well. Ms. Olson stated that she could make two copies then.
2. **Renew Current Line of Credit and Reduction of Amount** – Mr. Spears stated that our line of credit right now is a little over a million dollars and we have \$211,000 on the line right now. We increased that from \$500,000 to \$1,000,000 because we were doing the FEMA project and there a delay in getting the funds. So, we talked about whether we wanted to reduce that back to \$500,000 but after listening to the meeting tonight, do we want to lower it that much right now, because we have those other things coming up, and maybe drop it to \$750,000 if they will agree to it or drop it to \$500,000. Chairman Denison inquired if that affects the two-year deal. Mr. Spears stated that it doesn't. Chairman Denison inquired if affects anything else as far as current assets versus liabilities on any of the reports we do to the PSC. Mr. Spears stated that it doesn't as long as we don't draw it down. It is available credit and could affect credit scores, banks, potentially. He

doesn't know that it would have any affect on the financials. Chairman Denison inquired if the PSC would come back and say, well you don't need a surcharge...you have available credit. Mr. Spears stated that is a possibility but we have kept the \$500,000 and the \$211,000...Chairman Denison stated that it would be his opinion to drop it down to \$500,000 and if we need it, we can go back and get it. Mr. Spears stated that he thinks the \$211,000 within the next two months that FEMA project will wrap and whatever we have left, we probably should put it on a four-year term or something. We are not there yet and confirmed that they wanted to go on to the \$500,000. Commissioner Tackett stated that in thinking of the surcharge, if we look at if we get the surcharge approved, we are going to be bringing in about \$66,000 or \$67,000 a month on that, but before we start if we go with three additional crews, Mr. Sawyers is showing that we are going to need \$490,000 in equipment that we will have to have before we get the crews going. Would that have any bearing on the line of credit? Chairman Denison stated that he didn't see any reason we couldn't go back and get an increase. Mr. Spears stated that we would finance those anyway instead of putting them on a credit line. Commissioner Tackett stated that was the only questions he had. Chairman Denison requested a motion to renew the line of credit and reduce the amount to \$500,000. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-013

3. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) to discuss litigation strategy and tactics relating to current MWD litigation of Hamilton vs. MWD case and tactics relating to current MWD litigation and the District's contracts.

Chairman Denison requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss litigation strategy and tactics relating to current and potential litigation to protect the District's litigation posture. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-014

Chairman Denison requested a motion to Reconvene into regular session. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-015

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any additional Commissioner comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-03-016

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**April 5, 2021
5:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express
Dan Sullivan, Sullivan Environmental Technical Services
Tim Campoy, EDC
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Mike Spears, Spears Management
Tammy Olson, Office/Compliance Manager
Jamey Keathley, Wastewater Manager
Chris Dempsey, Chief Wastewater Operator
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Monday, April 5th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS: Chairman Denison requested if there were any visitors for the meeting. There were none.

ITEM NO 1.

DOUGLAS WWTP REPAIRS:

Mr. Sawyers stated that we spoke about this issue in the last board meeting and the work that we intended to do to replace the polymeric sheeting is going to cost right around \$140,000. They are estimating the life of them being 2 to 5 years. The other option is putting in a whole new system...retro fitting it in, and the problem we have with that is that it is going to be close to \$700,000 just to retro the plant and then we would have to turn around and pay a contractor and he feels like that would push the project to well over \$1,000,000. That is quite a bit of money for the time being right now, versus \$140,000.

He recommended that the Board approve to do the \$140,000 project right now and push the other project down the road a little further. Chairman Denison clarified that the \$140,000 is actually if we retro'd it, we'd also be out \$70,000 so it will cost us the \$140,000. Mr. Sawyers confirmed that as correct. Really \$75,000 is what we are putting in it versus the other one with the screens and everything...because you will have to spend the other amount on either project with the reseeding of the mixed liquor, the screen replacement, and those items are going to be included in the cost. Chairman Denison inquired what kind of warranty we had on this. Mr. sawyers stated that they will go back to their existing warranty. He thinks we are almost in year 3 and he thinks we still have another 9 years on the warranty. He inquired if Mr. Dempsey, Chief WW Operator, could clarify that. Mr. Dempsey stated that it is close to 8 years left on the warranty. Chairman Denison clarified what percentage they were agreeing to pay on these replacements...6 out of 9. Mr. Sawyers stated that is correct. They are paying for 6 out of 9 items and discounting the other 3. The other 3 would originally be about \$40,000 each or \$120,000 and they are selling them to us for \$75,000. So, we are saving about \$45,000 on those. Chairman Denison inquired if anyone had any questions. Commissioner Tackett stated that the plant has been in operation about 3 years...Mr. Dempsey stated that August of 2018 was how long it has been in operation. Commissioner Tackett stated that August would be 3 years, then...and it had what kind of warranty on it when it was put in?...a 10 year warranty? Mr. Sawyers stated yes, something like that. Commissioner Tackett inquired what kind of warranty it was that we have to pay \$140,000. Mr. Sawyers stated that it is actually going to cost \$75,000 but the rest we are going to have to spend because of some issues we have. It is because of the screens failing, excursions, and issues we had in general on the project. The plant got overwhelmed with a screen going down and just different reasons. Mr. Dempsey would be the better person to tell the details on that. Mr. Dempsey stated that we had several issues with the mixer going down, not being able to keep the target mixed liquor, and wasting issues, but all of those are sorted out now, and the new screen will help us with those issues, too. Chairman Denison inquired if Mr. Sawyers talked to Jim in regards to the warranty issue. Mr. Sawyers stated that he did not. Chairman Denison stated that the question that Commissioner Tackett is asking is the same question he had; why are they not paying for 100% of this? Mr. Sawyers stated that it was because of the screen failure and other items that Mr. Dempsey just mentioned. We had to get another dewatering box because we had problems with sludge removal...Chairman Denison stated that he understands. Mr. Sawyers stated that some of it may have been on them and some of it on us, kindly a mix between the two. Chairman Denison inquired if anyone else had any questions. Commissioner Tackett stated that the warranty going forward, if we have all of those other issues ironed out, and we still have roughly 8 years left on the warranty, if this happens again in another 2 to 3 years...Chairman Denison commented that it would be 100%, correct? Mr. Sawyers stated that he believes we would be covered. That is one of the demands we have made with Ovivo is that they send their technical expert in here to make sure that we get totally compliant with the Division of Water and what they require as far as the warranty. Commissioner Tackett stated that is his biggest concern...if we are going to have to spend this much on something that has only been in for 2 ½ years and it has a 10- or 11-year warranty, what is going to happen if something happens in the next 7 years? Mr. Sawyers stated that if they postpone it now, they will have time to know how well the ceramic membranes are doing at Belfry. Chairman Denison clarified that this was very important to get done because of the Division of Water. Mr. Sawyers stated that the Division of Water is calling Mr. Dempsey every day wanting to know where we are at on it. Dan Sullivan with Sullivan Environmental Technical Services joined the meeting at this time and apologized for being late but is on the road. Mr. Sawyers that Mr. Sullivan

is the Ovivo representative. Mr. Sullivan stated that he regrets that no one from Ovivo is on the call with him. That was the intention but unfortunately, he thought that they had gotten the invitation and so he didn't forward it along to them, and it turns out that they were not on the list and they thought that it was next week, so he apologized for them not being in attendance and the miscommunication. Mr. Sawyers stated that the Board had some questions about the warranty and he told them that one of things we are trying to do is get an Ovivo technical expert back in here to make sure we are in compliance with the Division of Water and also with Ovivo in order to maintain our warranty. Mr. Sullivan stated that that is correct and they just got some of the most up to date data from the last few samples and are evaluating it right now. Mr. Sawyers stated that he explained a minute ago that part of our problem was the mixer, screen, and screen failure. Commissioner Tackett inquired that prior to the screen failure we were not having problems staying in compliance with our discharge...is that correct? Mr. Dempsey stated that that is not correct. We were having phosphorus issues, but that is independent from the membranes. Chairman Denison inquired if any of the board members had any other questions. Commissioner Runyon stated that no, she thinks she understands it better having listened to the discussion. Chairman Denison requested a motion to approve to proceed with the retro fit repairs for the Douglas WWTP for the \$140,000. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-001

ITEM NO 2.

PHELPS HYDROLOGY STUDY PROJECT:

Chairman Denison turned this item over to Tim Campoy for discussion. Mr. Campoy stated that according to the schedule, they received bids on March 31st at Jim Vanover's office. He and Mr. Sawyers were both present for the bid opening. There were two bids received...they thought they would be receiving three...even as of the day before they thought they would be receiving three bids. They had bids from H2O Construction and G & W Construction...both very capable and well thought of contractors. H2O's bid was at \$1,167,200 as their base bid. There were several add alternate items that were also bid in addition to that. G & W's base bid was at \$1,350,500. H2O's add alternates totaled \$200,000 and G & W's added up to \$183,300. H2O's bid was very close to the engineer's estimate on the project, even though the engineer's estimate was not provided to the bidding contractors per Mr. Sawyers' request. We currently have \$1,534,590 in the budget for construction. Where we are then, is that he is recommending that H2O be awarded this project. They are very capable of doing this project and the board has seen their work over at the Belfry WWTP and they are doing a project right now at Coal Run adding about 80 customers onto the force main system. So, first of all, he recommends that they award them the contract for the project for the base bid. Mrs. Hatfield stated that she just wanted to make a correction on one thing. The balance on the funds remaining for the project is

the \$1,534,590 not just the construction amount. Mr. Campoy clarified that was the total balance and Mrs. Hatfield stated that it was. He apologized for that and she stated that she just wanted to make it clear. Chairman Denison clarified that that money is in an account by itself. Mrs. Hatfield stated that is just the grant amount that is left. We have drawn down some engineering and easement payments and land expense. Mr. Sawyers stated that it was Coal Severance Funding. Commissioner Tackett inquired if that is just money put aside for this project or if it is funds in an account left over from Coal Severance. Mrs. Hatfield stated yes. Mr. Sawyers stated that some of the money is from a project that we had at Majestic that didn't fly because of various reasons, but mainly due to lack of community participation after doing a couple of interest surveys over there, so the Board transferred it into this Phelps project and kept the funding in the same district. Mr. Spears stated that it is not a cash account though. We will submit invoices and get draws. Chairman Denison thanked him for that information. Mr. Campoy stated that with the construction, the rest of the funds are for remaining engineering and inspection as well. With that said, Mr. Campoy stated that he recommended that the Board review each of these add alternate items and judge each one on its merits. He recommended the nursing home add alt. He stated that it has been a source of problems for the District's sewer personnel for a long time and he inquired if Mr. Sawyers or Mr. Keathley wanted to speak to that issue. Mr. Sawyers stated that they would just take a day this week and review the add alts with him. As far as recommendations to the Board, he would fully endorse H2O for the construction of the project. Chairman Denison inquired if anyone had any questions regarding the awarding of the bid. Commissioner Tackett inquired if they are just talking now about the base bid amount or the add on items also. Mr. Campoy stated that he is making a recommendation to award the bid based on the base bid and he can get together with Mr. Sawyers and Mr. Keathley on the additional items which can be added later as a change order to the construction contract. There being no further questions, Chairman Denison requested a motion to approve to award H2O Construction the bid for the Phelps Hydrology Study project based on the base bid. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-002

COMMISSIONER COMMENTS

There were no further comments from the Board.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn the special meeting. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-003

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**April 14, 2021
4:00 PM**

ATTENDEES

Gary Slone, Appalachian News Express
Stephen Caudill, Bell Engineering
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Mike Spears, Spears Management
Tammy Olson, Office/Compliance Manager
David Taylor, Operations Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, April 14th, 2021 at 4:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform.

ITEM NO 1.

EVALUATION AND PLAN FOR SUBMISSION OPTIONS FOR THE PSC SURCHARGE APPLICATION:

Chairman Denison stated that in their packet there are two options listed for discussion. Commissioner Tackett stated that what we have to do is hold it down to items that are related to leak remediation. He inquired about the booster pump station replacements at Long Fork, Graveyard and Forest Hills for \$150,000, and hydraulic modifications at Rocky Road for \$50,000. He stated that if he can get a good explanation on how this is related to leak remediation, he is good with them. Those are the questions he has. Mr. Sawyers inquired if David Taylor would address those questions. Mr. Taylor stated that as far as pumping stations go, replacing the VFDs does slow the hammer down on the lines; especially when you have fragile lines like we have up Marrowbone. He stated that he doesn't have the handout in front of him and inquired what the others were. Commissioner Tackett stated that the three booster pump stations listed were Long Fork, Graveyard and Forest Hills for a total of \$150,000. He clarified that this is something leak related and needs added to the surcharge or needs to go on the general rate request when we file that. Mr. Taylor stated that he would have to file that under the rate increase because that

would be general infrastructure repair, so if we are going to focus on leak remediation only, then those could be put on the general rate case. Commissioner Tackett stated that he thinks the surcharge should be limited to leak remediation. Chairman Denison stated that he agreed. Mr. Sawyers stated that the one point they were trying to get across is that you get soft startup when you get in to these booster pump stations and that means you don't hammer the lines and if you hammer the lines then you will cause a leak. That is just one way we are looking at it. Because those soft startup protects the lines from that perspective. Commissioner Tackett stated that he supposes that is the same argument for the hydraulic modifications for Rocky Road. Mr. Sawyers stated that we have had a lot of leaks in that area, which Mr. Taylor can tell about those. Mr. Taylor stated that if that is the same area that Hurricane made some progress on...Mr. Sawyers stated that he sent the Board an email. It looks like we are heading in the next step of this project for the hydraulic modification so there is a good possibility that this will be done through funding from ARC grant funds. Mr. Sawyers stated that we were just going to do something simple there to kind of even things out but what we got into there was to lay a lot of line so, we can drop it for the time being and see how we are going to do with our funding, or leave it in there and just see how...if the funding comes along then we can pull it from there, either one. Mr. Caudill inquired if he was referring to the Fishtrap Project. Mr. Sawyers stated yes, that we have entered the next step and he signed documents yesterday. Mr. Caudill stated that he isn't saying it won't happen, but he knows that the District was invited to make the full submission and has never seen anyone invited to make a full submission that didn't get the money. Not saying it couldn't happen, but he is saying the District's position is pretty strong right now as far as getting funding for the Fishtrap Project. Commissioner Tackett stated that he would rather see things limited on this as to go directly to leak remediation. Like this pressure reducing valve station replacement...if we are allowing too much pressure on the line, he can understand how that would increase our leaks. The telemetry...with the 15 sites...he imagines that is for our new 15 zone meters we are going to be installing. He inquired if that was correct. Mr. Sawyers stated that this 15 is for tanks. We have already allowed telemetry on the Radio Read Replacement funding. Commissioner Tackett stated that this, then, is even better; 15 for tanks that will keep our tanks from overflowing and make sure we keep water in the tanks all the time, he is all for that. But staff is okay...vehicles and equipment...water storage tanks need replacement...we have tanks that are leaking that we just can't repair. He is good with everything except for the booster pump station replacement and the hydraulic modifications. Especially the one at Rocky Road where it appears we may get funding somewhere else for that. On the second sheet that had three crews as opposed to two, he has the same questions about the booster pump stations and the hydraulic modifications, but also was added on the vehicles and equipment...for two crews for vehicles and equipment we were at \$330,000 and for three crews for vehicles and equipment we went up \$160,000 and added two additional 1500 series trucks and an excavator. Can we get all of that for \$160,000? Two vehicles are probably going to run \$60,000 or \$70,000. Mr. Sawyers stated that two 3500 series will run about \$55,000 a piece, the 1500 series will run around \$27,000 a piece, the large excavator will be around \$100,000, two minis will run around \$50,000 and two pull behind trailers will be \$5,000 each and we will say \$10,000 to \$15,000 for both of them. Commissioner Tackett stated that the difference in two crews and three crews was two additional 1500 series trucks and a large excavator, so if you allowed \$100,000 for an excavator and \$54,000 or \$55,000 for the trucks, then we are good. Mr. Sawyers stated that they allowed for a 10% contingency also, in case they are off on their estimates. Chairman Denison inquired if there were any further questions. Commissioner Varney inquired on the two proposals as to what kind of time frame is he looking at to do the work that has been assigned to each

proposal. Mr. Sawyers stated that as far as service lines, they estimated 775 service line replacements per year. We were trying to hit the project number of 3,100 service lines. In the meantime, we will spread the other crew out trying to address these other issues in house. Trying to address everything in a 3-year period. Commissioner Varney clarified that that is what the proposals will do. Mr. Sawyers stated that is correct. Commissioner Varney stated that he had another thing to clarify. On the proposal with the two-man crew, we are adding 6 people and 6 trucks plus some other equipment. So, his question is, do we need 6 trucks for 6 people if they are going out together. Mr. Sawyers stated that they will have an operator and a laborer work together out of one truck, and an operator and laborer out of another truck. So, if you have 6 total...he stated that he needed to look at that again. Commissioner Tackett clarified that they are three-man crews. Mr. Sawyers confirmed that as correct. Commissioner Varney stated that he didn't know if that was a typo or if he was actually counting 6 trucks to go with 6 men plus all of the equipment. Commissioner Tackett stated that if you go with three crews, you will have 9 men; an operator, a laborer and...Commissioner Varney stated that in that first proposal there are two operators and four laborers and nine listed in the second proposal. Mr. Sawyers stated that it looks like he has too many 1500 series trucks in there is what it looks like to him. He apologized for the mix-up and that he had put in a 1500 series truck for everybody. He assumes though, we are stacking the operator and the laborer in one truck, so we need only half of that. On the three-man crew, we will only need three 1500 series trucks. Commissioner Varney clarified that on the two crew then, he is saying 2 – 3500's and 2- 1500's is what it should be. Mr. Sawyers confirmed that as correct. It should be half of the 1500 series trucks on both options. Commissioner Varney clarified that on the three-crew option, we've got 2 – 3500's and 6 – 1500's. Should that be 3 – 3500's? Mr. Sawyers stated that it would be half off of the 1500's. It will be 3 – 1500's on that one and 2 – 1500's on the other one. Commissioner Varney stated that on the 3500's you have the same number on both of the options proposed...2 – 3500's and that was the other question. Should that be 3 – 3500's on the three-crew proposal? Mr. Sawyers confirmed that as correct. Commissioner Varney clarified that the three-crew proposal would be three and three and the two-crew option would be two and two. Mr. Sawyers stated that as correct. He took a moment to do the math. He said no, there would be 2 – 3500 series trucks because we are going to use the dump truck to haul the large excavator. Commissioner Varney clarified then that on the three-crew, it would be 2- 3500's and 3 – 1500's. Mr. Sawyers stated that there are 2- 3500's and 2 – trailers because we are going to use our trailer and the dump truck to haul the large excavator. The only thing we need to do is cut the 1500 series in half on both proposals...two on the two-crews and three on the three-crew. Commissioner Varney inquired how much he budgeted for those 1500's. Mr. Sawyers stated that he budgeted about \$30,000. They run around the \$27,000 range. Commissioner Varney stated that it would be taking about \$60,000 on the two-crew proposal and \$90,000 off on the three-crew. Mr. Sawyers stated that would be correct and he can fix that and get it back out to everybody after they are done with the meeting. He will send it back out first thing in the morning. Commissioner Varney stated that if he had seen this yesterday, he would have contacted him. He just really looked this over as far as looking at the numbers in the last hour. Mr. Sawyers stated that he just rushed trying to finalize it the other day and just missed it. Chairman Denison inquired in the two-crew vs. the three-crew, you've got a total amount of the service line replacements as 2,325 on the two-crew and 3,100 on the other. With an additional crew shouldn't that follow the same methodology? Shouldn't we have more than 3,100? Mr. Sawyers stated that he went 775 per year and he thinks he added...if you changed it around it could be 3,487 but where we were allowing for this other work he shortened it up a bit just to make sure we hit a goal we wanted. We may hit a bigger

goal than this. He can change it and bump it up more, but he was just trying to give David Taylor the freedom to move around and do these other projects. Mr. Taylor stated that he would say that the two smaller crews are going to be dedicated to service lines and the third crew that we are going to be using the dump truck and the trailer with, that will be for a lot of the larger lines and sections that we are having trouble with, so they could be two or three weeks at a time on a section of line without doing service line replacement. They are going to be doing the bulkier stuff and not going up the hollows with a large piece of equipment. Chairman Denison inquired if anyone had any other questions. Commissioner Tackett stated that on line #1 that talks about the service line replacement, either with two additional crews or three additional crews, it comes out to be \$86 per location if he looked at that right. And on the second line, which says system wide replacement, it comes up on the three- crews as \$89 per location and the two-crews as \$118 per location. Chairman Denison stated that the cost would be higher on the three-man crew. Mr. Taylor confirmed that as correct. Commissioner Tackett stated that he wanted to make sure we got our numbers before we submit something to the PSC and have them turn around and ask us. Commissioner Varney stated that he understands what Commissioner Tackett is saying. It is three-man crews on both proposals and the cost per line should be the same. Commissioner Tackett stated that on line #2, we are replacing 3,100 lines for \$275,000 and on the two additional crews, we are replacing 2,325 lines at \$275,000, so we need to adjust one or the other so that they are both the same per location. Commissioner Varney inquired what the \$275,000...it says cost of pavement and stone backfill...is that just on the service line replacements? Commissioner Tackett stated that was his understanding. Mr. Sawyers confirmed that as correct. Mrs. Hatfield inquired if that would be done by a contractor. Mr. Sawyers stated that the pavement will be done by contractor. We have to have a contractor deliver the stone but we will put it in place. Commissioner Tackett stated that with two crews, we are doing less service lines than with three crews, but the three-year estimated cost has stayed the same at \$275,000. Commissioner Varney agreed with that assessment. Commissioner Tackett stated that one of them should be more and one less. Mr. Sawyers stated that he isn't factoring labor, that is just parts. The math he gets shows roughly \$86 for either one of them on the service lines. Commissioner Tackett stated that is under line #1, service line replacement cost. On the next one, and he may have misunderstood, but it says miscellaneous utilized actual cost for pavement and stone backfill. Mr. Sawyers stated that he didn't tweak that one because of the third crew and would say he missed it. Commissioner Tackett stated that was for the service line replacements. Chairman Denison stated that number would have to be lower. Mr. Sawyers stated that it would need a bump. It would be a third added on to it. Chairman Denison stated that it would be \$368,???...Commissioner Tackett stated that it would be 3100 times 118. Mr. Sawyers stated that it would be \$365,750. He stated that he would fix this in the morning and get it out to everybody. Chairman Denison clarified that he was going to take \$90,000 off of that also (for the trucks). Mr. Sawyers confirmed that as correct. Mr. Spears stated that it will take 10% off on the contingency as part of the calculation. Commissioner Tackett stated that he will just change the contingency once you get the new estimated cost, and take off the \$50,000 for the hydraulic modifications and \$150,000 for the booster pump station replacement...or do we feel good about leaving that on? He stated that we passed a resolution as far as it being for leak remediation. Mr. Sawyers clarified that they want the booster pump stations taken off. Commissioner Tackett inquired if can we say that by replacing booster pump stations that we are going to have less leakage. Chairman Denison stated that we are if it puts more pressure on the lines that causes leaks. He requested if Mr. Taylor wanted to address the issue. Mr. Taylor stated that the only thing he would add is that if we don't replace these stations with the benefits of the hammer or

the leaking glands that are in some of the stations, we will definitely have to do this soon, whether we do it out of R & M or whatever, but there is a benefit. It is not like fixing a leak, but there is a benefit to replacing these stations obviously, and plus too getting them out of the ground is another bonus, too. It does definitely do more good than bad in replacing the pumping stations regarding the infrastructure, but with Commissioner Tackett's argument that "is it more infrastructure related or leak related?", that is a decision the board will have to make. It is just a decision of whether to do fund it out of R & M or out of the surcharge with the small benefits with leak remediation. Commissioner Tackett stated that he doesn't think anyone is questioning whether or not they need replaced, it is just a question of whether we do it with surcharge money or R & M money. Mr. Taylor agreed. Commissioner Varney stated that he feels like there is a pretty narrow scope of what qualifies here. As far as the cost goes, if we did a three-year surcharge, it would add about a quarter per month per customer. Chairman Denison inquired if Commissioner Runyon had any comments. Commissioner Runyon stated that no, if the cost of it is just a quarter per month per customer, she would say to go ahead and include it. They have to be changed anyway. Mr. Caudill, Bell Engineering, inquired if there was any soft start at all on that right now or VFD. Mr. Taylor stated that no, they are straight across the line, so when they stop, they hammer. Mr. Caudill stated that Mr. Taylor is right, it is definitely hard on those lines. That hammer goes back and forth. Another thing is the way AEP charges, and he assumes they are under the same criteria, is that soft starts pulls it up slowly (or VFDs do) so you don't get that big spike when those pumps kick on. Normally, the way a power company charges you, even though the spike only lasts a split second, they charge you at the spike rate the entire time you are using that pump, so that would lower your electric bills as well. Commissioner Tackett stated that he didn't know if we are on that tariff or not. Mr. Sawyers stated that he just went back and redone the numbers and pondered on the vehicle situation. He did say the dump truck and trailer would tow the large excavator, but he was sitting there figuring instead of them doing three 1500 series, which is fine, adding one 2500 series in there for tools, parts and supplies for the laborer to drive because we really want to have what we need in order to get from job site to job site as far as equipment. So, he added...there will be two 3500 series like it says, and then one 2500 and three 1500s. That will change that around. What he has total...with the two additional crews \$2,744,441.70. Commissioner Tackett inquired if that total includes contingency. Mr. Sawyers stated that it does. The three-crew proposal total is \$3,533,571.80. Chairman Denison stated that is more than the original. Mr. Sawyers stated that he changed the 2500 truck in there for a price of \$35,000. Commissioner Varney clarified that on that proposal he has two 3500's and instead of three 1500's, you've got two 1500s and one 2500. Mr. Sawyers stated that there will be three 1500s, one 2500, and two 3500s. Ms. Olson stated that she thinks the main part of the increase is where the pavement had to go up on the three-crew option. Even if you remove the other two and add that truck and the difference on the pavement, that is why it went up. Chairman Denison commented that Commissioner Varney put a schedule together about the cost per customer. Commissioner Varney stated that he did and emailed it out the day prior. Chairman Denison clarified that we are looking at a three-year timetable. Mr. Sawyers confirmed that as correct. Chairman Denison stated that estimated \$5.82 is going to go up a little bit. Mr. Sawyers stated that the total on the three-crew option is \$3,544,571.80 and the two crews was \$2,744,441.70. Commissioner Varney stated that he would update his numbers and send that back out. Chairman Denison clarified that Commissioner Tackett is in agreement that this has to be amortized over the period of construction. Commissioner Tackett confirmed that and over 3 years. He stated that the he thinks the biggest question he is wanting answered today is...yes the amount is going to be a little different for three crews than it would be for two crews, but do we want to put

on three crews and hammer these leaks and work on it as hard as we can, or do we want to go slower with it. He would like to tackle it with three crews. Chairman Denison agreed. Commissioner Tackett stated that harder we hit it, the quicker it is over. Commissioner Varney stated that he just emailed out the revised numbers. Chairman Denison clarified that it is \$4.57 for a two crew. Commissioner Varney stated yes, it is \$4.57 for that one and \$5.87 for the three-crew option. Chairman Denison stated that the one caveat in this deal is that we need to proceed with this and that is his opinion, and he thinks the board is in agreement, but there may be some funding available through a stimulus and he just wants everyone to be aware of that, and so this may not come to fruition but we have to pursue it at the present time. He inquired if everyone agrees with that. The Board agreed. Commissioner Runyon inquired if when he says "hammer it and get it finished" what is he saying. Will it take longer than the 3 years that the surcharge will be added or how long are we talking to complete the job? Chairman Denison stated that it will be 3 years for this one, but what he was saying that there is possible stimulus money that may be coming our way, that we may be able to avoid this. Commissioner Runyon confirmed that avoiding it would be good. Commissioner Tackett stated that our ultimate goal is to get our leakage down to 0% where we are not losing anything. That is not a realistic number with the miles of line that we have but what we are mandated to do is get our leakage to below 15%. So, at the end of 3 years, if we spend the money that we are requesting right here, and we have only gotten our leakage down to 21%, we will have to go back and ask for more. Commissioner Runyon confirmed that right now it is at 25%. Commissioner Tackett stated that it is closer to 30%. Ms. Olson stated that she thinks the annual average for last year was about 29% because we dropped it about 6% in the last few years. Chairman Denison stated that annualizing that we have made an improvement in the last several years. He inquired what it has been in the last six months. Ms. Olson stated that we had a really low month in there. Chairman Denison stated that Mr. Taylor could maybe address that since he had told him it slowed down as far as leak detection. When would that have occurred? Mr. Taylor stated that the aggressive leak detection was more during the pandemic when it started last year, but when you start back from 2016 to now, that is when you can see a gradual decline of where we were at and where we are at now. Chairman Denison stated that he is just concerned...he had mentioned that basically he had found less water leaks. What month did that occur? Mr. Taylor stated that it was in November through January. Holidays are historically tough. Cold weather is tough. The sounds are a lot different at night when the weather is worse. The winter months has always been slow for them. Commissioner Tackett stated that yet January, was the lowest month we have had in a long time...years even. Chairman Denison stated that he thinks we need to back up and address this. Ms. Olson stated that we have a 27% average for the last six months on water loss when historically it had been in the 35% to 36% range. Chairman Denison acknowledged that information and recommended that based in previous discussion, the they go with the three-crew option. Commissioner Tackett made the motion that we hire three additional crews and purchase the equipment necessary to tackle our water leaks as aggressively as we can, and submit this to the PSC. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-004

Mr. Sawyers stated that he will correct the spreadsheet and send it out the Board in the morning.

Commissioner Varney stated that he just wanted to clarify one thing on that proposal. In our example, we would be applying for a 36-month surcharge which would be \$5.87 per month per customer. Chairman Denison stated that this would be contingent upon the stimulus money and he hopes that we get it. Commissioner Varney stated "absolutely". Commissioner Tackett stated that if the PSC does not agree to that big of surcharge, we will probably have to come back and start hacking on this list. Mr. Sawyers inquired if we are going to remove the booster pump stations and hydraulic modifications from the list. Commissioner Tackett stated that from what he has heard in the past, the PSC won't approve a surcharge greater than \$3 or \$4 dollars. He inquired if Chairman Denison had heard that also. Chairman Denison stated that he had heard that also. Commissioner Tackett inquired from Stephen Caudill if he concurs with that. Mr. Caudill stated that is typically what he has seen. He thinks there are some out there that are more than \$4 but that is the range that they typically see. Chairman Denison stated that we will submit it and see what happens. Mr. Sawyers confirmed to leave the list as is. Chairman Denison confirmed that as correct. Chairman Denison inquired from Commissioner Varney what impact the \$150,000 would have. Commissioner Varney stated that it would be about an additional \$.25. Chairman Denison stated that we would still be over \$5. Commissioner Varney confirmed that as correct. Chairman Denison stated that is the only way we are going to get this problem solved, unless we get that stimulus money. He inquired if anyone else had any questions. Mr. Spears stated that he has a question. He inquired how many service lines can be put in a day on average. Mr. Taylor stated that it was based on 261 working days a year, so two crews going at it...he thinks they should be able to double that with a third crew...yeah, they may be doing some of the bulkier big lines but they are also going to be doing the service lines that the minis can't get to. So, they will be also a lot involve into the service line replacement. Not to mention the fact that we are still going to have our field crews going as well. He has never had this many crews going at once so, he is hoping that they are going to have some really good numbers out of it, but he isn't a prophet and can't tell how much they are going to do. Mr. Spears clarified that we are looking at 3 years of surcharge. Chairman Denison confirmed that as correct. He inquired if there were any further questions. Mr. Spears stated that they may want to spread that out over 4 years to help the surcharge amount. He inquired if this was the maximum if everything works out perfectly for those 261 days a year with three crews? Should we anticipate taking 36 months or 48? He stated it might be better to do the 48 to spread it out. Chairman Denison inquired from Commissioner Varney what that would bring it down to. Commissioner Varney stated that with three crews, that would be \$4.41 over 4 years using the numbers Mr. Sawyers gave them. Mr. Spears stated that it will garner the same amount of money, but it will be spread over 4 years and will take some pressure off of having to...Chairman Denison stated how to defend it. He inquired what Mr. Caudill thought. Mr. Caudill stated that is a very valid point. Your equipment is going to last that full time period anyway, but the only thing is labor costs are going to go up because right now you are estimating on three years and it will go to four if you extend it so the numbers will change some. It would still save some money but he doesn't know if

it will get down to the \$4.41. Commissioner Tackett stated that labor would be the only thing that would go up. Mr. Caudill stated that it is the only thing he sees that would change. Mr. Spears stated that he thinks it is worth looking at as an option. Mr. Caudill stated that plus the PSC is less apt to push back if you are in the \$4 something range. Chairman Denison stated that he thinks that would add about \$400,000 to that if we look at going to 4 years. Commissioner Varney stated that adding that over 48 months would be \$5 even. Chairman Denison inquired from Mr. Taylor if he thinks realistically this could be done in 3 years. Mr. Taylor stated that he thinks realistically the goal is going to be somewhere between 10,000 and 12,000 of the service lines replaced before we get to a point of.....and even by the time we get there, we are looking at main line deterioration, so he is not really sure what the leap frog effect is going to be by tightening up service lines...what is it going to do to the mains, what it is going to do to the leaking part of the mains, are we just going to be offsetting? He can tell them for sure that he is confident that 75% to 80% of our leaks are from those service lines and they are the worst deteriorated lines that we have in the system. To say, that he can replace 4,000 service lines and that is going to be what we need...no, he can't say that because we have about a total of 17,000. By the time we replace these, the ones that are not leaking now, he can't say they won't be leaking in 6 years because they are going to be in the same age group. Chairman Denison stated that what he is asking is that with this three-crew option, this is a three-year project. Do you think you can accomplish with the three crews what we have on here in three years? Mr. Taylor stated that yes, he thinks the number of service lines replaced can be done in three years. Commissioner Tackett stated that if we wanted to do this over four years there are other things on the list that would have to change, too. We would have to increase the number of service lines replaced, increase the pavement and stone backfill...if we are going 4 years, we should replace more lines. Chairman Denison stated that he was wondering if it would take 4 years to accomplish what is on the list and that is why he was asking Mr. Taylor those questions. But he says he can do this in three years. Mr. Taylor confirmed that as correct and stated also not to forget that the three crews that are going to be working on this, he is also still going to have the original field crews so, they aren't going to be twiddling their thumbs looking at these guys fixing leaks, they are also going to be helping out as well, so he is going to get a significant number of those replaced, too. It is just that a lot of these, you have to double up crews for flagging if they are on the state road, and it's not like two crews can go out and replace four service lines today; two a piece, because they may have to help each other because of the road situation in this county. Chairman Denison stated that he thinks we should stick to a three-year plan. Commissioner Tackett stated that we can make the request and if they want to go to four for whatever it comes out to be, we can change it then, but it will make it look bad because they are going to say why did you include it to start with if you can take it off. Mr. Spears stated that he suspects they will monitor this and our progress pretty closely. Commissioner Tackett stated as well they should. Mr. Taylor stated that we will probably have to give maybe quarterly or monthly progress reports and the Board will be able to see what they are doing and what they are replacing as they go. Chairman Denison stated that we will stick to the three-year plan and hopefully keep our fingers crossed that we won't have to do it because of the stimulus money. Ms. Olson stated that if you look at the size of the systems possibly that have already applied for a surcharge, they are probably not the size of the Mountain Water District. She doesn't know that, but they may take that into consideration that we have more infrastructure, more leakage, more topography, and give us a little more leeway than the \$3 or \$4 that you typically see for everyone else. Commissioner Tackett stated that is probably how we need to talk to Gerald Weutcher and make sure that he submits that kind of information. We are not your flat land water district that you don't have a 60'

difference in elevation over the whole system. We are not like that so ours is going to be a little harder to take care of. Mr. Spears stated that as Mr. Taylor said, this is most likely going to be a rolling deal and we will get this project done and then roll right on into another one because there are so many service lines. Commissioner Tackett stated that at the end of three years, if we are starting off at 29% leakage, at the end of the 3 years we might just be at 25% or we might be at 12%. There is no way of knowing that and we just have to take the best information that we've got and submit it to them and see what happens in three years. Chairman Denison inquired if the board is in agreement to a three-year plan. Commissioner Runyon agreed. Commissioner Varney stated that all things considered, he thinks we have to. That is a pretty high, almost \$6 a month to put on our customers, which is the biggest reservation he had. Chairman Denison reiterated that it is all conditional on getting this stimulus money. Commissioner Runyon inquired when we will know about that. Commissioner Tackett stated that he said once he gets the information, it would be a couple of weeks to put everything together, and once he submits it to the PSC it typically takes 3 or 4 months. Mr. Sawyers agreed that he said he would get all of the information together in 4 to 6 weeks and then a total of 4 to 6 months at the PSC. Chairman Denison stated that we should know something about the stimulus money before then.

ITEM NO 2.

EXECUTIVE SESSION:

Pursuant to KRS 61.810(1)(f) to discuss a specific personnel matter:

Chairman Denison requested a motion convene into executive session to discuss a specific personnel matter. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-005

Chairman Denison requested a motion to reconvene from executive session where a specific personnel matter was discussed as listed on the agenda. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-006

COMMISSIONER COMMENTS

There were no further comments from the Board.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn the special meeting. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-007

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

April 29th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER **AGENDA ITEM I**

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, April 29th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via in -person and teleconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES **AGENDA ITEM II**

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on March 10th, 2021 and March 25th, 2021 as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-008

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of March was \$370,728. Accounts receivable was \$1,080,669. Plant in place was \$164,027,358. Accounts Payable was \$291,152. We had three bills that came in this month from Champion from last year that hadn't been billed previously for over \$20,000 total that are in the payables list. Ms. Hatfield has verified that we have not paid those previously. If they do not have a carryover balance on their invoices or statements, we don't know. They just submitted them last week, so that is part of that and he went back and entered those into 12/31/20 because that is the period those expenses should have gone into. Equity position at the end of the month is \$67,527,997. Revenue for the month was \$870,054. Utility operating expenses was \$1,081,526. Included in those expenses, THE City of Pikeville, where we had been reserving that money, we had to pay that, so it is a little higher than what it actually is for the month due to that make up. Utility operating income for the month is a negative \$211,471. The net income/net loss was \$244,417, and included in both of those numbers is depreciation in the amount of \$335,997. We had a cash increase of \$12,173. Mr. Spears stated that now that Chairman Denison requested that change to the presentation of the income on the financial statement, the AICPA has agreed with him, but we have to present both...with and without. He will have to change financials twice in December for the auditor. The current operating account balance is \$358,732. Our KIA and RD Reserves are fully funded at \$861,000 and \$870,000 and we have \$357,000 in our O & M Reserve. He stated that on page 3 is interest income. Three months interest income on roughly \$2M is only \$1,017. He is sure Chairman Denison probably calculated the percent and it isn't much. We had discussed about when we go for these loans that maybe collateralizing and getting the interest rate gap from 5% to probably ½. He thinks it is 2%. It used to be 1% for years and you get a gap but we have a lot of money and it is all in that one particular bank that we need to discuss that with them. His favorite report is the crossover period because that is the easiest place to look from period to period, what's happened. The City of Pikeville water purchases shows \$81,000 on here and it was actually the minimum bill of \$55,000 for the month. The difference was what Mrs. Hatfield had been setting aside in the escrow account, about \$31,000. That is on page 16 at the bottom. Our electricity on page 17, we probably didn't budget enough increase there. He doesn't know what the major difference in that is, but if you look back across April, May and June of last year it was \$95,000 and we kind of carried that until January of this year, and now we are at \$120,000, \$146,000 and \$123,000. Commissioner Tackett stated that we bumped it up 10%-11% due to the rate increase but there is extra there due to Belfry going online also. Mr. Spears stated that they included the power bill for them in the budget, equal to the Douglas plant. Chairman Denison inquired where that showed up on the budget vs. the actual. Mr. Spears stated that it would be on page 23. We are about \$30,000 over the actual budget year to date. After further discussion, Chairman Denison opened the floor to a motion to approve the financial report for March as presented. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-009

PAYMENT OF BILLS**AGENDA ITEM IV**

Chairman Denison inquired if there were any questions or comments regarding the payables. Ms. Olson stated that Ms. Hatfield did make an addition to the cash disbursement that was email to the board. She added the transfer to the R & M account so the balance is different from the one that was emailed yesterday. Commissioner Varney stated that on Williamson Water and Sewer, there are 5 different invoices there that we are paying. The two largest; one is \$37,000 and one is \$7,000, would add up to our water purchased. If you add those numbers up, it comes exactly to \$45,071 and change that we are purchasing. He just wondered what the other was for. Ms. Olson stated that it was for sewer treatment. We have two water master meters and each of those has a separate bill, and we have three lift stations. You have the Plaza, that will drop off after this current bill is paid, we got the final bill on that in March where we reversed the flow on that one in February. Commissioner Varney inquired what USA Bluebook was. Mrs. Olson stated that they sell a lot of general water and wastewater supplies and equipment. Mr. Taylor stated that it is a

general catalog for water and wastewater. Mr. Spears stated that in all likelihood that is probably why the office expenses was up, too. Chairman Denison stated that from now on, they need a breakdown of DD&K expenditures. Mr. Sawyers stated that he mentioned that to Mrs. Hatfield and she was supposed to have emailed him a copy. He stated that she did do that. Mr. Taylor stated that he just remembered also that the USA Bluebook cost was for the new turbidimeters at the water plant and for DD&K, we did pay them to fix a tank road that needed work. Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Varney made the motion to approve the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-010

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for March were in the packets of information given to the Commissioners for the meeting. Chairman Denison inquired about the large adjustment on the first page. Mr. Lowe stated that sometime between December 23rd and January 26th they had a leak of 619,380 gallons. We read it on the 26th of January and caught it. We attempted to call them and couldn't get through to them. We sent one of our employees to go back out there and turn the meter off and go tell them they had a large leak and they fixed it within a couple of days of that. Their next bill after that was for 42,470 gallons and the bill is back to normal now. We adjusted the \$2,842.69 and they paid the difference. Chairman Denison inquired about the Hatfield adjustment for \$4,500 adjustment. Mr. Lowe stated that biggest portion of hers is the sewer, which we adjust back to the average on sewer because we didn't have to treat it. That was a one-month bill and when we read it on January 19th, she had used 126,700 gallons that month. Commissioner Tackett inquired if he knew if that leak was between the meter and house or somewhere in the house. Mr. Lowe stated that he didn't know that. Mr. Taylor stated that it had to be beyond the meter, otherwise it wouldn't register. She repaired it sometime during that month before we had even read the meter and her next bill was normal. Chairman Denison inquired if they have to show receipts showing what they repaired. Mr. Lowe stated that they either have to provide a receipt, but that can be for anything...they can go buy a coupling that they pay \$.50 for, as long as they provide a receipt, or they have to provide a notarized statement that they had a leak at their address and they repaired it. Mr. Taylor stated that is equivalent to a 2.9 gallon per minute leak. Chairman Denison inquired about the one for the fire department. Ms. Olson stated that again, that was mostly sewer which makes it so high. Commissioner Tackett inquired if the fire departments were turning in their monthly reports any better. Ms. Olson stated that this month, with a little finagling between her and Randy Courtney, she received 100% as of today. She received the last one today. Randy Courtney got the last one for her and emailed it to her himself. That was first time she has had 100% in probably 5 years. Commissioner Tackett stated that they have been doing some better. Ms. Olson stated that she was doing about 7 to 10 missing, and now we are down to about 4 and she got those last 4 in the last few days but it was too late to add them to the water loss. Mr. Sawyers stated that once Ms. Olson explained to him why we have to do this and the process, Mr. Courtney has been very cooperative and has helped a whole lot. Ms. Olson stated that he has. He has actually been sending the fire chiefs texts each month as reminders. Commissioner Tackett inquired if we ever received payment from any of them that we sent invoices to. Ms. Olson stated no, everyone that she sent invoices to, eventually turned in their reports. As long as they turn it in, we dismiss that, because we know they can't afford that. We try to work with them as best we can and have a good relationship with them. Commissioner Tackett stated that it costs your time to have to send the invoices and causes you to have to process that. Ms. Olson stated that he is right, it does, and if it was just the \$25 penalty, we would be more strict with it collecting it, but since we do invoice them that penalty plus .03% of our monthly gallons sold, it makes those invoices over \$1,000, so they are all volunteer departments and they have a budget and that would mean less service and less equipment. We try to work with them if they will just provide what we ask. Chairman Denison requested a motion to approve Customer Adjustments in the amount of nineteen thousand, six hundred and seventeen dollars and thirty-nine cents (\$19,617.39). Commissioner Tackett made the motion to that effect. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-011

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that we received bids on March 31st at the office of Jim Vanover where they were opened and read aloud. G&W Construction Company submitted a bid of \$1,350,500 and H2O Construction Company submitted a bid of \$1,167,200. Available funds for construction and equipment right now stands at \$1,430,000. In April 1st he had checked over all of the bids and made sure that they were correct and sent a letter of recommendation to Chairman Denison that H2O should be awarded the project. On April 5th, at the Board's special called meeting, the Board voted to award the project to H2O Construction and on April 6th he prepared a Notice of Award letter and Chairman Denison signed that. He met with Mr. Sawyers, Mr. Keathley, and Steve Lockhart to review the add alternates to see if we wanted to include any of those on the base contract at this time. We are recommending that the work at the nursing home be done to replace their entire system which is an add alt of \$80,000. Also, he is currently working with the contractor to see if we can save some money on the lift station and also be able to work a crane into the budget as well. Over the next couple of weeks, they will be finalizing everything that they are going to recommend to get into the contract and get a contract to Mr. Vanover for his review. Chairman Denison inquired if there was a resolution needed for the installation of the nursing home system replacement. Mr. Campoy stated that he would think so. It was part of the bid, but it is currently not included in the previous resolution to award them the project so yes, he would like to do that. Commissioner Tackett stated that it says that he is working with the contractor to develop an alternative for the lift station layout and crane option. He inquired if he is talking about a chain hoist or something of that nature. Mr. Campoy stated that he expects it will be something a little larger than that. That is what they are trying to work out with them whether it can even be a crane truck that can be used in other places, too. That sometimes is doable in these projects. Commissioner Tackett pointed out that he said they were hoping this would "reduce" the project cost. Mr. Campoy stated that what that was intended to say is that there might be changes to the lift station itself, that could reduce some costs. A crane would be an add-on to that. His wording may not have been quite right, but they are looking at some things to the actual lift station that could reduce some costs and then also looking at whether or not that would allow us to put a crane into the station. Chairman Denison requested a motion to amend the contract to include the installation of the nursing home system replacement in the amount of \$80,000. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-012

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. They said they would contact him when they got their issues straightened out.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Capital Improvement Plan** –Mr. Caudill stated that he had a couple of discussions and moved some data back and forth between us and Gerald Weutcher which started after he was retained to do the work with the surcharge with the Public Service Commission. On the 14th of April there was a meeting and there was discussion of a couple of options for the actual surcharge, and subsequent to that meeting, Mr. Sawyers went ahead and forwarded the information regarding the third alternative for the surcharge to Gerald Weutcher on April 20th. As far as the Capital Improvements Plan and their work on it, it is basically done unless Mr. Weutcher requests them to do anything for the PSC or do an affidavit for them, which they sometimes do ask for that. Other than that, their work on the Capital Improvements Plan is basically complete.

2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that the District submitted an ARC pre-application for funding of the project on October 31st. The Office of the Governor did invite a full invitation to be submitted. As conveyed in the April 14th meeting, he has never known anyone to get invited to submit a full application that did not get funded, so that leaves the District in a pretty good place. He thinks probably in the next month or two, you will be hearing more about that as far as potential funding for it. Those announcements typically come from the Governor's office and the Governor often likes to make those in person. We are hopeful that that will occur in the next month or two. Once that happens and the project is funded, then they will be able to start moving forward with the project.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that Contract 2, BP Pipeline, is up to right at 91% complete which is not a huge increase from what was reported last month. As of the end of last week, they have 110 of the 154 grinder stations installed. That is about 70% of the total complete, so they have put in 35 since the last time we met. They are averaging about 10 per week. Some weeks they'll get in 5 and some 15, so they are averaging about 10 per week. So, he thinks they are looking at a late May completion at the pace they are going. He had hoped to report that they would be done by this month but that is not happening. They still have a little finish work to do at the Toler Lift Station. They have to finish up the access road, finish putting additional fill and grading around the station and put up a security fence. They are talking about possibly doing that over a weekend to get it done. As they have talked the last several months, they are beyond their contract time which January 16th was their final completion date. They have submitted a change order back in January but have yet to submit the amount of sufficient documentation that would allow him to evaluate the change order and bring it to the Board. They had asked for an additional 90 days but obviously we are passed that 90-day request as well. There is not much new to report other than that they are making progress, albeit very, very slow. Ms. Olson stated that she would add that every week Garret Mullins brings her a list of highlighted ones that have been installed and those go on the billing directly. As soon as she gets those names, she pulls the applications that they have signed and they go downstairs and get added to the billing right away. Chairman Denison inquired if Mr. Hill believes the change order will be ready by the next month's meeting. Mr. Hill stated that the contractor has been pushing the change order. His response to him has always been that he needs to submit a clear and concise description of what he is asking for so he can evaluate it. He has asked for that for the last couple of months and he is yet to provide that. As he gets closer and closer to the project, his time to get this worked out diminishes, so, he thinks he is going to have to get that in sometime next month to get it on the agenda. Commissioner Tackett inquired if he was asking for additional funds or just additional time. Mr. Hill stated that he asking for both, but he hasn't been specific with regard to the additional cost. Commissioner Tackett stated that he makes it clear that his request for additional funds should show our lost revenue because he hasn't gotten the job done when he said he would. Mr. Hill stated that he understands.

Chairman Denison requested a motion to approve the construction report as presented. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-013

PROJECT DRAWS:

Chairman Denison inquired if there were questions regarding the project draws. After some discussion, Chairman Denison requested a motion to approve the Project Draws. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-014

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	RD Grant Funds	\$ 17,798.89
\$17,798.89	Contract Construction	
Summit Engineering	RD Grant Funds	\$ 9,231.84
\$9,231.84	Engineering Services	

RADIO READ RESIDUAL FUNDS PROJECT

Siemens	RD Loan Funds	\$ 5,922.20
\$5,922.20	Materials	
Core & Main	RD Loan Funds	\$ 1,556.88
\$1,556.88	Materials	
Huntington Steel	RD Loan Funds	\$ 519.00
\$519.00	Materials	
Hayes Pipe Supply	RD Loan Funds	\$ 386.64
\$386.64	Materials	

CAPITAL IMPROVEMENTS PLAN PROJECT

Bell Engineering	MWD Funds	\$ 1,972.00
\$1,972.00	Engineering Services	

MANAGER'S REPORT – Update Presented by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that they have been working with the PCFC with regards to the Brushy Project. He spoke to Eric Ratliff, their grant writer, and we will be resubmitting the Brushy project to AML again for grant funding. The Fishtrap Hydraulic Modifications, Mr. Ratliff is 99% sure that we are going to get the grant funding to do that project which is good news. KIA has some grant funding coming in that he is going to sit down with David Taylor and discuss several different projects and then he will go see Mr. Ratliff about those projects so we can get ahead of the game before the funding does come available.

- 2.) **Water Loss Update** –Mr. Sawyers stated that the MWD form for the month of March was at 21.02% and for the year was 19.91%. The PSC form for February was at 36% and for the year average, we are at 28%. We did run into a problem the first of the month with a state of emergency and flooding that was going on. There were quite a few areas in Kentucky that got flooded at that time; City of Martin got flooded, Salyersville was flooded, we dealt with these flooding issues which is kind of why the water loss is up for the month of March. That we have better weather and the guys can attack it better and harder at night, he looks for that change drastically over the next few month. Chairman Denison inquired how the flooding issues were affecting water loss. Mr. Taylor stated that the PSC does not allow you to use leaks as usage as a write-off so to speak, so, basic water loss is what you produce and purchase minus what you sell to the public. Anything in-between is water loss. Anything we use to upgrade the system flushing-wise, we can write off, but leaks and breaks are not included. Chairman Denison stated that he understands that but...Mr. Taylor stated that leaks and breaks are not included. If you have a flood event and have more main line leaks or breaks and big volume loss...Chairman Blackburn inquired if we had some main line leaks during the flooding. Mr. Taylor stated that we had two at Turkey Creek, one at Runyon Branch of McAndrews.... And those were main line crossings that we had to repair. And then you have the bleeders, the little service line leaks that took us throughout the month to find. Commissioner Tackett stated that looking at the MWD form and the PSC form, there is about 15% difference in them. Mr. Sawyers stated that the difference is that the MWD form allows us to acknowledge leaks as far as water loss whereas the PSC just looks at it as just revenue and not as lost gallons...it's just a loss of revenue. Mr. Taylor stated that our form is just an audit. That 15% that Commissioner Tackett is referring to; he doesn't know where it is going. He can only account for the leaks that he finds. They have fixed an average of 500 leaks in the last couple of years each year, and with system deterioration it is a leap frog effect.

- 3.) **Daily Operations Update** – Mr. Sawyers stated that the District is still abiding by covid-19 policies and that is still ongoing. He stated that the Pike Central booster pump station is now complete and on line. We are utilizing it now and were able to put the old station out of service. Chairman Denison inquired about the current Covid 19 policy. Mr. Sawyers stated that we probably just need to sit down and meet and discuss it internally here.

- 4.) **Vehicle Bid Awards**– Mr. Sawyers stated that we bid out two trucks; a 1500 series truck and a 2500 series utility truck. In the handouts you should have the price for the 1500 series truck at \$28,749. What we did not get was a bid for the 2500 series truck. There was nothing available for a 2020-2021 2500 series truck. We got multiple phone calls from people that one of the problems they have right now is trying to get chips for the vehicles. He requested that the Board; he and Mr. Keathley checked around and found a truck at Thornhill Auto Group in West Virginia that is a 2020 and brand new. He can offer us the same deal as far as everything that we require for our vehicles. We have negotiated a price of \$39,325 with them. He found another one online that was in Knoxville, TN and it was \$42,425. That is still \$3,000 difference. He asked the Board to authorize them to purchase the truck we got in on the bids and to finalize negotiations for this other truck. Commissioner Friend inquired what brand the other truck was. Mr. Sawyers stated that the other is a Ford 1500 and this one is Chevrolet 2500 series. Since this is such a big issue, he just handed out the budget where he showed them what we have paid off in the last 2 years as far as equipment and vehicles, what we have purchased, what we proposed in the budget for this year. We haven't bought anything yet this year. The 3500 series that is on there, he is afraid it is going to take us 6

months to get one, he doesn't know. He is just going to let the board know that next month he will probably come back and bid this out because it may take us 6 months or longer to get it. Commissioner Tackett inquired if we had our own fuel tanks here. Mr. Sawyers stated no, we use fleet cards for fuel. Commissioner Tackett inquired if we had ever looked into that. Mr. Sawyers stated that they may have done it at one time years and years ago. Mr. Taylor stated that we used to have them on the lot but at the time we didn't have the lot across the road and it was a big space issue too. Mr. Sawyers stated that we could go ahead and research it and see what kind of discount we can get it at. Chairman Denison inquired if Mr. Sawyers said that he advertised that 2500 for bid. Mr. Sawyers stated that he did but didn't receive any bids for that one. So, they searched for one and decided to negotiate the lowest price for what they found. Chairman Denison inquired from Mr., Vanover, legal counsel, if that was okay to do it that way. Mr. Vanover stated that if we bid it out and there are none received, then you are clear to search the open market for it. After further discussion, Chairman Denison requested a motion to approve to award the bid for the 1500 series truck to Bruce Walters in the amount of \$28,749 and authorize the purchase of the negotiated 2500 series truck to Thornhill Auto Group in the amount of \$39,325. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-015

- 5.) Bid Award – Self Cleaning Strainer** – Mr. Sawyers stated that last month Mr. Taylor explained how we would benefit from having that and RD has already approved it into the residual funds packet. They had no issue with us bidding it out. We advertised it for bid and received one bid from Applied Industrial Technologies of Oakwood, VA for \$74,008.63. Chairman Denison confirmed this was coming out of the RD funds for the Radio Read project. Mr. Sawyers confirmed that as correct. Chairman Denison requested a motion to approve the bid award for the self-cleaning strainer from Applied Industrial Technologies for \$74,008.63. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-016

- 6.) Surcharge Application** – Mr. Sawyers stated that he has received an update from Gerald Weutcher and where he is at on the project and what he expects. He handed out information from Mr. Weutcher regarding the surcharge. Chairman Denison inquired from Mr. Spears if the annual report they are talking about is the Secretary of State's annual report. Mr. Spears stated no, it is the PSC's annual report. We have an extension through May 31st. He forwarded Mr. Sawyers the confirmation from the PSC. Mr. Sawyers stated that he forwarded it on to Gerald Weutcher. Chairman Denison inquired when Mr. Spears expects to have that done. Mr. Spears stated that he typically tries to hold them off and get one more extension through June where we can get about 90% of the audit adjustments ready prior to submitting it to the auditor where we don't have to change so much. That report is an online report that is about 45-50 pages and if we just do it raw, we have to go back and change every page. Chairman Denison inquired if that is typical that they give you 30 days extension for a couple of months. Mr. Spears stated they typically, since they

have given them to us before, we ask for them ahead of time and make sure they are going to give them to us and then we have to key it in and go back and amend it after the audit. We have had them as late as July extended but he thinks June will be the last one this time. Chairman Denison inquired when they are due. Mr. Spears stated that they want them due March 31st and there is no way to get the audits done by that date. You attach a copy of the audit with it and it all has to match. With such a large district there is no way they can get it done by March 31st. Mr. Sawyers stated that getting back to the surcharge, they can see on the handouts that Mr. Weutcher gives a timeline for how he thinks everything is going to fall into place. Chairman Denison inquired if he has any general idea of how long it will take after they receive the application on that...4 to 6 months? Mr. Sawyers stated that he estimated that from the time we start it would be 4 to 6 months. Chairman Denison stated that so we are looking at 4 to 6 months from May 28th. Mr. Sawyers stated that he has started the middle of the month of April. He stated that he would estimate that we would be done somewhere between now and the end of October if you go 6 months out. That is just a guess. Commissioner Tackett stated that when he submits everything, Mr. Sawyers will have to go down and provide testimony before the PSC, is that correct? Mr. Sawyers stated that we are not supposed to have to. He said that we can send this in and not unless they request it. He said they generally don't do that. You generally just give written testimony and it is very seldom that you have to go before them. Mr. Caudill stated that is usually how it is done as long as the public doesn't object. Ms. Olson stated that there will probably be a lot of information requested and questions that Mr. Sawyers will have to answer under oath written.

- 7.) **Radio Read Residual Funds Project** – This item was skipped during the update but was addressed at the end of the report.
- 8.) **KPDES Permit Renewals RFP** – Mr. Sawyers stated that we will be advertising an RFP for that so that the engineers here can price that. He inquired from Ms. Olson what the time frame is for that. Ms. Olson stated that they have to be submitted 6 months before they expire, so the earliest one expires June 30th of 2022 so it has to be submitted by December 31st of this year. Mr. Sawyers stated that when we come back next month, we will have the engineers to bring their RFP, their cost to do the permits. We have roughly 14 permits. The last time we did them, they ran about \$500 each so it will be approximately \$7,000. We will send this out to each engineering firm. Ms. Olson stated that the 3 lift stations at South Williamson are not on the list. Those are general permits and not as in-depth as these. Commissioner Tackett inquired who generally does those for us. Mr. Sawyers stated that we get an RFP and the engineers give us a price. Ms. Olson stated that they are good for 5 years, so the last time we did these was in 2017, she believes, and Summit did it then. EDC has done them as well, in the past. It just depends on who gives us the best price because they are pretty involved with what has to be submitted. Commissioner Tackett inquired how many different ones we have. Mr. Sawyers stated that there are 14. Ms. Olson stated that we have this list and three more that are not on here because they have a general permit which are different than KPDES ones, for the three lift stations at South Williamson.
- 9.) **Employee Incentive Initiative** – Mr. Sawyers stated that this is something that Commissioner Tackett spoke to him about and they have drafted something up to go along with that. It can be tweaked to be what he is talking about. Mr. Sawyers handed out an example of what the program might look like. Commissioner Tackett stated that this is just something for the Commissioners and everybody to talk about. If you fix up a message to employees to give them an outlet to express their ideas and make it worth their while to come up with a good idea, he has found that some of the best ideas come from people that out there doing the job. The people out there with the muddy boots and the people working in the office with the processes that we do day after day. If we could come up with decent ideas that people will submit and then we evaluate those ideas, and if someone comes up with an idea that can save the district \$10,000 in the first year, if we evaluate that idea and decide to implement that idea, that person who submitted that idea can get a percentage of what those savings are based on the first year of use of the process that is changed or added. Mr. Sawyers stated that for the time being we have just added a bonus, until the board can decide on what to do. We just put in there a \$150 bonus but the board can come up with what

you want to and it also has to merit approval from management. Chairman Denison inquired what Mr. Taylor thought about it. Mr. Taylor stated that he is huge on collaboration. That is how they do everything out in the field. Mr. Sawyers stated that we have had a lot of input from staff already on some things that helps and are cost savings he is sure, especially from preventative maintenance. Commissioner Tackett inquired if everybody was aware of this already. Mr. Sawyers stated that no, we have done anything on it yet and he knew he wanted to discuss it first. Ms. Olson stated that she just happened to find this that we had a long time ago and went through and adapted it for up to date and for Mountain Water. Chairman Denison inquired if we had this at one time. Ms. Olson stated that we had it years ago but not under Mountain Water. Commissioner Tackett inquired what the best way is for the people to get the ideas to us. Do we set up a drop box in the office and the shop? Ms. Olson stated that we have a drop box in the shop that they can drop them in or on the paperwork it says that they can just give them to her or Kevin in a sealed envelope, that way nobody else sees it or takes credit for it. Commissioner Tackett stated that is right, and if Kevin came up with a good time, he would like Kevin to take advantage of it. Ms. Olson stated that there is also an option for a committee to be formed to review these, but to submit them it would be in a sealed envelope. Mr. Sawyers stated that this may be something to review this month and come back next month with. Commissioner Tackett agreed and said he just wanted to get the dialog started.

10.) Establishment of Policy / Procedure for Water Theft - Mr. Sawyers handed out a written procedure that Mr. Lowe had drafted up that outlines how we normally handle theft of service. Mr. Lowe works with Mr. Taylor and the customer service department to make arrangements for these. Commissioner Varney clarified that this is our current policy. Mr. Sawyers confirmed that as correct. Commissioner Tackett stated that he understands that this is what we are doing right now but we are not following through or prosecuting anybody that has an illegal hookup. Mr. Sawyers confirmed that as correct. Commissioner Tackett stated that he agrees with everything that we are doing here. We are giving the customer every opportunity to do it right and some are still choosing to do it wrong by hooking up straight pipes and cutting the locks off and everything. What he is saying is that everybody that does not, we need to prosecute them as full as we can. From his understanding, you all have done that once before or tried to get the County Attorney to do it once before and he just kind of blew you off. Mr. Taylor clarified that it was not exactly that way. The Commonwealth Attorney recommended going down and doing a police report with the county sheriff's department to give us a paper trail and initial start of it. He met and submitted three cases and it went nowhere after that. The next meeting was supposed to be that he would come and look at a meter set up and he and Mr. Bentley were going to show him exactly how, when the customer actually crosses the line and enters the base and vandalizes it, that is what we are talking about. Chairman Denison stated that it sounds like that should be under the County Attorney and not the Commonwealth's Attorney. Mr. Taylor stated that we have access to the Commonwealth's Attorney and confirmed that with Mr. Vanover. Mr. Vanover stated that you can always start with the County Attorney's office to investigate depending upon the magnitude of loss, that would prove whether or not something would go to the Commonwealth Attorney's office. Chairman Denison inquired what dollar amount constitutes the Commonwealth Attorney being involved. Mr. Vanover stated that a felony would be anything over \$300. Mr. Taylor stated that these were each \$4,000-\$5,000 in damages and total water loss. Mr. Lowe stated that he doesn't know on those but he remembers the one they did from 2008 where they went before a judge. His was \$400 and they charged him with a misdemeanor. They ordered him to pay what he owed us and since then, 2008, ever since this gentleman has been arrested for something else, we seem to get a check in the mail for \$25. That \$400+ still hasn't been paid off. Mr. Vanover stated that in order to prosecute for criminal offenses there would have to be an investigation done by law enforcement to determine whether there is sufficient basis to bring those charges. If you are just going to file a civil action to collect damages, you wouldn't have to have the law enforcement involvement, but if what you wanted to do is prosecute somebody, then you would have to report the incident to a law enforcement agency and have them investigate the situation to determine whether you have a basis for charges. Mr. Taylor stated that there is a lot that goes into the investigation because you have the property owner, are they a renter, do they own the property, who was the owner, when did it start, who was the owner then...a lot of leg work goes in to...if he isn't mistaken, AEP and some of the other utilities have their own division just for that because it is so common. Commissioner Varney stated that whenever you guys find one, he knows you go ahead and take pictures and collect as much evidence as you can...if we are going to pursue prosecution should we, or would this even be possible, to call and have them send a deputy then initially then so they can investigate before the

time lapses. Mr. Taylor stated that it depends on how we want to manage the personnel and who is going to be the one doing this. You know we are extremely strapped for staff. We are nine leaks behind right now on getting them fixed so, that it is not counting the water quality and flushing we have to do in the system, so we are really stressed for personnel. Ms. Olson stated that plus, one of the reasons that it stalled before was they prioritize their calls a little differently...of course, domestic complaints and things like that have to come first. We kind of got pushed to the back. We run 11-15 illegal finds a month and she doesn't know if they have the manpower even in the sheriff's office to come out 11-15 times a month to start a report. Mr. Taylor stated that the idea originally was to take our 3 biggest and get it out there and let the media have it and let people know, hey, we are taking this seriously. Mr. Lowe stated that a large portion of these get to the first step. We locked them off for nonpayment and they took the lock off. We take the meter out and then they pay for the lock, an investigation fee, any balance they owe, disconnect and reconnect fee, and it is done right there unless you want to press charges. Chairman Denison stated that he thinks we only need to press criminal charges on the ones who go out and put a straight pipe in. Commissioner Tackett stated that we are finding 10 or 11 of these every month and there are no repercussions for them. Mr. Lowe stated that as an example, last week we had one customer that we turned off for nonpayment that we put a lock on. After hours when the office was closed, he called our water plant and said he had paid and we were supposed to come back and turn it on. So, the water plant called him at home and he looked it up and he paid after we were closed, he paid the bill only and none of the fees, he was very angry and called back and told the water plant that he took the lock off. So, we went back the next day and pulled the meter out. Then he had to pay some additional fees. But he paid those to get hooked back on. Chairman Denison stated that people who pay and make it right is one thing, but someone who puts in a straight pipe, he thinks we need to pursue them. Mr. Taylor stated that even the straight pipes we find, for example on the Left Fork of Island Creek, they were looking for a leak and found it which turned out to be a straight pipe that was leaking badly under the home. It was making enough noise where you could hear it almost a mile before you got to it. They took that loose and they do account for the time leak detection was out there, the equipment it took to turn it off and dig it up, we accumulate all of that cost and then if Mr. Lowe offers that to them and they pay it, then...what you are saying is...or we don't even give them a chance and cut it off and prosecute right then and don't given them a chance to pay it. Chairman Denison stated that he you do give them the chance to pay it. Mr. Taylor stated that is what Mr. Lowe is saying...what is the percentile of the people who actually pay in that scenario. Mr. Lowe stated that a big portion don't get past us just pulling the meter out because they removed the lock. That is a high percentage of them. He thinks it is between 10-15% that actually get past that point. Mr. Taylor inquired of those 10-15% that get past the meter, if we have a huge cost of \$600-\$700 and they agree to a payment plan, how many of those actually enter into it? Mr. Lowe stated that we actually don't offer a payment plan. They have to pay it all up front before we put it back in. Most of them at that point are going to pay it. Commissioner Varney clarified with Mr. Vanover that we could pursue a civil case against them and not involve the sheriff's department if we had to do that. Mr. Vanover stated that to pursue a civil case, number one you don't have the burden of proof that you have on a criminal case and it is easier to prove and he thinks we would be able to set up procedures to address who is going to be responsible under these circumstances when you have a meter that has been disable or somehow that water is being stolen, we might be able to work on a situation that would make the property owner responsible for that should it occur and do that in a civil case. In a criminal case you are looking at "beyond reasonable doubt" so obviously it is going to be more difficult to identify and take a little bit more investigation and based upon what he has heard, it sounds like it might be best for the water district to have personnel to be able to pursue that kind of action. Commissioner Varney stated that he thinks civil prosecution may be our best bet. Mr. Taylor stated that a huge percentage we do get paid but what he would like to see is just to give the customer a moment of pause to let them know that this is criminal and there are consequences here other than just monetary. He would like to give them pause to where they would at least would try to make it right. Commissioner Varney stated that in the vast majority of cases it will be cheaper on them to pay it than to have to go to court. Commissioner Tackett stated that it would be a whole lot cheaper for them to pay their water bill every month instead of us having to pursue them for illegal. He has it listed here that there is a disconnect fee of \$30 and other \$30 for a reconnect fee, pay \$5 for the lock, \$75 for an investigation fee and we are charging that and you are saying that people will go ahead all of that when we take the meter out. Mr. Lowe stated that yes, the majority do. Mr. Taylor stated that we also charge a minimum bill if we know it has been in for 6 or 7 months since it was disconnected, Mr. Lowe will back up and charge them for the full seven months of a minimum bill because with a straight pipe, there is no reading, so that is as much as we can do. Mr. Lowe stated that in the case of a straight

pipe, we just look at their average usage prior to there being an issue with them being disconnected and bill them for each month that we assume it was illegal at that usage. Commissioner Tackett inquired that when we go through this process and get as far as taking the meter out, it doesn't go a long time before we go back in reinspect that meter base to see if they put a straight pipe in. Mr. Lowe stated that it is usually within a couple of weeks anyway and sometimes quicker. Commissioner Tackett stated that if there is some way to get this information out to the general public through a mailing or something in the paper saying "hey, we are really serious about this, and will be filing civil cases against you"...how much does that cost to insert it into the bill. Mr. Lowe stated that if we wanted to insert this handout with the bill it would be just around \$700 because there would be no additional postage or envelope or anything. It is just the printing cost for each customer. Commissioner Tackett clarified that we would just give this to the billing contractor and tell them to put it. Mr. Lowe confirmed that he would just email them the document and they would print it, stuff it and mail it. Mr. Taylor inquired if it would be possible to make the monetary fines more than what they are with a tariff amendment. Ms. Olson stated that it would have to be approved by the PSC. Mr. Lowe stated that you would have to justify the cost. You have to give them documentation justifying that is what it costs you. They don't expect you to make a profit on it. Mr. Taylor stated that we charge them for the time that it costs us to find these, but we don't charge them for the time that he knows they lost looking for a legitimate leak. Commissioner Tackett inquired how long the current fees have been in our tariff. Have they been adjusted over the years? Mr. Lowe stated that the investigation fee is fairly new, probably within the last 3 years. Commissioner Tackett clarified that these fees have been justified within the last 3 years. Mr. Lowe stated that is correct and he can get him exact dates on that. Mr. Sawyers clarified that they would have at least been justified during the rate case. Mr. Lowe stated that no, we didn't do those in the rate case. Those were in a request to change non-reoccurring fees. Mr. Sawyers stated okay, we did that when we went back and looked at the billing process. Mr. Spears inquired if there is any way to add in the estimated time that we are hunting for it. Mr. Lowe stated that with most of this stuff they look at the average. Even on a service charge to install service...that \$30 service charge, you have to give them the cost of if you were going to your customer that is the furthest away from your office and then the closest one to you and then you take an average. Mr. Taylor stated that we have had a lot of conversations with the PSC regarding this type of vandalism and theft, and he can say that based on his experience that they can't fathom how many we have that do that. They keep thinking it is nonpayment and get confused with the nonpayment people versus the people who actually go out and actually cut the lock and put in straight pipes. Commissioner Tackett clarified that most of these straight pipes are not where somebody goes and takes our meter out and puts a straight pipe in, it starts with them not paying the bill, and then we go and take the meter out, and then they put the straight pipe in. Mr. Taylor stated that we do have a few who would take the top off of the meter. Mr. Lowe stated that is not a frequent thing but most of these start with disconnection for non-payment and then escalates from there. Commissioner Tackett clarified that the majority starts off as a non-payment. Mr. Lowe confirmed that as correct. Commissioner Varney stated that if we do decide to include some notice like this in with the bill, is there a way for everybody that gets an email, to get that notice with their email or direct them to look at it. Mr. Lowe stated that he thinks we can do that from our website. He thinks he has the ability to do that. He can just type in a message and anybody that has an online account, he can send that email to them. It isn't going to be in this format but would be a notification. Ms. Olson stated that we can post it to the website and she can send a small message through Rave to everybody in the county that has our service that would just say "please see our website for updates rules and regulations regarding theft of service" or something. Mr. Taylor stated that nothing against certain parts of the county but he will say the most of the people who are stealing water are not browsing the internet looking at our website and checking their mail Ms. Olson stated that this is true. Mr. Taylor still remembers that in the Elkhorn City paper on the front page that a man was arrested for stealing water. That stuck out and he still has that in his memory. Commissioner Tackett stated that he just wants to make sure that the district doesn't get shorted because if we have 17,000 customer and we have a 100 that are stealing water from us, those other 16,900 are having to pay that and that is not right. Ms. Olson inquired from Mr. Vanover that if we wanted to pursue the civil proceedings, is there a limit that it has to be before we go after that option. Mr. Vanover responded that it can be anywhere from \$200 to \$10,000 or more. He clarified that there is no minimum at all. After further discussion, Chairman Denison stated that the handout needed to be reworded to say against the account holder and/or the property owner. Commissioner Tackett stated that it also should probably say that the district can pursue criminal charges against the account holder and/or property owner at any time after they have removed the lock from the meter. Mr. Vanover stated that he would have to look into the issue of the depth to which we can hold the property owner responsible before

he could tell them whether there is any possibility of that. Ms. Olson stated that we can review it and let the board approve it before releasing it to the public. Commissioner Tackett suggested that we table this issue for now and everyone look over it. Chairman Denison suggested that anyone with any comments, email Mr. Lowe with any suggestions. Mr. Sawyers inquired if the board would like to see a handout every month on the illegals. Ms. Olson stated that she gets that from the girls each month and can start including that with their packet if they would like to see it. They confirmed to start adding it to the packet.

11.) Review of Customer Billing Process - Mr. Sawyers inquired if the board had a chance to review the handout regarding a change to the billing process. Chairman Denison stated that he didn't think that at the present time it is an option. Commissioner Tackett inquired his reasons. Chairman Denison stated that mainly because there are all of these cons listed, and sees problems with it. Not only the cash flow issue but also the main concern is water leaks. He inquired how those typically get reported, when a customer received a high bill. Ms. Olson confirmed that as correct. That is when they are typically made aware of it. Chairman Denison stated that when the customer gets a high bill, they usually contact the District. Ms. Olson stated that is correct and then we adjust that off and write it off. Chairman Denison stated that if you are only getting a bill every two months, then you have an issue because that may go on for two months. Mr. Sawyers stated that it is the same thing when they are going back and doing audits in the system like reading the meters or whatever if they are only reading it every two months. Chairman Denison stated that if we are wanting to get our water leaks down to 15% that changes the game. Mr. Lowe stated that one of the things he mentioned in the handout, going back to the illegal hookups, we find a large amount of those while they are reading the meters. So, if we are only reading those every other month, we are not going to catch those as quickly. Commissioner Tackett inquired how many people we have that reads meters. Mr. Lowe stated that he thinks there are only two that read the meters. The others do work orders, disconnections-, reconnections-, high- and low-pressure complaints, just daily work. Commissioner Tackett stated that one of the pros of that would be to free up a body or eliminate that much in wages. If we are going to be adding crews on, that person could fall into one of those crews. Mr. Lowe did a great job putting this together, but a lot of things were based on that 10-year-old study and he thinks it was in Durham, NC. Mr. Lowe stated that he couldn't find a lot on it. There were a couple of others, but they basically said the same thing and were all kind of older and he couldn't find anything for our state. Commissioner Tackett stated that all of the pros listed here...yeah, we are going to save on mailing costs; yeah, we are going to eliminate a meter reading job which is going to be a savings, and there will be a decrease in office traffic. Those are all things that you pretty much know are facts. A lot of the stuff on the cons were based on that 10-year-old study from Durham, NC. Mr. Spears stated that the biggest thing he sees, looking at the columns, is the initial revenue short fall you'd never make up. You are going to defer one month forever basically. That is his biggest concern and this is his first time seeing this. Commissioner Varney clarified that it would be more like \$800,000 then, instead of \$450,000. Mr. Lowe stated that it depends on what the plan was. His thinking was you would bill half of our customers one month and the other half the next month and rotate them like that. So, then that first month you would only get half of your revenue. If the other option is that you bill all of your customers the same month, then that first month you are basically losing all of your revenue. Commissioner Tackett stated that what he had in mind was half this month, half next month and rotate them that way. Chairman Denison stated that you have to understand also that there is a difference in paying a \$20 bill and a \$40 bill. Commissioner Tackett stated that he talked to different people about this and they said nobody won't pay it if it's...there's a lot of people out there who live month to month and they won't budget their money. If they don't have to pay their water bill this month they are going to go ahead and spend that money on something else. When their water bill comes due next month, they won't have money to pay their water bill. Chairman Denison stated that he thinks once you get the water loss down it may work. Mr. Taylor stated that for him, with the monthly water loss report that we do, if he doesn't have what is generated in sales, he is kind of working in the blind on the percentage. He has zone meters that they get daily but he doesn't have an idea of what we are selling out of those zone meters until he sees it at the end of the month. Ms. Olson stated that could be another issue in that we are supposed to do water loss reports for the PSC for every month, if we don't account for and have our sold numbers for that month, then we can't do a water loss report that is true. Commissioner Varney stated that we would have to read the meters every month anyway to get our gallons sold for that month in order to do the water loss report, unless we get a deviation or allowance from the PSC to only do every other month on the water loss. Chairman Denison inquired from Mr. Lowe how many districts were only billing every other month. Mr. Lowe stated that he has

a contact at the PSC and there was nothing official about him asking his contact, but he just asked him if there was a problem with us doing this and if the PSC had an issue with this billing bimonthly or quarterly. He said off the top of his head, he could only think of one other district in the state and they bill quarterly instead of monthly. He didn't give specifics on who that was. Mr. Lowe called our billing software company, which you can change billing software, but they said the same thing. He doesn't know if they are talking about the same district, but they only had one client that did not bill monthly and that our system would not allow us to enter readings, even if we were billing bimonthly, we couldn't enter readings monthly because it only allows us to enter one reading per billing cycle. So, if you are billing every other month, you can only put that one reading in before you bill them. Mr. Spears stated that the PSC would have to be approached before considering to do anything like this. Commissioner Tackett stated that he knows that the tariff would have to change and the rate for the first 2,000 and the next 2,000 gallons, etc. and all of that would have to be doubled. Ms. Olson stated that once you start doing stuff with the revenue, you've got RD and KIA and people that you have loans with that you have contracts with that says that they actually have a lien against your revenue because of that debt service. So, you have to make sure that they are okay with it, that the PSC who has looked at your rates is okay with that before we could even consider it. Mr. Spears stated that she makes a good point there, with RD and KIA you would have to have their blessing at a minimum. Chairman Denison stated that this issue should be tabled for further discussion at a later time. Commissioner Tackett stated that is why we do this. Not everything is going to fly. Ms. Olson stated "exactly". She stated that she hates it when people say "that's the way we have always done it" because this is the kind of discussion you need to have to sometimes get better and do things better and to just see what is going to work. Commissioner Varney stated that he wanted to bring up an idea as well. As far as he knows, we don't have the option for any customer to select paperless billing. A lot of people get their bill notification by email and then go in and pay it. They never really open up that piece of paper that we mail them. Is there a reason why we have to send out everybody a bill even if they are getting their email? We had 7,000 pay their bill either online, on the internet or by bank automatic check. That's 7,000 and not 17,000 quite yet, if we didn't have to send them a bill. Mr. Lowe stated that we can do that and have actually looked into that years ago and is something he really wanted to do but the previous board did not want to go with that option so he dropped it. He doesn't know what those cost savings were, but he would say at least 30% savings or more. Commissioner Varney directed Mr. Lowe to look into that again and see what numbers we would be looking at. He stated that another thing is that our bill payment portal that we use is not great and is not really user friendly he doesn't think. He would love to have the option to check automatic payment and get the email and then not have to think about it again. Now, you have to login, make your payment, type in your account numbers every time, and it is cumbersome. He thinks maybe more people would take advantage of that with paperless billing, especially if we had a better way to do that. Mr. Lowe stated that he agreed and would look into that as well and bring it to the board. Ms. Olson stated that the main reason we didn't go with the automatic payment is for the very reason that we have got all of these leak adjustments. If it is going to come out automatically on a certain day and you have a leak that you're not aware of and it comes out and pulls out \$2,500 out of your account, then that is harder to reverse than just to catch it with the bill and then you not having to pay that. It may not be something that happens a lot. Commissioner Tackett stated that they get their bill before it comes out though. Ms. Olson stated that they will get a statement before it comes out of the bank if they look at it. Commissioner Tackett stated that they will get a bill at least two weeks before it comes out of the account to avoid anything like that. Commissioner Varney stated that they can go in and change their automatic payment status if they see something like that before it comes out. Ms. Olson stated that is correct. Commissioner Varney stated that he loves his AEP phone app that he uses to pay that. It is great. Mr. Lowe stated to keep in mind that the previous board directed him to get the cheapest option we could find. Commissioner Tackett inquired if that is something that everyone wants to look at. The board agreed unanimously for Mr. Lowe to research those options and get back with them on that. Mr. Lowe stated that he thinks he can have that information for them by the next board meeting. Commissioner Varney inquired if that would create any issue with us having to send out notifications at various times. Mr. Lowe stated that we would either have to find a way to have it there when they log in to their online account or you are going to have to do a separate mailing if they are not receiving a paper bill. Commissioner Tackett directed him to run with that and bring them back some information at the next meeting.

Mr. Sawyers continued by stating that they have their standard reports and that is all for the manager's report. He stated that he must have skipped over the Radio Read Project update but

that we have installed two zone meters; one at Dorton of Caney and at the Elkhorn BPS. Mr. Taylor stated that pretty much gives us all of Shelby Valley; that whole branch from the 23/460 intersection at Food City to the new pump station near Route 611 and the one at Blaze Branch for Elkhorn Creek. The whole Shelby Valley system is now broken up into zone meters based on the pump stations. Mr. Sawyers stated that the next 3 are Indian Creek, Long Fork and Sookey's Creek. Commissioner Tackett inquired if we have those in yet. Mr. Taylor stated that they are on order. Commissioner Tackett inquired if all of them were on order. Mr. Sawyers stated that they did decide to order all of them at once that way it is cleaner on billing and we are getting them all here at once. He did ask for the board to allow Mike Hill, Summit Engineering, to set in on the first few minutes of executive session. The Board agreed.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-017

NEW BUSINESS

1. Legal Issues

A. Executive Session

1. Pursuant to KRS 61.810(1)(c) to discuss feasibility estimates and evaluations for the possible acquisition of property for MWD and litigation strategy with regard to District contracts.

Chairman Denison requested a motion to Convene Executive Session for reasons as listed on the agenda to discuss items as listed on the agenda. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-04-018

Chairman Denison requested a motion to Reconvene into regular session. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 21-04-019

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any additional Commissioner comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 21-04-020

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

May 27th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Mike Hill, Summit Engineering
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, May 27th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via in -person and videoconference through the Zoom Meetings platform. The meeting was recorded and posted to the District's website at mountainwaterdistrictky.com for public viewing and commenting through the website.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meetings held on April 5th, 2021, April 14th, 2021 and April 29th, 2021 as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of April was \$290,259. Accounts receivable was \$1,042,334. Plant in place was \$164,136,153. Accounts Payable was \$179,000 which is the lowest he has seen that number in a while. Equity position at the end of the month is \$67,526,075. Revenue for the month was \$859,928. Utility operating expenses was \$991,195. The net income/net loss was \$164,691, and included in both of those numbers is depreciation in the amount of \$335,997. Operating income was negative in the amount of \$131,268. We had a cash decrease of \$80,427. That is probably due to the accounts payable, with it being as low as it is, you will see those two fluctuate. Chairman Denison clarified that he said that receivables went down comparable to last. Mr. Spears stated that receivable must have went up just a little bit. Accounts payable was decreased by \$124,841 so that is part of the reason it gets cash. On pages 17 and 18, everything looks to be in good shape as far as the accounts. The retirement expense, if you look back to December it shows a negative \$68,000 which is a result of the \$120,000 adjustment he made on 12/31. What that is, is about \$10,000 a month that is withheld that hadn't been offset against retirement expense. The electrical expense was at \$120,000 which looks to be our new normal due to the rate increase and Belfry WWTP going on line which we budgeted for. One big item on the balance sheet that he has not adjusted originally is accrued interest on long term debt. We will be getting a statement from Regions Bank on that note regarding what they have applied to interest last year. We project it but we adjust it at year end for the audit. Chairman Denison inquired what the earliest she can do these statements. Mrs. Hatfield stated that she usually gives them to Mr. Spears the Thursday before the board meeting and he reviews it. With the girls closing out billing and all, that just gives her a week to finish it. Mr. Spears stated that the biggest issue you'll have there is that she won't have a lot of the payables in that early too if she does them too soon. Chairman Denison stated that it is just hard to set here and glance through these right quick during the meeting. Mr. Spears stated that he can and will make a point to get them to them the weekend before the meeting. Once she gets them to him, he will try to get them out to the board. There being no further questions, Chairman Denison opened the floor to a motion to approve the financial report for April as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-002

Mr. Spears stated that there are KIA bond payments that are due June 1, 2021 and will have RD due the first of July. We have money set aside in the accounts to pay these, as part of our sinking fund transfers every month. The sinking fund has \$400,916 in it and is on page 5 of the financials. Chairman Denison requested a motion to approve the KIA bond payments as presented and due June 1, 2021. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-003

Mr. Spears stated that he has the PSC filing that he has to do that is due June 1st. We asked for a 30-day extension and didn't get it. We found out yesterday evening about 5:30, so they will have it done and he just needs authorization to file that and he needs Chairman Denison's signature on the cover page. Further, email, we can amend that later which will be after the audit and when we get everything done. Chairman Denison requested a motion to authorize the Chairman to sign the PSC Annual Report for submittal by

Mike Spears to the Public Service Commission. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-004

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Denison inquired if there were any questions or comments regarding the payables. Commissioner Tackett stated that for DD&K Construction, at the last meeting we had a bill for about \$12,000 and we asked for a breakdown of that bill...how much was gravel, how much was haul bill...Mrs. Hatfield stated that she misunderstood. She thought they wanted her to give the detail for the upcoming one and didn't think it was for a particular invoice but she can do that and put that invoice and she has told them that we want more detail. It is usually doesn't break it down like that. It tells everything that is on there but doesn't break down how much is the haul fee and how much is gravel or in that case it was road that they worked. She will pull that invoice for detail. Chairman Denison stated that is what they need, is a breakdown of those and he would like to see, especially on the gravel, his tickets. Mrs. Hatfield stated that she has had Tammie Fields call them this week and specify that we want more detail; that she wants the haul fee...it is kind of hard to compare...it has to be the distance probably, because they will have some that are \$275 and the next will say one load of gravel and it will be \$325. It is just by the load. Commissioner Friend stated that he believes he has a 10-ton truck but he thinks it is the distance that is probably what is changing the price per load. Commissioner Tackett stated that wherever he gets his gravel at they give him a ticket for that load of gravel. It has the gross vehicle weight on it, the tower weight on it and it has the net weight on it. Depending on what his trucking rates are from the plant to wherever he is taking it to, we need to be charged so much per ton instead of per load, because you can take a load of gravels from where he gets them at to where he is taken them to; it could have 4 tons on it or it could have 10 tons on it. Or it could have a bigger truck and have 25 tons on it. Mrs. Hatfield stated that she thinks we are going to bid out the service soon. Ms. Olson stated that Mr. Sawyers has her working on specifications right now. We are trying to figure out all of the material that we purchase throughout the year and we know history what we use and we will have them give us an annual price. The other option that David Taylor and she talked about today was possibly using a CDL driver with the dump truck that we have. He has been working on preventative maintenance and that is something that we will look at this coming month. Mr. Taylor stated that as a correction, he was talking about purchasing a smaller dump truck. The one that we have is already being used with the large excavator. Ms. Olson stated that all of that is something we will consider over the next month. Chairman Denison inquired what Encova is on the payables. Ms. Olson stated that it sounds like insurance. Mrs. Hatfield stated that it is insurance to People's. They actually just changed the name and that is why it didn't ring a bell right away. Chairman Denison inquired about the Lowe's payment for \$1,788 and what that was for. Mrs. Hatfield stated that the majority of it, we had some tools that had to be replaced. We do require them to bring in any tools that are damaged and need replaced. There was quite a bit for that and also, there was one large purchase.... Commissioner Varney inquired if that was a revolving account that we just pay every month. Mrs. Hatfield confirmed that as correct and that we have our supervisors that are permitted to get anything and they must get a purchase order first. There was some stuff on there for booster pump stations and hand tools, grass, straw, and general items. Commissioner Tackett confirmed that the majority of that bill was for tools. Mrs. Hatfield stated that there was a saw for about \$200 and there were two or three like that. She doesn't have the breakdown description, just the GL that she keyed it to. She can get it for them, but a lot was due to an employee that was off and somebody else was assigned that truck that those items were missing. They needed the items to get the job done so that is why those were on there. Chairman Denison inquired if they ever discovered where the tools went. Mrs. Hatfield stated that we had Jamey Keathley on it trying to get to the bottom of it. We think someone probably borrowed them off of that truck and didn't put them back but he never heard the conclusion from Jamey to see if he ever located them or not. Ms. Olson stated that to clarify, she means another crew probably borrowed them off the truck to use for District business, not personal use. Chairman Denison stated that we need to figure out which crew got them. Mrs. Hatfield stated that we always make them let

us know if it is a replacement, a tool they need or in this case the supervisor that over this position, he needed them and we have asked Jamey to get to the bottom of it. Chairman Denison inquired if we had gotten any invoices from Stoll, Keenan and Ogden. Mrs. Hatfield stated that they just sent a bill this month and she thinks it was for about \$3,000 and that bill had charges on it back to December. After further discussion, Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-005

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for April were in the packets of information given to the Commissioners for the meeting. Commissioner Varney commented that it was down to about normal range. After review, Chairman Denison requested a motion to approve Customer Adjustments in the amount of ten thousand, two hundred and seventy-three dollars and ninety-four cents (\$10,273.94). Commissioner Friend made the motion to that effect. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-006

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the base bid was \$1,167,200 and the project was awarded to H2O Construction. At the last board meeting the board approved \$80,000 for the addition of the option to replace the system at the nursing home. Since then, Mr. Sawyers, Jamey Keathley and himself have been working with the contractor to come up with an alternative lift station layout, which they have that eliminates a retaining wall and enabling the District to be able to access all of the mechanical components of the lift station with the service truck and crane that they currently have. We have eliminated having to purchase a separate crane and separate truck to access this. That in itself, going back to the nursing home, that takes the price to \$1,247,200 and there is \$1,429,981 available for construction there. He has a proposed change that they have been working on with the contractor right now, that adds that nursing home and eliminates the retaining wall, provides for fill material in that area and also a negotiated price on the control panel building and that is the last item. Everything else has been acceptable to Mr. Sawyers and Mr. Keathley on that except for the control panel building and running the electrical into that. The contractor started out at \$30,000 and has moved to \$24,000 and we want to continue talking with them on that. So, we are asking that the board given them the authority on this to continue those negotiations to get to a point where we are comfortable with either doing the control panel building or not having him do it at all; and go ahead and get them under contract, or get a contract to Mr. Vanover, for review, and to get them a notice to proceed. That would be approving a contract and a change order at the same time for these additions. Commissioner Varney inquired if the control panel work was included in the \$1,247,200 price. Mr. Campoy stated that it is not. If we did the change order as it currently is offered to us by the contractor with the adds and deducts, the actual number then becomes \$1.23M because of some of the deducts that we take because of the

concrete retaining wall coming out of it. We will have to bring some more fill material in and place it and in doing that, it becomes an overall deduct for that portion of it. So, we are down to trying to negotiate that last piece of the puzzle to get that control panel building and get all of the controls and everything moved from the location on the wet well to the building and including the building. Chairman Denison clarified that he wants a motion for the proposed change order and control panel...Mr. Campoy stated that he would like a motion to allow them to continue trying to get this negotiated and once comfortable with it, to go ahead and proceed with getting them under contract. Commissioner Tackett clarified that he wants the board to give him permission today to go ahead and complete negotiations with the contractor and as soon as you negotiate the price, to give them the necessary paperwork to have them proceed. Mr. Campoy confirmed that as current. Commissioner Varney clarified that Mr. Campoy thinks it will be a net reduction of about \$17,000 to get you down to about \$1.23M. Mr. Campoy stated that it what it is appearing to be right now, if we do everything as we currently have it. It could be a little better than that. Commissioner Tackett stated that if they give him authorization for a not to exceed \$1.247M it won't be anything worse than that. Mr. Campoy stated that he will go over the numbers one more time to confirm that. He then confirmed that as correct up to that amount. Commissioner Varney stated that he is fine with that. Commissioner Tackett stated that he needs a motion to complete the negotiations for a not to exceed price of \$1,247,200 and once the negotiations are complete, they can proceed with the contract and the notice to proceed. Chairman Denison requested a motion to that effect. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-007

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. They said they would contact him when they got their necessary easements straightened out.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Capital Improvement Plan** –Mr. Caudill stated that there have been no real changes on their end on that. He has spoken to Mr. Weutcher and has provided all of the information that was requested of them, so, unless there are additional needs regarding the PSC surcharge application process, they don't look to have any additional work on that. They will stand by and provide any assistance to Mr. Weutcher or the District during the surcharge process if needed.
2. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that the District submitted an ARC pre-application for funding of the project on October 31st. The Office of the Governor did invite a full invitation to be submitted. On May 24th the Governor was in Pikeville to announce funding for the project. He knows that Mr. Campoy spoke with Eric Ratliff and he thought it would still be 3 to 4 months before the District would have the ability to draw from those funds. Mr. Campoy confirmed that as correct and added that he said that given the work they have to do internally there, it will take that amount of time. Mr. Caudill stated that in the meantime, they had previously prepared a draft contract and forwarded it on to the District for review and they stand ready to move forward when authorized to proceed.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that Contract 2, BP Pipeline, is right at 94% complete as of the last pay request. As of this past Monday, they have gotten 141 of the 159 customers on line. There are actually 157 pump stations and of those they have 16 more to hook up; 4 duplexes and 12 residential stations. He thinks that there are only about 5 yet to go in the ground. They have almost all of the tubs in the ground but the electrical connections continue to be what is dictating their schedule. They met with the contractor about 2 weeks ago and they gave them a June 4th date that they were targeting and felt pretty comfortable they could meet as far as having all of the sign ups complete, but unfortunately, their production dropped off in the last couple of weeks pretty substantially and they are no longer on pace to meet the June 4th deadline. They are probably looking now at mid-June. They have discussed the change order they were requesting and they are working through those items but they have not gotten back to him yet on final pricing, so he doesn't have anything to report on that. They have done a lot of their clean-up work and they also have placed some additional fill around the Toler Lift Station and are getting closer to having that 100% complete, but they still have to gravel the access road and install the fence, etc. That is where things stand with the project as of now and unless anyone has questions, that is all he has. Chairman Denison inquired if there needs to be a motion regarding the request for time extension. Mr. Hill stated that he is not asking for that this evening. He would wait until next month and then the board can address all of that at one time. Ms. Olson stated that Garrett Mullins did come by today and brought her the list of last week's completed units; there were 2 on the list is all. But we are still on the range of 16-18 that she still has applications for. Mr. Hill stated that is what he is seeing too. 16 remaining hookups, not counting the additional 2 that have requested it recently.

PROJECT DRAWS:

Chairman Denison inquired if there were questions regarding the project draws. Commissioner Varney inquired if these payments to BP Pipeline were the final payments or close to it. Mr. Hill stated that these are for their second to last invoice. If all of the work is finished by the next board meeting, we can final it out and release retainage. Chairman Denison requested a motion to approve the Project Draws. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-008

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	ARC Funds	\$ 44,128.85
\$44,128.85	Contract Construction	
BP Pipeline (Contract #2)	RD Grant Funds	\$ 8,010.14
\$8,010.14	Contract Construction	

RADIO READ RESIDUAL FUNDS PROJECT

Siemens	RD Loan Funds	\$ 26,177.10
\$26,177.10	Materials	

Sub Surface	RD Loan Funds	\$ 7,475.00
\$7,475.00	Materials	
Sub Surface	RD Loan Funds	\$ 650.00
\$650.00	Materials	
O'Quinn Trailer – Reimb MWD – Box Trailer	RD Loan Funds	\$ 3,995.00
\$3,995.00	Equipment	

MANAGER'S REPORT – In the absence of Roy Sawyers, District Manager, the Update was presented by Tammy Olson, Office/Compliance Manager and David Taylor, Operations Manager.

- 1.) **Funding Update** – Ms. Olson stated that Mr. Caudill has already mentioned about the Fishtrap Hydraulic Modifications Project funding that has been recommended by the Governor on Monday in a ceremony here in Pike County. That ceremonious check was handed over to the District and that will be coming in the amount of \$670,597.00. The District has committed to a 20% match on that which will be \$167,649. Mr. Sawyers is also meeting this coming month with grant writers at the fiscal court to establish some water and wastewater project profiles for upcoming grant funding. So, he will be working with Eric Ratliff and Sharon Hall on some upcoming grant funding applications.
- 2.) **Water Loss Update** –Ms. Olson stated that the board has a handout that begins on page 55 in their packet and there are the reports behind it which includes water loss reports for MWD and PSC. The MWD form which allows us to account for leakage gallons was 28.64% and the PSC form for April was 33.7%. She inquired if David Taylor had any comments to make on the water loss for April. Mr. Taylor stated not unless they had any questions. Ms. Olson stated that based on the PSC numbers, the annual average right now is 29.65% which is still lower than it was last year. Commissioner Tackett stated that we had one anomaly in January at 19%. Ms. Olson stated that did give us a boost. She inquired if anyone had any questions on that. There were none.
- 3.) **Daily Operations Update** – Ms. Olson stated that she didn't update a whole lot on that summary but it is in the board's packet starting on page 67. It goes over the funding, the Pike Central pump station relocation is complete and in service, etc. Some good news on the TTHM readings for the first quarter of 2021 we were completely compliant, so for that quarter we do not have to send out any of those notices in the bills. Commissioner Tackett inquired if that was two quarters in a row. Ms. Olson stated that it is for the first quarter of the year which was January, February and March we are in compliance at all sites during those three months. Commissioner Tackett inquired if we were out during the fourth quarter of 2020. Ms. Olson stated that yes, we have been out each quarter for several years except for the first quarter of 2020. A lot of that has to do with the cooler weather which helps to keep the numbers down, but we are hopeful.
- 4.) **Vehicle Bid Awards**– Ms. Olson stated that on page 71 is the bid tab sheet. These bids were opened yesterday and we bid out a one-ton utility bed pickup truck as well as three ½ ton pickup trucks. She stated that Mr. Sawyers had explained last month how difficult it was to get these vehicles in because of low inventory and the chips coming from China; they just can't get them and it takes so long to get them in. He went ahead and advertised all of the remaining vehicles in the budget for the rest of the year. So, this will be all that we will be purchasing. We had two bidders on both and the low bidder was Thornhill Auto Group on both, coming in at \$49,889 for the one ton, and \$27,133 each on the ½ ton vehicles for a total of \$81,399. This will complete this year's requests for vehicle and is what was budgeted. Mr. Sawyers did this because right now, we haven't even gotten the ones that the board has already awarded of the 1500 series. What he has done is set these up that after we receive the first one, the remaining ones will be delivered in two-month

increments. Commissioner Tackett clarified that these four vehicles, we will get one in every two months. Ms. Olson stated that it was just the 1500 series vehicles. The 3500 vehicle is just one. Commissioner Tackett inquired if that one is available. Ms. Olson stated that yes, she believed that Thornhill can order that one and get that one in. The 1500s though, after the first one comes in then the second won't be delivered for two months, and the next one two months after that. That will get us through the end of the year and the bid period for the budget. After further discussion, Chairman Denison requested a motion to approve to award the bid for the 3500 series truck to Thornhill Auto Group in the amount of \$49,889 and award the purchase of three 1500 series trucks to Thornhill Auto Group in the amount of \$27,133 each. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-009

- 5.) Bid Award – Horizontal Drilling Annual Services** – Ms. Olson stated that we bid that out and had one submittal from Boca Enterprises, who is Kirby Bowling. He was the low bidder last year. We sent this out to several vendors and invited them to bid and he is the only bid we received. He kept the same prices as last year for anything that was 4" and under, and increased his prices a little on his 6" and 8" and everything else stayed the same. We need a resolution to approve the annual bid for the boring services. There were no further comments and Chairman Denison requested a motion to approve the bid award for the annual horizontal drilling services to Boca Enterprises. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-010

- 6.) Surcharge Application** – Ms. Olson stated that we received a request for information that was fairly lengthy from Mr. Weutcher. She stated that she and Mr. Sawyers have been gathering that information and looking into providing him the information that he needs which is ongoing. Commissioner Tackett clarified that she said it was lengthy. Ms. Olson stated that it was several typed pages that had each question numbered and a list at the top of individual things that he wanted, such as the audit...some things were 2019 and some were 2020. We are gathering that and providing that as we can. Commissioner Tackett inquired how long she anticipated to get everything to him that he has asked for. We gave him the comprehensive plan. Ms. Olson stated that is correct and these are basically questions for Mr. Sawyers on the specifics. She can get him a copy of what he is asking for if he wants to see it. Some of it is the 2019 audit, water loss information for 2020, and that was part of the list at the top. With Mr. Sawyers being out of town, that will delay it just a little bit but we will.... Chairman Denison directed her to send that out to the board members. Ms. Olson stated that she would do that for them. Commissioner Tackett stated that he had asked Mr. Weutcher to copy him on anything that went out and he told him he would, but he hasn't done that. He inquired if Ms. Olson would remind him of that and she stated that she would. Commissioner Tackett stated that when they first talked to Mr. Weutcher, he told them to get him the stuff and he would get right on it. Then he waited a month before he picked it back up

again and then sends you all a list of what materials to get. So, by the time we get everything back to him, he will still probably another two or three weeks to get it submitted. That is not what he told us. Ms. Olson stated that she will get as much and as quickly as she can. Some of it she already has put together, some of it she will have to unbind and scan, but we will get on that.

- 7.) Radio Read Residual Funds Project** – Ms. Olson stated that the water storage tanks are currently in fabrication by the vendor. We have several items that are on order and several that have come in and the staff is working on installation. We have ordered enough that we are now into the grant funding per Mr. Sawyers. We have expended the loan part and are now into the grant funding and he will be speaking to Doug Hoff about getting some approval for some additional items.
- 8.) Employee Incentive Initiative** – Ms. Olson stated that we talked about this last month and the only thing she needed to come back and clarify before implementing this, which she thinks is an excellent idea, is for the board to give direction on bonus amounts. Do they want to set it what Mr. Sawyers suggested, which is \$150 if successful, or do you want to set a range of percentage of whatever the savings would be from implementing an idea? For example, if the District saves \$5,000 or less, they would get 10%, \$5,000 to \$100,000 they may get 1% or something like that. Just so we wouldn't be paying out...if it saves \$100,000 and we say 10%, that would be a lot of the savings. It is up to the Board how to proceed with that. She believes it is an excellent thing to start circulating, it is just if the Board wants to start it now or wait until that is decided. Commissioner Tackett stated that he likes the idea of having just a set percentage of whatever the savings is, because it is a one-time deal. If it is going to save us \$100,000 in a year, and the board reviews it and believes it to be a good idea and it saves us a \$100,000 this year, it will save us \$100,000 next year. So, he doesn't have any problems with giving the bonus of 10% of that amount. He thinks they would take it a lot more seriously if they have a whole lot better sense of getting something out of it. Ms. Olson stated that she agrees with that and one thing that she should have done and hasn't yet, is to make sure that the PSC will approve us to do something like that. Sometimes, they buck a little bit on bonuses and things like that during an audit. So, we want to make sure that they are okay with it. Mr. Spears stated that we would probably need approval and they would probably disallow it during a rate study because it is a one-time payout. They disallow any one-time expenditures but he thinks we probably do need approval on it just to make sure. Ms. Olson inquired what kind of percentage would they think would be a good idea...1%, 10%, 5% of whatever the return is. Chairman Denison stated that he thought a maximum of 5%. Ms. Olson clarified a maximum of 5% as determined by the Board or by the committee. Commissioner Tackett stated that if someone comes up with an idea that is going to save us \$100 a month or \$1,200 a year, and we give them 5%...that would be \$60. Chairman Denison clarified that Mr. Sawyers had suggested a minimum up to a certain amount. Ms. Olson stated that he had suggested a bonus of \$150 for anything that is successfully implemented. Commissioner Tackett stated that he thinks the maximum should be more than \$150. Chairman Denison stated that they it could be a graduated rate. Commissioner Tackett stated that he thinks he might could go with a minimum of \$150. Commissioner Varney stated that you could say 5% or \$150 whichever is more that way they wouldn't \$60, they would at least get \$150 on that example. But if it saves us a lot more money, they would get 5%. Commissioner Runyon stated that that sounds good. Commissioner Tackett stated that if someone could come up with an idea that could save us money, technically they should be doing it right now. Commissioner Varney stated that we could word it as 5% of the annual savings or \$200, whatever we decide, and whichever is more. Mr. Spears inquired if these will be processes that require a capital injection on our part. Ms. Olson stated that not necessarily. Commissioner Tackett stated that would have to be taken into consideration. If it saves us \$100,000 but costs us \$80,000 to implement it, then the net is only going to be \$20,000. Commissioner Varney stated that he thinks the committee could work on that formula. Ms. Olson stated that it would be on the net savings. Mr. Taylor inquired if there was committee on this yet. Commissioner Tackett stated that he thinks the committee needs to be the board and he thinks the location of these idea boxes, or whatever you want to call them, he guesses one needs to be in the office and one needs to be in the shop, and he thinks the board only should have access to that box. The board will get the idea directly, the board would meet and discuss the ideas, and that allows all employees to participate...Tammy, Carrie, Roy, David, everyone, because they are not involved in the process. Commissioner Varney stated that someone with technical knowledge would have to

review those as far as feasibility goes. He doesn't know if that would be a middle step before it comes to them or what. Mr. Taylor stated that what he is kind of worried about is that there is some obvious cost savings but it is a spend money to save money scenario, similar to changing out all of your pumps to VFDs, you are going to change your power bill which is going to give you savings but it could give you a return in maybe in 50 or 60 months down the road, but after that you are in the bonus. You have got directional bores, that if we purchase our own machine, it can maybe pay for itself in the next 6 or 7 years. The dump truck, exactly what he and Ms. Olson talked about today...if we have our own dump truck, we don't have to contract out the materials to go to 6 or 7 spots a day, all hours of the nights and weekends for the convenience of having that, then you are going to have employees that say "well, I came up with that idea two years ago, and then so and so stole it from me". That's the kind of stuff that he would like to kind of hash out before we implement. Commissioner Tackett stated that he thinks that there has to be something with a defined payback period. If we are going to have to spend \$50,000 to implement a plan, it has to have a payback period within that year. If you say we need to buy that dump truck and it costs \$70,000 but that first year, we only save \$30,000. Well, that probably wouldn't qualify as a project because it would take 2 or 3 years to pay for itself. Chairman Denison inquired if they wanted to set up a committee up for this. Ms. Olson stated that there can only be two commissioners on the committee if they are going to meet outside of the board meetings. Chairman Denison stated that he recommended it be Randy Tackett and Kevin Varney. Commissioner Varney agreed to be on the committee. He stated that the plan should be written in a way that stresses that not every idea is going to be chosen or try to implement and every final decision has to be from the board. So, there has to be a middle step somewhere where people like David Taylor and Roy Sawyers and Randy Tackett can run those numbers and see if it is feasible and something we can do, and then we have to investigate issue like Mr. Taylor mentioned. So, he doesn't know who else we need on this committee to plan it, but he is willing to help. Mr. Taylor stated that he has no problem with volunteering for this, and he has no interest getting bonuses for ideas. The Board knows what he has laid out since 2009 in these power point presentations on how to blueprint getting this system back on its feet. He is all up for ideas but somebody with knowledge has to be able to look at these and see if they are actually feasible. Commissioner Tackett stated that he is also thinking about things that are not necessarily out in the field. He is thinking we can have ideas to streamline things in the office that might make things better. Streamline our payroll system that might make things better. Mr. Taylor stated that he agrees with that as well. If it is field related or personnel related out in the field, he would like to be involved. If it is office, that should be someone from admin. Ms. Olson stated that she didn't care to be a part of it also, but she would think that Kevin Lowe would be great on this for the office part because he does a lot of the billing and knows what a lot of the costs are that are involved with the forms and the technology and that kind of thing. She stated sorry to Kevin, that she didn't mean to volunteer him, but she just thinks he would be the most knowledgeable on that. Chairman Denison stated that we can have Mr. Taylor and Mr. Lowe involved in the committee. Mr. Spears stated that they could also have a post office box for forms to be submitted to and someone could pick them up every now and then. Commissioner Tackett stated that he would prefer a lock box right where employees come in or where they are everyday along with the forms that can be dropped in the box with a lock on it, that only Commissioners have access to. He could probably come up with some boxes that they have left over. Ms. Olson stated that we have boxes down there, but other people have access to the keys, so we would need new ones that would just have your access. Commissioner Tackett stated that he could probably come up with some more boxes that we can use. Mr. Taylor stated that we have about 6 satellite offices that the employees report to. They all do not come to Johns Creek. Some them don't see Johns Creek maybe for months unless they are getting parts. Each quadrant has its own satellite office that it meets up in the morning, then you have the water plant, sewer plants, and of course the office itself. Ms. Olson inquired if they wanted to set a preliminary meeting time to discuss this. Commissioner Varney stated that any time if fine for him, other than the second week of June, he will be out of town. Commissioner Tackett inquired if Mr. Taylor and Mr. Lowe would be okay with June 14th. They said it would be fine. Mr. Taylor stated that any time after noon would be okay and zoom would be great, if possible. Mr. Lowe stated that anytime during the day is fine. Commissioner Tackett set the meeting time for 11:00 am at the MWD office for the committee.

- 9.) Review of Paperless Billing and Payment Portal** – Mr. Olson stated that this was discussed last month and she is going to turn it over to Mr. Lowe for an update on this. Mr. Lowe stated that one of the things that was talked about was automatic payments. He spoke with our payment

processing company and our billing company and the processing company would not charge us anything to set that up. Our billing software company would charge...it would take them between two to four hours estimate on labor to set it up on their end and they would charge that at their rate of \$175 an hour. So, it would be between \$350 and \$700 to get that piece set up. As far as the paperless billing, he has spoken with our printing company and they were actually in the middle of...and this is kind of technical and kind of over his head...the billing company has to be what is called SOC2 compliant which is for service providers that store customer data in the cloud. He spoke with them again this morning to see if they had any progress on that where they would have the ability to offer the paperless billing, and was told that they were meeting today and he hoped to have him an answer in the next two weeks. We will probably have to push that off to the next meeting. Mr. Lowe stated that as far as our current web site, after reviewing it, he did see that customers do have the ability to save their payment information on there so all they have to do is log in and click on pay and should have their payment information saved in there and it be in there for future payments. Ms. Olson inquired if there were any questions and if the board wanted him to proceed with the automatic payments option at a maximum of \$700. She inquired if the board needed a motion to authorize Mr. Lowe to proceed with that. The board was of the consensus that a motion was not needed with input from legal counsel. Commissioner Varney stated that is something they can go ahead and do and it has nothing to do with paperless billing. Mr. Lowe confirmed that as correct.

10.) Proposed Plan for Reopening Office – Ms. Olson stated that the proposed plan for reopening the office...as they know we have had the lobby closed to the public since last spring. We are offering all of the services that we were offering when the lobby was open. We have had a little bit of a glitch with the phone system going out here and there, but otherwise, we have had an uptick in our online payments and we have been allowing people to do applications for service over the phone and those kinds of things to make it easier for them. We have been looking into, for the safety of the employees not only due to Covid-19 but also domestic violence or terrorism where you might have somebody come into the office (an irate customer or that sort of thing), we are looking into remodeling down there where we can have a teller line that has four windows in it. We have two down there right now and would like to add two more, close off access to anything in the offices beyond that and that would protect our employees from, not only colds, flu, germs, Covid-19, whatever, but also from anyone who would come in to try to steal from us or if we disconnected them and they were irate. We have had bomb threats here and a lot of different things that we have never been able to or invested in making it more employee and customer friendly down there. She has gotten one quote so far and is meeting with him again tomorrow and has one more coming just to give us an idea of what it would cost to do what we want to do down there. That is our idea for the future. In the meantime, we are going to lock all of the doors beyond the lobby and go ahead and open as of the first Monday in June, which be a week from Monday. We will have the two windows open, one for payments and the other for applications for service, adjustments and anything else the public may need. That will be our plan for the long term, will be to remodel that, so that we will have 4 teller windows that will be full service and the public will just be allowed in the lobby area and the back part will be expanded and opened up so that the employees will have spaces that they can sit on the line and any teller can do any service; take a payment, do an application for service, an adjustment, or anything no matter which one you go to. Just like at a bank. Commissioner Tackett stated that he thought that was an excellent idea and to limit the public's ability to get to the entire office. Ms. Olson stated that right now, we don't have that. Right now, we only have the payment window and the other window that is normally used as a payment window when they alternate for lunches. But if we let them in like it is now, customers would be in close proximity to employees in two or three different offices and right now that is not feasible, so, as long as we can use the two internal windows and leave the lobby open for customers, we are going to go ahead and do that, beginning June 7th. Commissioner Runyon inquired what the cost was of what we wanted to do so far. Ms. Olson stated that the estimate that she has so far was from Elliott's contracting who was the only one who was willing to come fast, so he came last week. We showed him what we wanted and right now his first estimate was about \$26,000. What we are wanting to do is take out some walls, take out the public restroom, take the walls out back to the employee's restroom and make it an open area so that employees have enough space to have 4-foot cubicles where they can work; have printer capability at each one and of course, we have to be ADA compliant so we have to have one window low enough for wheel chair access, and that kind of thing. We are going to have a pass through that goes through the filing room, is what we

are hoping, so the entry door for the employees will be there, that door like where you go into the break room from the lobby and that door will stay locked. The current entrances to the other offices will be walled off and there will be two windows put there and there will be one egress added to the back so that there will be fire egress in two ways. Commissioner Tackett inquired if there were any existing drawings to this building. Ms. Olson stated that we do not. We bought this building, she thinks, in 1986 and she has never seen a blueprint of the building. Commissioner Runyon inquired if the office is busy enough to have four windows instead of two. Ms. Olson stated that yes, during the first of the month, we generally have people lined up out the door when we are opened to the public. Right now, we are seeing people on a walk-up basis to a window that is outside, plus we have the outside drop box. We would love eventually to have a new building that has enough room for filing, that has a drive thru, that has enough room for offices and storage capabilities because this building was being used when we only had 6,000 to 10,000 customers. Commissioner Tackett inquired how many employees we have in the office building. Ms. Olson stated that we have 13; we have 7 downstairs and 6 upstairs that are full time and 1 that works in the field a lot and comes in. Jamey Keathley works in the field a lot but he does have an office upstairs. All of the files that we keep on site are here and we have added to them over the last 15-20 years and we are running out of room. She doesn't know if any of them have seen our storage area here in the office, but we have to take boxes down to an extended storage building down on the lot because there is not enough room here. We are basically using the same space that we had when we had 10,000 customers now that we have 17,000. Chairman Denison inquired how long we retain those records. Ms. Olson inquired from Mr. Lowe how old they have to be before we can shred them. Mr. Lowe stated that once a customer's account has been inactive for 7 years, we can shred them. Ms. Olson stated that they have to be pulled and gone through and checked before we can pull those. Right now, because of Covid, we don't have a file clerk. We didn't bring her back, so, as of this point, we don't have available staff that can go through each and every file and find those. Commissioner Tackett clarified that we have a lot of files right now that can be shredded. Mr. Lowe stated that we don't have a lot right now because we did that last October. Ms. Olson stated that we have already made some space because we were so overrun that we couldn't...Mr. Lowe stated that we had approximately 2,100 pounds of documents shredded last October. Mr. Olson stated that even though we are making room, we still don't have the room we need. We have an external storage building that we put on the lot down here that we built shelves in that we use, but we are...Commissioner Tackett inquired if we have someone to come in and shred those or do we have a shredder. Mr. Lowe stated that we had Shred-All come in and do it. Chairman Denison inquired if they shred them on site. Mr. Lowe stated that they took them to their warehouse down at Boldman and shred them there. Mr. Spears stated that it is cheaper if you take them to them. Chairman Denison stated that he would have them come on site rather than take documents off site. Commissioner Varney inquired if they are envisioning someone coming into the lobby, there is just the four windows and the one door that employees will use will be locked. Ms. Olson stated that is correct. Commissioner Varney inquired if they are looking at an electronic lock system. Mr. Olson stated that we are looking for a badge system for employees for security. That is not part of the \$26,000 estimate. That is his preliminary estimate and she has another firm coming tomorrow and she will show him the same thing so she will get better numbers for the board next month. But that is what they are looking at going forward. If they are going to have to stay in the office and not be able to have a new building in the near future, we need to make that more customer friendly and employee safe.

Ms. Olson continued with the manager's reports by calling the board's attention to the summary reports and inquired if there were any questions. Commissioner Tackett stated that we have increased our customer base since 2019 by 27 people but our population has gone down the last two years in Pike County. Chairman Denison inquired if that was some of the winter birds. Ms. Olson stated that it could be. Chairman Denison stated that you typically see some that leave the area during the winter and come back around April. Ms. Olson stated that is true. There were no further questions. Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion, Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-011

NEW BUSINESS

1. Legal Issues

A. Executive Session

- 1. Pursuant to KRS 61.810(1)(c) to discuss litigation strategy with regard to District contracts.**

No Executive Session was conducted for this meeting.

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any additional Commissioner comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-05-012

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

June 24th, 2021
5:00 PM

ATTENDEES

Russ Cassady, Appalachian News Express
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, June 24th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

Chairman Denison was absent for the meeting and Vice Chairman Tackett conducted the meeting.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Vice Chairman Tackett requested a motion to approve the minutes of the special meeting held on May 27th, 2021 as presented. Commissioner Friend made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-001

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of May was \$285,281. Accounts receivable was \$1,144,273. Plant in place was \$164,337,029.05. Accounts Payable was \$220,065.53. Equity position at the end of the month is \$67,444,874. Revenue for the month was \$893,000 which is about \$50,000 ahead of where we

were last month. Utility operating expenses was \$948,150. The net income/net loss was \$88,866. Any time that is below \$100,000 that is really good because we have included in that number depreciation in the amount of \$335,997. Operating income was negative in the amount of \$55,067. We had a cash decrease for the month. The current operating account balance is \$277,637 and we are fully funded in our KIA and RD reserves which are \$861,364 in KIA and \$870,089 in RD. Our O & M Reserve is \$370,772. After further discussion, Vice Chairman Tackett opened the floor to a motion to approve the financial report for May as presented. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-002

Mr. Spears stated that there are RD bond payments that are due July 1, 2021. We have money set aside in the accounts to pay these, as part of our sinking fund transfers every month. Vice Chairman Tackett requested a motion to approve the RD bond payments as presented and due July 1, 2021. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-003

PAYMENT OF BILLS

AGENDA ITEM IV

Vice Chairman Tackett inquired if Mrs. Hatfield had made any additions to the version of the payables that was already sent out to the Board. Mrs. Hatfield stated that there were a few invoices that were added this week that are mixed in with the report. Commissioner Varney inquired what the Blue Earth Products was. Mrs. Hatfield stated that is where David Taylor gets the Clearitas for the water treatment plant and is purchased about every 3 or 4 months. Vice Chairman Tackett inquired about Champion Output Solutions. Mrs. Hatfield stated that is our outsourced billing and postage company. Vice Chairman Tackett clarified that this is what it costs us to send out our monthly bills, delinquent notices and all. Mrs. Hatfield stated that is correct. The postage actually costs more than the service. Vice Chairman Tackett inquired if we get a bulk rate for that on the postage. Mr. Lowe stated that we do and he thinks it is 38 cents and normal postage is 55 cents. Vice Chairman Tackett inquired if there were any other questions and there were none. Vice Chairman Tackett stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Friend made the motion to approve the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-004

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for May were in the packets of information given to the Commissioners for the meeting. Vice Chairman Tackett inquired about the adjustment for Mosely Properties. Mr. Lowe stated that it is a multi of 4 so he thinks it is an apartment building with four different apartments on one meter at Meathouse of Kimper. Vice Chairman Tackett stated that it was 438,000 gallons. Mr. Lowe stated that it was over two months which is over 200,000 each month. Vice Chairman Tackett inquired if there were any other questions on the customer adjustments. Commissioner Varney stated that he just had a comment. He had a customer over in the Belfry area contact him about an adjustment on her line. It was very small and is not on this report and will probably be on the next one, but she wanted him to know and relay how pleased she was with how the office handled it and she mentioned Melissa specifically, how well it was handled and how nice everybody was and helped her to get it down to where she could pay the adjusted amount. It meant a lot to her and you guys can tell Melissa that she got a compliment and he appreciates the office staff for how they do that. Vice Chairman Tackett stated that he seconds that compliment because he came in yesterday with an issue and if you bring in the information and she was right on top of it, so he seconds that compliment. Vice Chairman Tackett requested a motion to approve Customer Adjustments in the amount of six thousand, seven hundred and twenty-six dollars and eight cents (\$6,726.08). Commissioner Varney made the motion to that effect. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-005

CONSTRUCTION REPORT AGENDA ITEM VI**Update by Tim Campoy, Environmental Design Consultants.**

- 1. Phelps Hydrology Study** - Mr. Campoy stated that it was great to be here in person for a change. He stated that last month the Board authorized Mr. Sawyers and himself to complete negotiations with the contract up to the sum of \$1,247,200. They completed those negotiations in an amount of \$1,230,200 and he got the word from Mr. Sawyers on that last week. This evening we received the bonds and insurance from the contractor which is now in review. Upon completion of that review, they will be ready to execute the contract and he is not sure if the Board have already approved to sign the contract or not yet. Mr. Sawyers stated that they can authorize him to sign on behalf of the board. Mr. Campoy stated that would be good and that way he can catch back up with Mr. Sawyers on that. He has spoken to Mr. Vanover about it already and it is the same contract he has already seen and they just have to fill in the numbers. The contractor told him today that he anticipates being able to get started in about 3 weeks and has materials ordered. He does need one thing this evening. He spoke to Chairman Denison yesterday and because of the way they did this job and went ahead on the front end and added something to it on the original award amount, they had to the revise the notice of award for the bonding company with the new amount and they just needed it and didn't need the signature at that time, but he has the revised one and he would like that the Vice Chairman go ahead and sign it. Commissioner Varney inquired that the revised number of \$1,230,200 is the number we talked about last month. Mr. Campoy confirmed that as correct.
- 2. Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. They said they would contact him when they got their necessary easements straightened out. Vice Chairman Tackett confirmed that is not hurting us in any way. Mr. Campoy stated that no, this is just another one of their bridge replacement projects in a long list and others are more important than this one, so it is not hurting the District at all.

Mr. Campoy stated that is all he has, so if there are no other questions, he would like the Board to authorize Mr. Sawyers to sign the contract for the Phelps Hydrology Study Project on behalf of the Board. Vice Chairman Tackett requested a motion to authorize Mr. Sawyers to sign any documents necessary on behalf of the Board to proceed with the Phelps Hydrology Study Project. Commissioner Runyon made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-006

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that one thing the Board will notice on their agenda is that the Capital Improvements Plan has been completed and has been dropped from the agenda and will be dropped from his report going forward. Regarding the Fishtrap Hydraulic Modification Project, he spoke to Eric Ratliff and after the Governor’s announcement of funding on May 24th, along with his check presentation ceremony, all of the documents associated with that grant and the corresponding supporting letters from the Kentucky Congressional Delegation were sent to the ARC’s Washington, DC office. Now we are just waiting on that approval to come back. Mr. Ratliff has stated that Doug Hoff at USDA Rural Development will be administering this particular project. As the Board is aware, RD is now administering some of the ARC’s projects. They have received the RD checklist today and that will have to be done because RD is administering the project. Mr. Sawyers stated that he knows that Mrs. Hatfield is already working on that data for submission to RD. Mr. Caudill stated that we are basically in a holding pattern until the official word comes back from the ARC Washington, DC office and then we can get started. He inquired if there were any questions or comments. There were none.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Sawyers stated that Mr. Hill could not be present at the meeting today and he will go ahead and read his update for the Board. BP Pipeline is approximately 94% complete as of June 18th. At least 145 or 149 residential stations and 6 of 8 duplex stations have been put into service. A few of the remaining hookups depend on assistance by AEP or others to complete. The fence and some cleanup is the only remaining work at the Toler Lift Station. A punch list inspection was conducted on June 17th. In addition to the 6 pump stations above, the remaining work consists mostly of regrading and cleanup in some yards and ROW areas and some pavement patching. Punch list work is likely to take 2-3 weeks at least. Additional detail has been requested to evaluate the change order request. The requested time extension will have to be considered separately, as the final completion date was not accurately predicted in the submitted request. Mr. Sawyers stated that he spoke with Mr. Hill today and he thinks that all of the work will wrap up sometime in the first to mid next week. Then they will start their cleanup and we are anticipating them being done with everything by July 16th. Our goal is to have a progress meeting with RD and our staff and engineer on July 21st and our goal is to have the RD representative to be here to do their inspection. Julie Anderson will be one. She is their engineer. Vice Chairman Tackett inquired if everyone had gone over the punch list so there won’t be any surprises. Mr. Sawyers stated that there should be no surprises. Vice Chairman Tackett commented on the time it has taken to get this project done. He stated that he can understand it taking a long time to get it going but once a contractor starts on it and says it will take me 6 months to do this, it should take him 6 months. Mrs. Hatfield stated that apparently covid delayed him. Mr. Sawyers stated that the timeline was, it

seems like they were given 9-12 months and every time you turned around, somebody had covid. Ms. Olson stated that the good news is that at this point, Mr. Sawyers submitted the Discharge Monitoring Reports today and Belfry is performing very well as far as compliance with Division of Water. Mr. Sawyers stated that is what he was talking about today that our numbers are in compliance at Belfry even though it is the same phosphorus numbers as the Douglas plant. So right now, the ceramic is doing a better job. Vice Chairman Tackett stated that he thought Belfry and Douglas were the same type of plant. Mr. Sawyers stated that they are but the difference is the sheeting on the membranes. The ones at Belfry, we did an optimization plan and changed things around with it because the vendor or manufacturer had a "divorce" with the one of the companies that they had, so we went to a ceramic type. The ceramic type is cheaper to replace and can be replaced individually, whereas the other one you have to pull the whole thing out. And so far, the ceramic is performing better than the other one.

PROJECT DRAWS:

Vice Chairman Tackett inquired if there were questions regarding the project draws. He inquired about the Radio Read Project. If these are for installing some of the zone meters and everything. Mr. Sawyers stated it is for buying materials, buying meters, buying things for that. As shown in the water loss summary, we have installed three more zone meters so, he thinks that give us a total of 5 or 6 installed. Vice Chairman Tackett inquired if the other 9 or so have been delivered yet. Mr. Sawyers stated that he believes all of them have been delivered. Mostly what we are buying now is appurtenances or other items. He had to wait for RD to give him approval on some other items for purchase. One of them was a fusion machine, PE pipe for the fusion machine and a 2 ½ inch hammer bore. Vice Chairman Tackett inquired if that was a new fusion machine. Was that something that we already had? Mr. Sawyers stated that it is down. It is gone. It was 50 years old and that is the reason we put it on the hit list. Vice Chairman Tackett inquired what size it goes up to. Mr. Sawyers stated 8". Vice Chairman Tackett requested a motion to approve the Project Draws. Commissioner Varney made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-007

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	ARC Funds	\$ 23,688.05
\$23,688.05	Contract Construction	
Summit Engineering	ARC Funds	\$ 11,154.56
\$11,154.56	Engineering Services	

RADIO READ RESIDUAL FUNDS PROJECT

Berlin Company, Inc.	RD Loan Funds	\$ 1,748.10
\$1,748.10	Materials	
Huntington Steel	RD Loan Funds	\$ 2,795.00
\$2,795.00	Materials	
Hayes Pipe Supply	RD Loan Funds	\$ 432.30
\$432.50	Materials	

Jabo Supply	RD Loan Funds	\$ 11,881.26
\$11,881.26	Materials	
Evapar	RD Loan Funds	\$ 1,310.00
\$1,310.00	Materials	
PHELPS HYDROLOGY STUDY PROJECT		
EDC	RD Loan Funds	\$ 2,500.00
\$2,500.00	Engineering Services	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that you have already heard from Mr. Caudill in regards to the Fishtrap Hydraulic Modification Project. Some of the other items we are looking at is, we just met at the Big Sandy ADD and funding that is coming down through KIA in the portals. We are trying to fund the project we have been working for about close to 3 years with the fiscal court, and that is the Brushy/Sycamore Water Line Extension. It will cover approximately 125 new customers that are unserved that doesn't have water. Some people in the community are carrying water, some just have poor quality water, we have some photos of their water that was brought over to the judge's office. It looks pretty poor. Commissioner Tackett was in this meeting when we seen some of the discoloration and condition of the water. We all know that there are health benefits to having potable water service and that it is a health hazard to have poor water quality, especially if you are trying to drink it. So, we are working on that on the KIA program and we are meeting next Tuesday to discuss the funding on that. There is also another pot of money that will have projects for unserved areas. We have been working with the fiscal court on that. There is an area called Peach Orchard and we will be putting in on that. We are competing with the whole state for funds. He thinks there is about \$50M for the whole state that we have to compete against. We are going to put in the Peach Orchard Project and he is working on another project call Center Creek. He will look to see if there is anything else the fiscal court wants him to put in there as far as water projects. He did want to ask about unserved areas in regards to sewer. We have the Belfry plant. Do we want to look at moving forward with it, like going through Sharondale to Jerry Bottom to the mouth of Stone? He worked up some numbers a while back with one of the engineers and did that in a phase. He thinks they did a Stone phase. These unserved areas can work different ways. For example, if we can get it ran up to Stone to a certain point, we can eliminate a small package treatment plant we have there. We talked this morning with Deputy Judge Reggie Hickman with regard to leachate coming off the landfill and talked about putting a plant in. That's another thing we would like to sit down and look at putting a plant to cover some of the Johns Creek/Meta area. Maybe we do a survey or have some meetings to see what the interest is for the communities around here that may want sewer. Doing that, for example, when you get down to the intersection when you cross the bridge before you get to Johns Creek school, there is a little subdivision that turns off to the left there. We have a small package plant there that gets flooded every time we get a major storm event. So, that is one. We have one right here at a mobile home lot that is about 1,000 feet from the office, and that is another one we could eliminate. We have one at Keene Village as you start up Raccoon Creek...it depends how far we expand out...we could eliminate some of these small package plants. Vice Chairman Tackett inquired how that is priced to those who are on those package plants. Mr. Sawyers stated that the rate system is based on the whole system and not just individual locations. They pay the same rates that...Vice Chairman Tackett stated that right now the sewer rate is about two times what the rate is. Mr. Lowe stated that the minimum bill is about \$37.00 and then it is \$16.17 per 1,000 after that on sewer. Water is about \$23.00 for a minimum and then \$8.47 per 1,000. Vice Chairman Tackett inquired that when you go into a new area like that, do you go door to door and say "hey, we are looking at putting in a sewer line through here". Mr. Sawyers stated that what we did with the Belfry Project is we hired a group to go out and do surveys door to door to survey the community and see how many is interested in it. We got really good numbers back with the Belfry Project. Vice Chairman Tackett inquired if everybody took it that said they would. Mr. Sawyers stated that there has been some back peddling

and that is a problem that we have run into and we really need to look at with the fiscal court as far as passing an ordinance that if sewer is available, any home that it passes is required to hook up. That way it helps with the rates, for one. That way if you have the potential of 500 hookups and you only come up with 300. It kindly hurts you on your numbers. The more you have, the more it is diluted as far as the rates. There is potential for us to serve these unserved areas and eliminate some of these package treatment plants. These plants are in pretty poor shape and it is going to get the point to where we are going to have to start replacing them shortly. You could roll that cost into a project if that is what you want. Would the board be interested in setting up a committee to look at what we can do and can't do for this funding in unserved areas? He thinks it was for water and wastewater. Ms. Olson stated that we had a request today too from residents at Tunnel Road again. There are about nine residents up there wanting water. Mr. Sawyers stated that is right there behind Chick's office at Dorton. We tried to get this in as part of some small water line extensions, and he didn't select that area at that time and it got left out, and it is pretty expensive to get it out there because of the railroad. You pay quite a price to be on their right of way and there is no other way for us to get it there. He inquired from Ms. Olson how many residences were on that one. Ms. Olson stated that on the cost estimate it says nine, but it hasn't been updated this year. Mr. Sawyers stated that might be another we can submit on the unserved. Vice Chairman Tackett stated that we need to get as many projects as we can to get in on that \$50M. It is there and somebody is going to get it. Mr. Sawyers stated that he would go back and look at the ones on water. We have plenty of those that have cost estimates. Vice Chairman Tackett stated that he thinks we need anything on water to be submitted and if we can add some sewer to it, that's great, but he thinks water service is more important.

- 2.) **Water Loss Update** –Mr. Sawyers stated that water loss on the MWD form was 24.96% and the PSC form was 33%. Vice Chairman Tackett stated that the one that counts is the 33%. That is the one we have to live by and the one we are trying to get down to 15%. Mr. Sawyers stated that the number is up a little bit, and he knows one of the things that Mr. Taylor has had to deal with is that we have been short staffed and have had to move people around, so, the ones he was using on day shift to do leak detection, he isn't getting the full amount of time he needs out of them because we have been short staffed. Some have been on vacation and some we have lost to another job or something. We are working on getting that straightened back out. Vice Chairman Tackett inquired how many we are short right now. Mr. Sawyers stated that we have some that have been on vacation. Right now, we are trying to replace an equipment operator. He thinks we will do that in-house so we may have a laborer position open. We have a night leak detection position open. So, we have some people that are being moved around. We have lost some to better paying jobs lately now that Covid is kindly let up and lot of it is basically to cable utilities. We have lost about 3 people to them in the last few months.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **Annual Gravel/Stone Bid** – Mr. Sawyers stated that he and Ms. Olson have already advertised and drafted up a set of specifications for stone and sand and are waiting on that bid to come in on July 1st. If we do a follow up special called meeting for other data, we can approve it then.
- 5.) **Sale of Surplus Property** – Mr. Sawyers stated that there is a list of surplus property in their information. He has not seen it yet. Ms. Olson stated that it is on page 51 of the packet. Vice Chairman Tackett inquired if these are in operational order. Ms. Olson stated that Mr. Keathley had told her that all of these are old and pretty much all of them are not working. Mr. Sawyers stated that the generator behind the office we are replacing. It is down. Commissioner Varney clarified that that is the one they voting to replace. Mr. Sawyers confirmed that as correct. Vice Chairman Tackett inquired if Mr. Sawyers had heard anything further about when we are going to get that generator. Mr. Sawyers stated that he hasn't checked on it lately but it is just like everything else due to covid; it is slow getting here. He mentioned before about the vehicles. We had to stagger the vehicles that the board approved to bid previously. We set it up where we ordered everything in the budget at once and told them that once they got the first one in, the second one would come in two months, and the next one two months after that. That is the only way he knows to get this

stuff in with any speed. For example, the transmission went down on his riding mower. You would not believe how many places he called to find a mower that has a 50"+ cut. He bets he called 20-25 places. That is just part of covid right now. Trying to get items shipped in. He noticed in the newspaper that the judge's office was having problems getting some tractors. They were ordered in February and are still waiting on them. Vice Chairman Tackett clarified that we will take bids on these. Mr. Sawyers stated that we will take sealed bids on these and look at setting a reserve on some if we feel it's important. Ms. Olson stated that we will advertise it in the newspaper and in this case, we take the highest bid. Mr. Sawyers stated that can set a reserve price on anything we think needs that and will check the scrap metal price on the items as well. He stated that was telling Vice Chairman Tackett today that he has been working on an estimate and the ¾" copper we used is \$3.00 and something a foot and it has went to \$6.00 and something a foot. 1" went from almost \$4.00 and something a foot to \$8.00 and something a foot in the past week. Covid has everything messed up. Maybe after a year or two we can get straightened out. He requested that the board authorize him to advertise and sell the surplus equipment. Ms. Olson stated that they board had asked her about the condition of this equipment and she believes she was told that the Caterpillar fork lift is just in really bad shape. She thinks he said it will run but there is so much that needs to be done to it, but it is not completely broken down. Mr. Sawyers stated that it does run but we are having trouble finding parts because it is older. Commissioner Varney inquired how he wanted to word this approval. Mr. Sawyers stated to authorize the District to advertise these items for surplus. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-008

- 6.) Surcharge Application** – Mr. Sawyers stated that Ms. Olson, Mrs. Hatfield and himself have been forwarding information on to Gerald Weutcher and he went over some things with Vice Chairman Tackett a little bit ago and we will probably have to have a special called meeting to finalize our list and the numbers on that list because he is having to detail this out a little better for Mr. Weutcher. He will have that done probably Monday or Tuesday. We will probably set up a special called meeting to approve it. He thinks the original numbers was at \$5.93 and he is having to move some things around. One of the things that really jumped out at him, and he apologized for that, is that he looked at the Capital Report so much and had Mr. Taylor's in mind when he factored in the numbers for pavement and stone for about 700 services, whereas we are allowing 3,100 services which is changing the numbers per year and 1,000 is a third more, so he was off about a hundred and some thousand on the pavement and stone, so he has to go back and redo that. Vice Chairman Tackett clarified that he will have that finished by Monday or so. Mr. Sawyers stated that he will wrap that up and they will have a special called meeting to approve it so Mr. Weutcher will have a resolution to work by. Vice Chairman Tackett stated that he can send that to the Commissioners, including Chairman Denison, and get them a better total to look at, and then they can call a special meeting to approve it. He inquired how much notice he had to give for a special meeting. Ms. Olson stated that she needs at least two days to get it in the newspaper by a Tuesday or a Friday. Mr. Sawyers stated that we can just do the meeting for Thursday of next week. Ms. Olson stated that to get it in the paper on Tuesday, she would need to know for sure tomorrow. She confirmed that with Mr. Cassady and he stated that should be fine. Vice Chairman Tackett inquired if that can be a zoom meeting since there is not going to be too many things to discuss. Mr. Sawyers stated that we would have the gravel and stone bid and the surcharge for discussion on Thursday. Ms. Olson inquired what that date was and was told July 1st. She inquired what time. Mr. Sawyers stated that they could keep it at 5:00 pm. That was agreeable. Mr. Sawyers stated that they would have everything ready and get it approved then.

- 7.) Radio Read Residual Funds Project** – Mr. Sawyers stated that they have been getting those items approved and purchasing and installing the items.
- 8.) Employee Incentive Initiative** – Vice Chairman Tackett stated that they had a meeting scheduled for last Monday and he had some family issues and couldn't be here and they had to postpone the meeting and haven't rescheduled it yet. Ms. Olson stated that there is a revised form on page 52 in the packet for the committee to review. She changed one of the bullets on the front page to mention the locked box. Before it stated that it was to be submitted to a couple of staff members, but the board had indicated that you wanted them dropped in a locked box. She also added the language that was discussed, that can be changed, of the \$150 bonus or 5% of the one-year net profit from the suggestion. Any of this can be changed. It is all in Word in the system and this was just making some updates from what was discussed at the last meeting. Vice Chairman Tackett clarified that he and Commissioner Varney were on the committee, as well as David Taylor and Kevin Lowe. Ms. Olson stated that is correct. Vice Chairman Tackett stated that he will be gone again on July 26th. Commissioner Varney stated that he will be gone the 15th through the 22nd. Vice Chairman Tackett stated that he thought that David Taylor wanted to have the meetings on a Monday because it worked out better for him. Ms. Olson stated that afternoon is best because he sleeps in the mornings from the night shift. Vice Chairman Tackett stated that he set the time at 11:00. Commissioner Varney stated that either the 5th or the 12th of July would be okay. Mr. Lowe stated that the 5th is a holiday and he will be gone on the 6th also. Commissioner Varney suggested the 12th then. Vice Chairman Tackett was in agreement with July 12th at 11:00 am. Ms. Olson inquired if they wanted to do that in person or via Zoom meetings. Vice Chairman Tackett stated that they can come here and have the meeting.
- 9.) Update - Paperless Billing and Payment Portal** – Mr. Lowe stated that as of today, we now have autopay available. We got that set up this morning and sent out emails to anyone who had an online account with instructions on how to set it up. They can also sign up to receive text reminders any time their balance changes on their account and there will be a link in the text to click on if they want to pay it at that time. He sent two emails; one about the text notification option and one about the autopay option. Commissioner Varney inquired if there a fee associated with that. Mr. Lowe stated that it would be the same as if you were paying online, which is if you are using a check, it is a flat \$1.50 fee and if you are using a debit or credit card, it is a \$2.00 fee up to \$75. Anything over \$75, it is 2.75% of whatever the amount is you are paying. It is the same thing anyone is paying now to pay online. As far as the paperless billing, he is still waiting on answers on that. He has gotten some information, so, Champion Output that currently prints our bills, they have another party that they deal with for that. What we would do, is we would send our file to them to print our bills and they would pull out the ones that need a paper mailed bill and mail those and then send the others on to their partner to send an email to those customers with their bill and a link to pay their bill. He doesn't have pricing on that yet. When he spoke to them Tuesday, they said they would hope to have it to him today but if not, it would be tomorrow. Once he gets everything together, he can send the Board an email with that information. The board agreed. Commissioner Varney stated that we can then figure out how to incentivize it or try to talk people into using it. His understanding is that there is going to be a fee associated with that as well whether they are using a check or a card, but we would save on the printing costs. Commissioner Varney stated that even with paperless billing, someone could print it out and mail it in and avoid the fee. He thinks that people who are going to be into this payment portal are the same people that would use the paperless billing. Mr. Lowe inquired if there were any questions. Commissioner Varney stated that not until he gets that other info in, and he appreciates him working on it.
- 10.) Update - for Reopening Office** – Ms. Olson stated that we talked about this last month, as a way to make it safer for employees as well as more convenient for our customers. She has talked to four different contractors and has only gotten one to actually come and provide a quote, and a second one came this week but she hasn't gotten his quote in yet, so, we can revisit this next month. The first quote on page 54 is for the internal remodeling work. The second part is on page

57 and is to create an additional filing room to the back of the office to give us more filing space and open that area up that we want to make the entrance for employees as well as the badge security system. That part is a little higher than expected, so she is waiting on the second quote to see if this contractor is just high on his pricing and we can revisit it next month. She stated that she has contacted Heavenly Homes, Premium Contracting, and PC Construction. Paul Coleman, PC Construction, came this week and he is supposed to get his estimate in this week. Vice Chairman Tackett inquired if there were any plans or anything like that. Ms. Olson stated that she gave them a scope of work that was written out that was based on what Elliott's had, and she did a "not to scale" drawing of everything that we wanted that was labeled as A, B, C, etc. She also walked through and explained everything. She doesn't have plans, just a drawing and a scope of work that she gave them. Mr. Sawyers stated that he has a new possibility, Steven Sanders and his dad. Ms. Olson stated that she would call and see if they will come out next week. She stated that they would like to get this estimate down as far as we can so we can get done what we want. We don't want to have to cut the budget and only get done part of what we want. Vice Chairman Tackett inquired if these were two separate projects. Ms. Olson stated that Elliott Contracting quoted it two different ways, the internal remodel, which is to take out the middle part of the office and build two additional payment or customer service windows, and the second part was to build an external addition to the backside of the building for extra filing and with the security badge system. Vice Chairman Tackett inquired if the windows will be to the outside or if the customers will be coming into the lobby. Ms. Olson stated that all windows will be facing the lobby so, there won't be any customers allowed beyond the lobby. Each teller will be cross-trained so that no matter which window they walk up to, they will be able to help them with anything whether it is a payment, a new tap....Mr. Sawyers stated that they do run into situations sometimes where customers get irate this would protect employees from that as well. Vice Chairman Tackett stated that he was wondering about having teller windows to the outside and have a covered area for the outside. Mr. Sawyers stated that he has already looked into that. Ms. Olson stated that it has been discussed but you have the elements that customers would have to stand in...the heat, the cold in the winter time, storms. You would have people standing out in the parking lot, which has a liability of cars coming in and out with people lined up. Mr. Sawyers stated that we could also set up something like a kiosk outside to pay. Mr. Lowe stated that we have also considered an enclosure with a door out front and you could put three or four windows outside that the customer couldn't come in past that enclosure out there. It would be building a new lobby out front and put windows in it. The employees would still be inside the building and customers come in to the enclosure where they come in out of the elements. Vice Chairman Tackett stated that we should just continue to get pricing and that is great. Ms. Sawyers stated that might not be as bad. If you think about the stuff you have to tear out with the other one to reconstruct. With this you can build straight up from scratch. Vice Chairman Tackett stated that when the contractors come in, we should also ask them for ideas as well. Ms. Olson stated that we do walk through with them. The original plan was to take out that closet and relocate it, but the HVAC system air handler is in there, and we had to leave that, so we are having to work around that. It is pretty basic what we are wanting to do, to just open some walls and make an entry and create a wall with two additional windows. We are not getting real fancy. Mr. Sawyers stated that the ideal situation would be if we made a deal with the Pike County Fiscal Court and get a piece of property up here at the Scott's Branch Industrial Park and construct a new building. Doug Hoff has stated several times that he can add it to a project. He has walked through this building so many times and seen so many different things that has been piece-mealed together and he told us anytime we did an RD project, we can add that in with it to construct a new office. Ms. Olson stated that it would have a drive-thru that is customer friendly already in the plans, and is safe and room for filing. Mr. Sawyers stated that it has gotten to the point where we need to be safer for employees from customers being irate. We have some customers come in here that get pretty ugly. We have had staff in the field being shot at. We just try to address it as best we can to keep everybody safe. Vice Chairman Tackett stated that he thinks that is a great idea and when it was mentioned the other, he was like it is right and needs done. Ms. Olson stated that if that is something that the board would consider for not too far in the future, we could do something here that is not quote so expansive in the meantime. Something that will work until we get there. Vice Chairman Tackett stated that the safety issue is something he thinks we need to address right now, as soon as we can. This other we can look at and might be something that would be better addressed, like Mr. Sawyers was talking about to make some plans. Mr. Sawyers stated that he actually has a set of architectural plans upstairs if they would like to look at them at any time. Vice Chairman Tackett inquired that he already had them. Ms. Olson stated that we have talked about this for a long time and Mr. Sawyers know that it is her heart. Mr. Lowe stated that he and Mrs. Hatfield have been here 22 years and they have heard "new building" since the day they started. Ms. Olson stated that

we took over this building in 1986 and back then we only had about 6,000 to 10,000 customers when we merged. We are trying to work in the same space with nearly double the customers. Mr. Sawyers stated that to be honest, most of the smaller utilities in this area have newer offices and buildings. He stated he is not trying to push that, but you can kind of see how this building has been piecemealed together. For example, the building that we use to the garage, the lift is not getting the job done and he has had to order a new lift. What we would like to have is a new building. For example, you have one garage door, one garage. If you go in there and you put one up on the jack and it is waiting on parts or a transmission, you are aren't taking it down and moving it again, you are waiting on the stuff to come. So, if you have two or three stalls, you set one up to work on one, one to work on another and a third one to do oil changes or something if you have the other two bays full or even to wash vehicles. It would be nice to have something big enough to do the work with. Ms. Olson stated that we have enough vehicles where one bay is just not efficient.

Mr. Sawyers continued with the manager's report by calling the board's attention to the summary reports and inquired if there were any questions. Vice Chairman Tackett inquired where the Purchased Water report. He stated that he looked the other day and couldn't find it. Ms. Olson stated that it is in today's packet because it goes with your handouts. Page 44 is the breakdown between what was produced and purchased and what was purchased from Pikeville and Williamson and what was sold. She stated that if the board wants that to be included in the early packet with the other reports, she will do that. Vice Chairman Tackett stated that Mr. Taylor is not here, but that 29.3M to Pikeville...is there any way we can keep that down to close to the minimum as possible? Mr. Sawyers stated that he is sure we can get it closer. Vice Chairman Tackett stated that for Williamson too, as far as that matters, but Williamson is probably a little bit harder. Mr. Sawyers stated that the minimum on Williamson is 20M. Vice Chairman Tackett stated that we are at 21.2 on it. Mr. Sawyers stated that we can either pull it from one or the other in some locations. Vice Chairman Tackett stated that if we can pull from Pikeville and take it from Williamson, obviously we would want to do that because it is cheaper water. Mr. Sawyers stated that it just depends on the situation he runs into. Vice Chairman Tackett stated that he just wants him to be aware. We got down there once in January taking 23M from Pikeville, 26.7 from Pikeville, then to 30.7 and 30.5 and now we are down to 29. He would rather keep ½ a million under to Pikeville as to ½ million over. Ms. Olson stated that Mr. Taylor is at the KRWA Expo and is on his way back today, but she knows that he would have tried to get here if he could. He mentioned to her the other day about the amounts and she forgot what he said but she is sure that he will be here next month and will address it for them. Vice Chairman Tackett inquired about the flushing and purchased water and it costs us to produce. Ms. Olson stated that is a report in their packet that was sent last week that is the Plant System Report that has produced, purchased, minimum production at the plant, and how much we can make 1,000 gallons for. Vice Chairman Tackett stated that the cell that shows the purchased water cost is the same thing all the way across at \$1.97. Ms. Olson stated that is not a formulated cell, and she just puts that in as the highest cost for purchased water. She can take an average of all three, but there is no place to put how much it costs us to produce it, how much it costs to buy from one and how much from the other. Vice Chairman Tackett clarified that amount is what we pay Pikeville. Ms. Olson stated that is correct. It is sort of just on there to compare what we can purchase it for versus how much it costs us to produce 1,000 gallons. Vice Chairman Tackett stated that it can be below \$1.97 because we can purchase 20,000 – 21,000 gallons from Williamson at \$1.83 per 1,000. Ms. Olson stated that it would be less if she uses an average. Vice Chairman Tackett stated that a weighted average would be more like \$1.50 per thousand. Ms. Olson stated that that particular report has been in the Commissioner's packet for decades and it used to be the same price as far as the \$1.30 that we used to pay to Pikeville and Williamson. There is no formula in that cell and she can put in there whatever amount the board wants. She just put it in there because that is the highest cost that we would pay per 1,000. Mr. Sawyers inquired if she could put it in there that reflects each individual one and the prices. Ms. Olson stated that she can take Williamson and Pikeville together and do an average. Commissioner Varney stated that she could change the spreadsheet to multiply out those gallons times the actual price for each and get an amount. Vice Chairman Tackett stated that it needs to be an accurate number. This \$1.97 is just a number put in there. Ms. Olson stated that it is just the number of what we buy from Pikeville. She chose the highest one because that is the newest one that we have. There is not a place there to put both purchase rates. It used to be the same cost. Pikeville matched Williamson and that is why there is only one cell there. Mr. Sawyers stated that it just needs to reflect what we are doing now. Ms. Olson stated that she can go in and add a second cell. She doesn't do anything with it. That is just for the Board to know that the highest...the worst-case scenario that is what we are paying per 1,000 and right underneath it is what it costs us to produce

per 1,000; just to compare the two. Ms. Olson stated that she will revise that for next time and will include it in the water loss packet. Vice Chairman Tackett requested a motion to approve the Manager's Report as presented. Commissioner Runyon made the motion. Commissioner Friend seconded the motion, Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-009

NEW BUSINESS

Mr. Sawyers distributed a handout to the board members. Vice Chairman stated that next Tuesday they are going back down to the BSADD building to meet with... and he thinks Pikeville is going...the money that we were looking to get to do the Brushy/Sycamore line extension was put into the KIA portal. When in the KIA portal, Elkhorn City sees it and says "hmmm I need this". Pikeville sees it and says "hmmm I need this". So, it is their right to do that he guesses, because of how the money came about so, we have to present our case to them next Tuesday and go over the presentation. He asked Mr. Sawyers to come up with a little outline as to what his presentation is going to entail so that everybody can look at it and see if they have any ideas of what to add or whatever. Mr. Sawyers requested that Vice Chairman Tackett email that to Chairman Denison also for review. Commissioner Varney clarified that he is saying that the funding for this project is in jeopardy. Vice Chairman Tackett stated that there is \$250M that came about because of Covid that came to Kentucky. \$150M, that were our \$2.1M that came to Pike County, was out of the \$150M. The rest of the \$150M went to other counties in the state. Then there is another \$60M that is going to be just for unserved areas state wide, 120 counties. And another \$50M that was going to be used for overrun. Like if you had a project that was within the \$150M range that you asked for \$4M and they only gave you \$3 you could go to this extra \$50M and put in a request to have the overrun to be funded by that. Mr. Sawyers stated that he didn't agree with that. That money should have been moved up to the top bracket and handed all out right then. Vice Chairman Tackett stated that the money for the Brushy/Sycamore Project...Mr. Sawyers stated that it will be to discuss that. That is just topics that will be discussed at the meeting next week. Vice Chairman Tackett suggested that maybe they need to take a couple of people with them that are actually in Brushy. Take them with us and let them speak about the problems. They live there and haven't had water forever when nearly everybody else in Pike County has it. Take some of those people in so, the people that is going to make the decision could put a name and face the project. Mr. Sawyers stated that they could invite Pete Blackburn. He has called Mr. Sawyers about every 2 weeks for about 2 years now. Ms. Olson stated to let them bring some of their jugs of water and show them more than just pictures. Vice Chairman stated that he asked Reggie Hickman if they still had pictures. Mr. Sawyers stated that he has them. He had the fiscal court email them to him. He also has recommendation letters in there from State Representatives, Senator Wheeler, and he also talks about economic development, talked about Excel Mining, how it helps them and the community for future mining. We added some different items to it. He has letters, pictures, and letter from the coal company backing those. Ms. Olson stated that she only printed the memo, no the whole packet. She can email the whole packet to them. Mr. Sawyers stated that we ran this through AML funding and we didn't get the funding for it. To let you know we have been working hard to get the funding for it and it may be something that we put in there that we did already went through the channels with AML and did not succeed in acquiring the funding. So, we can add that to that. If the board will read the draft and give him their opinion for any changes, he will go over and let Reggie read it and see if there anything he wants to add. Like he said he can make arrangements to talk to Pete Blackburn and see if we can get him at the meeting; because he went around the entire community to get a petition signed. He has worked hard for it. Vice Chairman Tackett stated that it would be a good idea to talk to him or Ronnie Robertson, Commissioner from the area. May be someone from the Sycamore area. Mr. Sawyers stated that we had a Maynard Fork one but we are already working on funding for that one. There is a little old lady up there that is carrying water that is in her 90's and her water is horrible.

COMMISSIONER COMMENTS

Vice Chairman Tackett inquired about the illegal taps report. He stated that if he remembers correctly, there were 9 actions and 6 of them were straight pipes. Ms. Olson stated that she believes that 3 were paid and resolved and the other 6... Vice Chairman Tackett stated that we have to do something. If nobody has any repercussions about it... Mr. Sawyers stated that we just disconnect them from the main. If it is theft of service. Ms. Olson stated that what they are seeing is for May. That report went through the 31st day of May so it is possible that all of those have been resolved by now. Vice Chairman Tackett stated that he wants to deter people even wanting to do it. What if we put a list of those who do this in the newspaper? If someone gets behind on their bill and can't pay their bill and we go to take the meter out, that happens. But when someone puts a straight pipe in after we pull the meter, they are costing their neighbor. The neighbor is paying for their water all over the county. What about taking a list of those people that put straight pipes in that we find, and publishing it in the newspaper and putting it out there so that everybody else can see who is doing it. Mr. Sawyers inquired from Mr. Vanover if that is legal to do. Mr. Vanover stated that he didn't want to give an opinion without looking into it and making sure that it would be okay. So, he will defer on that until a later date. Mr. Cassidy stated that he could throw something out really quick. If it is a criminal charge, it is public record anyway. It would be just like listing the blotter which they already do. Vice Chairman Tackett stated that that is if we file charges against them. Mr. Cassidy stated that yes, that is for filing of criminal charge. If it is just an internal complaint process, then yeah, that would go through your attorney to get clearance on that. But if it gets to the point where it is theft of services, or either at the misdemeanor or felony level, they run the indictments anyway, so their names get in there. He stated that there would be nothing stopping them (ANE) from printing that. Ms. Olson stated that the last time they talked about it, criminal charges require an investigation from the state police or the sheriff's office and we are not having a lot of success because they are overwhelmed with other cases. We were advised to possibly go the civil route, which costs money to file those too, and if we can resolve it without doing that, she thinks that is what they have been trying to do. Just contact them and get them to pay it before it goes to a disconnect from the main. Vice Chairman Tackett stated that when somebody goes and puts a straight pipe in, they know they are stealing. If we can do something to deter that... right now there is no... "yep, I got away with it for 3 months anyway". Mr. Sawyers stated they used to talk about a hardware store in Floyd County had kits you could buy for theft of service. Ms. Olson stated that she can give an example of one that happened last week or the week before. We had one that was disconnected. He went and cut the lock off. We found that he was using water with the lock cut off. We went back and took the meter out. He also had sewer service with another utility and they disconnected his sewer. Then he starts crying because he doesn't have water or sewer. It goes all the way to the Attorney General's Office who contacted Ms. Olson and they paid everything he owed out of Covid Relief funds and we had to go back and turn him back on. Mr. Sawyers inquired if there was any way to go through the PSC as far as... we need to sit down and review our tariffs anyway and see if we need to make any changes... what about picking the PSC's brain to see what is the worst-case scenario... what we can do besides just cutting them off? Can we cut them off for 3 months? How long can we cut them off? Can we assess a penalty? Mr. Lowe stated that we already have the ability to charge a penalty. They have approved that but it isn't much. It is \$75. Mr. Sawyers stated that maybe we can come back and state that they have to pay a \$1,000 deposit. Mr. Lowe stated that they can check on that. We may be able to work on the deposit amount. There is a deposit now but it is only \$75 for residential customers. Ms. Olson stated that the reason it is that, is that it is 2/12th s of what your annual bill would be. It covers 2 months bill, in case someone goes off service and leaves a bill. Mr. Sawyers stated that there should be a nice, good, stiff penalty there. Ms. Olson stated for anybody that is high risk. Maybe we can attach it to risk. Mr. Sawyers stated that anybody that is high risk for not paying, it was just be a higher deposit. Vice Chairman Tackett stated that then you have to define high risk. Mr. Sawyers stated that you could prove that. Ms. Olson stated that if they have ever been caught illegal or disconnected more than 2 or 3 times in a 12-month rolling period or something like that. Mr. Sawyers stated that it could be for anyone that has had theft of service or cut the lock off. Vice Chairman Tackett stated that he is not so much against the person who has fell on hard times and lost their job, and for whatever reason couldn't pay their bill. Mr. Sawyers stated that they just have to pick the phone up and call the district and say they are having this problem and needs help. Ms. Olson stated that we can make arrangements and do an installment billing and try to help them in any way we can. We advise them where to go that does community help. Vice Chairman Tackett stated that is right and he is not after those people. He is after the ones that puts these straight pipes in, knowingly stealing water. Mr. Lowe stated that we got one this month that the meter department suspected that he was using more water than what his meter was showing. They kept going back and checking it and couldn't fine anything. Eventually they went out and the meter was just sitting there. It looked like it was fine but they just picked it up. He was taking the top off the meter and it wasn't

registering the water. Ms. Olson stated that her guess is that he knew exactly when we were coming to read it. Vice Chairman Tackett inquired if there were any other comments or questions. There were none.

ADJOURN MEETING

Vice Chairman Tackett requested a motion to adjourn today's regular meeting. Commissioner Friend made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-06-010

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**July 1, 2021
5:00 PM**

ATTENDEES

Jim Vanover, Vanover, Hall & Bartley, PSC
Mike Spears, Spears Management
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
David Taylor, Operations Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, July 1st, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Secretary
Myrtle Runyon, Commissioner

Commissioner Kelsey Friend was absent for this meeting.

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform.

ITEM NO 1.

PSC Surcharge Application Finalization and Approval:

Chairman Denison stated that he thinks everyone has a copy of those two sheets. He inquired if Mr. Sawyers wanted to go over it for the board. Mr. Sawyers stated that we will eliminate the bottom two lines that shows anything other than 3 years. Ms. Olson has forwarded the resolution to the board for review and Mr. Sawyers read it into the record as follows.

Resolution 21-07-001 – Authorization to Apply to the Public Service Commission for a Surcharge to Support a Water Loss Control Program

Whereas, on April 14th, 2021, the Board of Commissioners of the Mountain Water District adopted a motion to proceed with water loss control measures, including the hiring of three three-person crews devoted to detecting and eliminating water losses;

Whereas, these proposed water loss control measures are estimated to cost \$3,453,880.84;

Whereas, these measures should be financed through a surcharge of \$5.78 to be assessed monthly on each customer of the Mountain Water District for a period of three years;

Whereas, such surcharge requires the approval of the Kentucky Public Service Commission,

Now, therefore, be it resolved that the District Manager is authorized and directed to file an application with the Kentucky Public Service Commission for authorization to assess a monthly surcharge of \$5.78 on each customer of the Mountain Water District for a period of three years, the proceeds of such surcharge to be used to finance a water loss control program consisting of the measures set forth in the attached documents entitled "Proposed Three Year Water Capital Improvement Plan".

Motion of Adoption of this resolution was made the 1st day of July, 2021...

Chairman Denison inquired if anyone had any comments or questions. Vice Chairman Tackett clarified that he will be deleting those two lines on the spreadsheet for anything other than the three years. Mr. Sawyers confirmed that he would be doing that.

Chairman Denison requested a motion to approve the resolution as presented and read into the record. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-001

ITEM NO 2.

Gravel/Stone Bid Award:

Mr. Sawyers stated that he and Mr. Vanover attended the bid opening today and met and discussed how this came. Our bid form was a bit ambiguous and may have caused some issues for the vendors trying to submit a bid for the work. He requested that the board authorize to reject these bids and readvertise the bid with a clarified bid form. Also, to give him and Mr. Vanover approval to review the new bids and proceed with the award based on the lowest and best bid. Commissioner Tackett inquired how he was planning to bid this. Mr. Sawyers stated that he broke the county into two zones. Commissioner Tackett stated that we were already divided up into 4 zones. Mr. Sawyers stated that we do have 4 quadrants but we basically just cut the county in half; a northeastern zone and a southwestern zone. Commissioner Tackett clarified that we were going to bid this out on a per ton basis and not a per load basis. Mr. Sawyers stated that is correct. It will be a per ton rate and a hauling rate with any additional fees that they charge per trip. Commissioner Tackett stated that he was good with that. Chairman Denison requested

a motion approve to reject the bids and to readvertise the bid for Gravel/Stone Hauling Services and give Mr. Vanover and Mr. Sawyers the authority to review the new bids and award the lowest and most qualified bidder. He then stated that shouldn't this come back before the board for review and approval. Mr. Sawyers stated that they can receive bids and bring it to the board next month. Chairman Denison confirmed to do that and that the resolution would be to reject the current bids and readvertise bids and bring back to the board for review and approval. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-002

COMMISSIONER COMMENTS

There were no further comments from the Board.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn the special meeting. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Absent
Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-003

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

July 29th, 2021
5:00 PM

ATTENDEES

Gary Slone, Appalachian News Express
Michael Hayes, Geosyntec Consultants
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, July 29th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kelsey Friend, Treasurer
Myrtle Runyon, Commissioner

Commissioner Kevin Varney was absent for the meeting due to a family emergency.

Chairman Denison presented Commissioner Kelsey Friend with a framed certificate of appreciation for his twelve (12) years of service to the Board of Commissioners, as well as an envelope from the Board members. Commissioner Friend thanked the Board for the presented items.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. Mr. Lowe stated that there was one who requested to be on the agenda, but they are not here.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on June 24th, 2021 as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-004

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of June was \$308,837. Accounts receivable was \$1,113,464. Plant in place was \$164,969,074. Accounts Payable was \$257,373. Equity position at the end of the month is \$67,224,508. Revenue for the month was \$938,000 which is one of the highest months in the last 12 months and is a good number to see. Utility operating expenses was \$1,016,488. The net income/net loss was \$111,228. Included in that number depreciation in the amount of \$335,997. Operating income was negative in the amount of \$78,099. We had a cash increase for the month in the amount of \$19,562. The current operating account balance is \$292,083 and we are fully funded in our KIA and RD reserves. Our O & M Reserve is \$377,463. Chairman Denison stated that the sampling amount looked higher and inquired if we were doing more sampling than normal. Mr. Taylor stated that there were leaks, boil waters and special samples but he didn't know if there were any more additional than normal. Ms. Olson stated that we had only 9 specials for boil waters and were not any more than usual that she remembers, but we may have had some volatiles or SOC's that were due. Chairman Denison stated that maybe it was the supplies he was looking at on page 16. Mr. Spears stated that he would have to get Mrs. Hatfield to look at it. Mrs. Hatfield stated that it was just different USA Bluebook supplies. Ms. Olson stated that it was probably blanks and testing supplies. They have to calibrate those sampling machines ever so often. Chairman Denison inquired if the budget was in the financials. Mr. Spears stated that it was on the following pages. On sales for the year, sewer revenue is what is low and he thinks we budgeted for Belfry to come online sooner than it did. We are down a little on water and late payment charges as well. Not badly, but a bit low. After further discussion, Chairman Denison opened the floor to a motion to approve the financial report for June as presented. Commissioner Runyon made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-005**PAYMENT OF BILLS****AGENDA ITEM IV**

Chairman Denison inquired if there were any questions regarding the payment of the bills. Commissioner Tackett inquired about the charge for Home City Ice. Mrs. Hatfield stated that our people that sample have to have ice for the transporting of their samples at a certain temperature. Commissioner Tackett inquired what Lingo was. Mrs. Hatfield stated that is our phone and internet service provider. Commissioner Tackett inquired what USA Bluebook was. Mrs. Hatfield stated that is where we get most of our supplies for the water plant and sampling, and we also get some safety items from them as well. Chairman Denison inquired if the telephone switch over was completed yet. Mr. Lowe stated that it is not completed yet. We are doing it in phases; we have transferred two over and are in the process of transferring three more lines, and then we will have a few more after that. Chairman Denison inquired if there were any other questions and there were none. Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-006

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for June were in the packets of information given to the Commissioners for the meeting. Mr. Lowe stated that this looks like it is the lowest we have had in the last four years. Chairman Denison inquired what we could attribute that to. Mr. Lowe stated that he couldn't say. Chairman Denison stated that it could be just the luck of the draw. Mr. Lowe agreed. Chairman Denison requested a motion to approve Customer Adjustments in the amount of four thousand, seven hundred and twenty-five dollars and forty cents (\$4,725.40). Commissioner Tackett stated that he has two properties that are on this list for June and he will abstain from voting on this item. Commissioner Runyon made the motion to approve the customer adjustments as presented. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Abstained
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the job began this week. The contract was signed for \$1,230,200 and in accordance with their notice to proceed, they began bringing materials in on Monday, the 26th. They have been situating pipe and getting pipe fused and will begin digging on Monday, August 2nd. Commissioner Tackett inquired about the construction time on this project. Mr. Campoy stated the contract is 150 days. Commissioner Tackett clarified that it is 5 months from the date of the contract. Mr. Campoy stated that it is 5 months from their notice to proceed date, which was this past Monday, July 26th. Commissioner Tackett stated that it puts it to the middle of December. Mr. Campoy confirmed that but stated that hopefully, they will be done well before that. Mr. Sawyers stated that we may end up getting a request for extension because of some of the issues in regards to their right of way. Chairman Denison asked if they met out there yesterday. Mr. Sawyers stated that they met this morning and not to be surprised if there is an extension later on due to acquiring some easements. Commissioner Tackett clarified that it would be a time extension and not a...Mr. Sawyers stated that it would be a time extension, but there could be a financial extension based on what we have to do as far as easements. If we have to re-route then you are looking at an area with maybe more line. Commissioner Tackett stated that we have some wiggle room in the budget. Mr. Campoy stated that is correct and we have about \$100,000 for contingency.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project. He stated as it moves high enough on the DOT's priority list, then we will know when to move forward with it.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that we did receive a project announcement on approval of the grant by the Appalachian Regional Commission last week. He spoke to Eric Ratliff last week and followed up again this morning, and he does not yet have all of his approval packet back with all of the documentation from Washington, DC. From a funding standpoint, we are still holding until Mr. Ratliff gets the rest of that information back. In an effort to get out in front of some of the requests we know we will be getting; the engineer has sent some project mapping to Mr. Ratliff so he can go ahead and send out environmental letters to state and

federal agencies so they can go ahead and start doing their cross-cutter letters, and has also sent a draft copy of the engineering services contract to RD because they will be administering the funds for this particular project on behalf of ARC. We will be working with Mr. Doug Hoff again. Mr. Sawyers stated that Mr. Ratliff sent out a letter requesting DLG to take care of the project. Mr. Caudill stated that there might be a change there. Mr. Sawyers stated that he wasn't sure which project that was because we have so many going right now. Mr. Sawyers then found the email and stated that it was the Fishtrap project. He stated that Judge Jones had sent a letter on behalf of the project asking that it be transferred or reassigned to the Department of Local Government. Mr. Caudill stated that frankly, that would save us from doing some of the check list items that RD requires. He stated that is all he has unless there are questions. There were none.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that BP Pipeline has now completed all of their work for contract #2 except for a small portion of their punch list items; those include installation of the gate at the Toler lift station. The fence is installed but the gate is being fabricated. They still need to repair/replace one of the pumps they pulled on the Toler lift station because it was faulty. They have already addressed the issue of the valve markers and the valve rings. AEP had completed the power drop at Mountain Comp Care and that was the last station that wasn't in operation, so that is completed. The pay request #18 reduces the retainage to 5% and should be in a position to do a pay request next month for 100% completion. He reached out to RD a couple of times about scheduling pre-final inspection but hasn't heard back on when they are available to do that. Commissioner Tackett inquired how long it normally takes them to do that. Mr. Hill stated that it's usually quicker than it has been lately. The last conversation he had with Doug Hoff, he indicated he was covered up with things, so he isn't terribly surprised that he hasn't gotten back to him yet. Commissioner Tackett inquired if he feels pretty confident that we have done a final check that would cover anything RD might come up with. Mr. Hill stated that he thinks so. They did a pretty thorough punch list on that. Mr. Sawyers stated that we are also holding the funds on Ovivo until they complete their punch list too. Mr. Hill stated that there is 5% left on their contract as well. The total number of customers ended up at 159. There were 149 residential grinders and 8 duplex stations. The reason for the two differences is that there are 3 county customers on one pump station. Commissioner Tackett inquired if we know how many potentially available customers there would be in this area for this plant. Mr. Hill stated that he hasn't looked at that lately but they can count that up. Commissioner Tackett stated that he would like to know like...if there are 800 potential customers there but we only have 159 signed up. That is something they need to know. Mr. Sawyers stated that we have a survey that was done there by a company by Survey Solutions that was done early on in the project by Trish Varney and the company out of Prestonsburg. We may be able to pull those numbers and see if we can find that information there. Ms. Olson stated that the originally the project area was larger but had to be scaled back because of the budget. There are some areas that did sign up but they were cut out of the project area, so any of those extensions would add more customers in some of the hollows. Commissioner Tackett stated that what he is getting at is that right now we have a 300,000 gallon a day plant that is running about 55,000 gallons through it. Mr. Sawyers stated that he would have to check with staff on that but was thinking we were running more than that, but he doesn't want to tell him wrong. He will check with Mr. Keathley and Mr. Dempsey on that...especially since we got the flow from Forest Hills and the Plaza. Mr. Hill stated that there were two additional residents that expressed interest in the service and signed up, but rather than have those into contract #2, the decision was made to just have the District install them with their own personnel. The only bid item left to complete was pavement replacement, which is being finished up at Mountain Comp Care. The change order that has been talked about in the past has been submitted for review. That change order also contains a request to extend the contract time which would push the substantial completion time out to July 1st which would be the start of the warranty, with all work completed by August 14th for the remaining punch list items. There are about \$77,000 in remaining funds and about \$7,000 of that is an invoice on the agenda draws. That was the wet well mixer at the Toler Lift Station. So, the remaining funds after that will be about \$70,000. Commissioner Runyon inquired if it was a usual thing for the plumber to ask for extra money if there was a situation that was maybe out of the ordinary, because they had to pay some extra to the plumber on the project and they were one of the last ones, or may have been the last one, before it could be completed. Mr. Hill stated that if it was work that

inside the house or necessary to reroute the sewer lateral coming out of the house, that typically would not be part of the contractor's scope of work. Commissioner Runyon stated that she thinks there was a foundation that was previously there on another building that had to be chipped through, and just seemed to be a little bit much. Mr. Hill stated that he could look into that and see what that was about, Mr. Sawyers stated that generally what we do is a stub out from the tank and it is up to the property owner to run their line to the stub out. He has probably charged an additional fee for the extra work. Ms. Olson inquired if that change order has to be approved today and what number it is. Mr. Hill stated that it was number #2 and can be discussed later. There were no further comments or questions.

Chairman Denison requested a motion to approve the construction reports as presented. Commissioner Runyon made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-008

Mr. Sawyers called attention to the fact that they now had a visitor. He asked him to introduced himself. The attendee stated that he missed the visitor's section and that he was Mike Hayes with GeoSyntec Consultants, working with the County on the land fill. He was in town and wanted to come by and introduce himself. Currently his office is in flux. He is officially in Pittsburg, lives in Morgantown, WV, and was in Huntington and opening an office in Louisville, so he is kind of all over. He is just back through and in Pikeville today and thought he would come by. Chairman Denison stated that he was glad he could make it.

PROJECT DRAWS:

Chairman Denison inquired if there were questions regarding the project draws. There were none. Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-009

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	ARC Funds	\$ 100,216.50
\$100,216.50	Contract Construction	
Maryland Biochemical Co.	ARC Funds	\$ 7,319.45
\$7,319.45	Materials	

RADIO READ RESIDUAL FUNDS PROJECT

Evapar	RD Loan Funds	\$ 1,310.00
\$1,310.00	Materials	
Berlin Company, Inc.	RD Loan Funds	\$ 1,748.10
\$1,748.10	Materials	
Huntington Steel	RD Loan Funds	\$ 2,795.00
\$2,795.00	Materials	
Hayes Pipe Supply	RD Loan Funds	\$ 432.30
\$432.30	Materials	
OTP	RD Loan Funds	\$ 105,433.66
\$105,433.66	Materials	
Vermeer	RD Loan Funds	\$ 4,203.00
\$4,203.00	Materials	
ISCO	RD Loan Funds	\$ 20,343.67
\$20,343.67	Materials	
Siemens	RD Loan Funds	\$ 10,256.40
\$10,256.40	Materials	
Hayes Pipe Supply	RD Loan Funds	\$ 4,608.20
\$4,608.20	Materials	
Jabo Supply	RD Loan Funds	\$ 967.86
\$967.86	Materials	
Micro Comm	RD Loan Funds	\$ 77,631.41
\$77,631.44	Materials	

RADIO READ METER PROJECT

Micro Comm	RD Grant Funds	\$ 67,209.58
\$67,209.58	Materials	

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 89,090.00
\$89,090.00	Contract Construction/Materials	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that \$1,616,673 is what we have received in regards to the Brushy/Sycamore Project. We are underfunded about \$700,327. That funding is coming through KIA and we recently met with BSADD for that funding.
- 2.) **Amendment to Capital Improvement Plan** – Mr. Sawyers inquired of the Chairman if this item is to be tabled at this time. Chairman Denison confirmed that as correct.

- 3.) Water Loss Update** –Mr. Sawyers stated that water loss on the MWD form was 20.86% and the PSC form was 26.4%. He stated that the zone meters are helping with leak detection. Mr. Taylor is utilizing those and he will get into where we are with those in a minute. Commissioner Tackett inquired on the 26.4%, if there was anything we were attributing that to. It has been nearly 30% except for January when it was 16% or something. Mr. Taylor stated that all of that is basically is your production, what you sell, and the difference of that. It is just relentless leak detection. We fixed 58 leaks in June so if we stay ahead of it, we can keep that, but it is difficult. Chairman Denison inquired if there is a slow leak in the service line and somebody uses more water, it doesn't leak as much. Is that correct? Commissioner Tackett stated that it seems to him, if you have a system that is under pressure and there is a pin hole...is that pin hole going to....and the pressure is constant but get a little volume to it...is that pin hole going to leak any more or any less if you use more water? Mr. Taylor stated that most of the leaks is based on the line moving in the rock and as it wiggles...Chairman Denison clarified that there is a hole already. Mr. Sawyers clarified that they are saying if you have an already existing hole and you have the volume and velocity going through, is it going to make the leak worse, same...Mr. Taylor stated that pressure does that. Commissioner Tackett stated that so if the pressure stays roughly the same...Mr. Taylor stated that you have a lot of variances between the pumps running and with rock or if someone gets on a hydrant and hammers the line, you get shock waves. Chairman Denison stated that what he is trying to ask is that if there is an existing hole in a service line, the customer now in the summer months is using more water. Does that change the leak in the hole in that service line? Mr. Taylor stated that the water is constantly going out of the line so it is going to deteriorate and get bigger as it goes. Commissioner Tackett stated that if you have a pin hole...your main line is here and your meter is here...and we are saying that most of our water is leaking between the main line to the meter...if you have a pin hole in that line somewhere, and this customer over here uses 10,000 gallons this month and the leak through that pin hole is "X", then next month he uses 15,000 gallons, that pin hole is not going to leak anymore water than it would have the month before, provided that the hole has not gotten any bigger. Is that correct? Mr. Taylor stated that the average household uses about 150 gallons a day but you are looking at 0.07 gpm throughout the day. If a leak leaks 1440 minutes it doesn't stop...Chairman Denison stated regardless of what the customer is using, correct? Mr. Taylor stated that is correct.
- 4.) Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 5.) Annual Gravel/Stone Bid** – Mr. Sawyers stated that he has been busy lately and it slipped his mind to go back through this and see if the board wanted him to do a threshold or not. We did an annual gravel and stone bid. We broke the county down into two zones. Considering where all of the rock is coming from, which is the southern part of the county over in the Foggy Mountain and Elkhorn Creek areas. Commissioner Tackett inquired if we get mostly sandstone instead of limestone. Mr. Sawyers stated that it depends on the case. If it is a line we can get by with sandstone, crusher run or something. If it is someone's driveway, we try to use limestone. When you look at these numbers, we tried to make everything kind of northeast of Route 194 as Zone 2. Zone 1 was everything west of Route 194. The higher you get with one company; the price is cheaper with the other. Ms. Olson stated that this starts on page 40 of the packet. Mr. Sawyers stated that one thing we put in the specs was that we were going to utilize the company that is able to address our needs the quickest. If our staff picks up the phone and they need the stone right then, we are not going to wait for someone to say that they will deliver it tomorrow or the next day. We will give it to whoever gets there the faster. We only had two companies that bid on it. Ms. Olson stated that this spreadsheet is just something that she did on 5 ton and 10 ton for each bidder in that zone. The other page is zone #2. Mr. Sawyers has looked at the numbers and determined a threshold and we just didn't get a chance to redo this so, there may be a threshold where it breaks even or is really close. The pages in between the spreadsheets are the actual bid numbers. Mr. Sawyers stated that on Zone #1, if you look at the numbers on it, the lower the amount on one of them is cheaper than the other and then the higher on the other one is cheaper than it. Kind of like it flip-flops. Chairman Denison clarified that on Zone 1, the one that is the lowest is the one they are going to select. Mr. Sawyers stated that zone #1 is the closest to the location of the rock and zone #2 is the farthest. So, just say that Zone #1 is west and Zone #2 is east of Route 194. He thinks in Zone 2 the one company has it the lowest all the way across. But in Zone 1 you do have a split. Commissioner Tackett stated that we are still looking at it based on the load size. Mr.

Sawyers stated we just did that as an example of what the cost would be. It is a set price per ton. In zone 1, you are probably looking at a threshold somewhere in the neighborhood of 8 to 9 ton, the difference between the two. One of them would probably have everything under that number and the other would probably have everything higher than that number. He stated to just look at the numbers on the two boxes on the bottom. You can see his numbers are lower all the way across in zone 2, which is the farthest away from the provider. We may have to call somebody in the middle of the night to bring a load, but once again, if we can't get hold of the one, we will have to call the other. Commissioner Tackett inquired if we are counting on the contractor to have a stock pile of gravel. Mr. Sawyers stated that McPeek already has a stock pike of gravel and the other guy keeps some stored where he parks his truck. Right now, if we call him at 2 in the morning, he will bring us a load of stone. Commissioner Tackett inquired what he recommends. Mr. Sawyers stated that it would be just as easy to give one to zone 1 and the other zone 2 based on their prices. Chairman Denison stated that he would have to recuse himself from this decision as they are a client of his. Commissioner Runyon inquired if he thinks that is the best thing to do for both zones. Mr. Sawyers stated that based on the numbers, yes. Based on service, the guy we have now is great, but he got outbid in the other zone. Commissioner Tackett stated that we only got the two bidders and inquired if he put it to both of them that they would be on call and if we called at 2 in the morning they would be required to come out. Mr. Sawyers stated that it is called out in the spec sheet. Commissioner Runyon inquired how often that happens. Mr. Sawyers asked Mr. Taylor his thoughts on that. Mr. Taylor stated that it happens probably about once a week. Commissioner Runyon stated that is often. Commissioner Tackett stated that all other things equal, the thing to do is go who is lowest in each zone. If contractor A and contractor B both says they will do it until proven different, you go with the lowest bidder. After further discussion, the request was made to approve the bid for Zone #1 to DD&K and for Zone #2 to McPeek Enterprise, with the stipulation that in the event that either contractor cannot deliver as needed or in an emergency situation, the other contractor will be called and the details be documented on the work order. Commissioner Friend made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Abstained
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-010

6.) Surcharge Application Update – Mr. Sawyers stated that he is going to read them what Mr. Wuetcher had to say. He stated that he has completed the initial draft of the application and is integrating the information that the District recently provided in to the draft. He is also in the process of preparing the District Manager's testimony to accompany the application. He expects to have a full draft in file ready form for the Board to review by August 31st and after receiving the Board's comments, he will find with the PSC no later than September 15th. Commissioner Tackett inquired if that is even close to what he told them when they talked to him on the phone. He was under the impression that he was going to get this thing out quick. Now it is going to be...when was it you got your stuff submitted to him? Mr. Sawyers stated that he would guess about mid-July.

7.) Radio Read Residual Funds Project Update – Mr. Sawyers stated that out of the 16 zone meters that we have ordered we have received them all. Staff has installed or is installing approximately half of those. We should have about 8 in place. Same thing on appurtenances. We have received approximately 50% of the shipment and staff have put 100% in of what we received. On the Micro-Comm, we received 100% shipment and staff has installed approximately 25% of the items so far. The wireless telemetry, we are currently bidding now. The booster pumps, the motors and VFDs, we have 100% shipment received but installation is pending by staff because we have them spread out with what we are doing now. The automatic self-cleaning strainer is currently being fabricated with delays of receipt of parts due to covid. He has some other miscellaneous pipe, water line, service line, and fusion pipe, and he pending ordering those to see where we are at with regards

to the funds with Mrs. Hatfield who is working up the numbers. He has a set number he is ordering in footage but is not doing that yet until he sees where we are with the math. Our 2 ½" hammer bore is in. We have purchased a utility box trailer that is in. We are utilizing both of those now. We purchased a fusion machine that we are using as well. We have picked up some ground amplifiers and are utilizing those. One of things that has been a big hold up is the 30KW generator and transfer switches for the office here. If he remembers right, we awarded the project in January and he called the gentleman the other day on this and his comment was that it is being assembled, but once again, delays are happening with parts due to Covid. They anticipate delivery in November. So, it took us from January to November to get a generator, to give you all a reminder how it is dealing with delays due to Covid and stuff. Commissioner Tackett inquired if it will be set up to be automatic when we lose power, to automatically kick on. Mr. Sawyers confirmed that as correct. He stated that we have ordered two water storage skid tanks that are being fabricated right now. We anticipate receipt of those items, hopefully, in about two months.

- 8.) Employee Incentive Initiative** – Mr. Sawyers stated that he was not part of the meeting on this issue and turned the discussion over to Commissioner Tackett. Commissioner Tackett stated that the board members have a copy of the revised form. The committee met one time and what we wanted to do is to come up with an employee incentive plan to let our employees come up with ideas with will be good for either safety or production. Ms. Olson has put together an employee suggestion form on page 46 and gives an idea of what we can give to our employees and this is what they would be submitting to us. He thinks on page 47 is the description of what kind of ideas would be eligible for use for safety and production, some things that are ineligible to be submitted, and what came out of the committee meeting was that we would install an employee suggestion box at each of the locations where we have people report each day. There were eight of those locations, and they are to be locked and the board would be the only ones with a key to these locks and would be the only ones to go around and collect the suggestions once a month or once a quarter or whatever we decide on. Ms. Olson stated that the examples in the packet for the boxes, the first few have their own keys so they would be keyed differently. The last couple have hasps and Mr. Lowe found, on the last page of that, a set of locks that are keyed alike that could be used. They all have the same key and that is what makes those different. Any of those boxes shown are under \$50 each. She stated that the forms in the packet are revised after Mr. Vanover reviewed it with the changes he suggested and stated that all of his suggestions had been incorporated into the forms. Commissioner Tackett stated that what we need to talk about now is the compensation for the employee's suggestions that we adopt into Mountain Water District. Ms. Olson stated that Commissioner Tackett made a very good point that safety, being our number one priority, should have its own separate section because you can't really put a dollar amount on that. So, we inserted a paragraph into the Award Eligibility section for a one-time amount for any safety recommendations and that amount would have to be decided on as well. Chairman Denison inquired if there were suggestions regarding any dollar amounts. Commissioner Tackett stated that there several amounts thrown out during the meeting. Ms. Olson stated that we thought that we needed to have a higher amount on the safety one because it is only one time. Anything that was a program or that could be checked with future profits would be a smaller one-time bonus because they would get a future possible payment. Commissioner Tackett stated that we talked about maybe \$150 for production type of award. But that one also has a percentage of what the first year's savings would be. If they come up with an idea that helps production or whatever, would be an initial \$150 payment plus a percentage of savings for the next year. It would be evaluated after 6 months. You could project that total out from there. Chairman Denison stated that it would be a projected amount. Commissioner Tackett stated that he thinks we are talking about a 6-month evaluation where we get the actual for that first 6 months and then project it out for a whole year, but we would have 6 months of actual data. As far as percentage of the actual, and it might should say "actual" on the form. Ms. Olson stated that if we do it on actual, we would have to wait 12 months. Chairman Denison stated that we could do 6 months. Ms. Olson clarified that he meant to give the employee 6 months' worth of savings. Chairman Denison stated that you can do it on 6-month intervals. Commissioner Tackett stated that we could do it at 6 months and then check it again the next 6 months and base it all on actual savings instead of projected savings and have two payouts. Mr. Lowe clarified that they would get the initial \$150 up front, and then after 6 months, the savings for those 6 months, they would get that percentage; and then after 12 months they would get the next 6 months percentage. Commissioner Tackett confirmed that as correct. Chairman Denison inquired what the percentage would be that was discussed. Commissioner

Tackett stated that we discussed 15, to 20, to 25. If there is something that we are not doing right now anyway, we should be doing everything anyway, but somebody always has a better idea. If somebody comes up with an idea that could save us \$10,000 a year, he has no qualms at all about giving them 15-25 percent of that number because we are gaining 75% of that number in that first year and the rest of the years is 100% gain. If someone is going to save us \$100,000 and it's something we aren't doing now...we need to give the employees an incentive to come out and do something. Chairman Denison inquired what percentage does he feel most comfortable with. Mr. Spears stated that he would caution them from a PSC standpoint that it be analyzed before we start paying because everything they preach is analysis, analysis, analysis. He would just throw that in there. When we get those, he would agree that we get the 75% the first year and 100% after that. But he will say before we commit to a payout, that we do an analysis. Commissioner Tackett stated that is what he is saying; if they come up with an idea that we adopt and we say this is what we are going to do going forward, they get \$150 in their next paycheck. At the end of 6 months, we evaluate what that savings actually is, and there may not be a savings. Sometimes you make a change here and there is an equal change over here that kills it. So, we evaluate that in 6 months and whatever the actual savings is, less \$150, they would get a percentage of that. Chairman Denison inquired if Mr. Spears foresees any issues with the PSC on that. Mr. Spears stated that he wouldn't think so with that format. The big thing they look at is analysis. If we adopt something and kindly analyze it and he thinks that is a fair way of doing it, after 6 months you have a decent idea regardless the time of the year. Commissioner Tackett stated that at the end of the next 6 months period, we look at it again for 6 months and that will be the final payment. Mr. Lowe inquired if Mr. Spears thought that they would make us take that payout to the employee out of any future rate increase you would try to get. Mr. Spears stated that probably they would because they only look at recurring expenses during your rate study. They would knock that out but he doesn't think it would be much and if we had a couple of bid ones, they would probably just disallow those. But we would still be getting 100% of the savings. Commissioner Tackett inquired if the payout would be included in the workers comp. Chairman Denison stated that it would be. Mr. Spears stated that it would be in the comp and the retirement. Chairman Denison stated that it would be considered a bonus and would be included in that. Mrs. Hatfield stated that if it is a bonus, she is not sure that the Kentucky Retirement System would let you put that in. Just like our safety bonuses. Those are not allowed to be part of your income, so that we would have to check in to. Mr. Spears state that they would check on that. Chairman Denison stated that they may only apply to safety bonuses; he is not sure, but they can check into it. Ms. Olson stated that as far an incentive, 15% would be fair to the employee and fair to the District because we are still paying salaries on those, we are still going to own the ideas. If it is a big thing, 15% is a lot. If it is not a big thing, they are still getting 15% plus the \$150. Commissioner Tackett stated that he has no problem at all with 15%. Chairman Denison inquired if anyone had any further questions. There were none. Chairman Denison requested a motion to accept the employee incentive program presented to them with \$250 one-time bonus for safety items and a \$150 bonus plus 15% of actual savings in 6 month increments during the first year. Commissioner Tackett made the motion and stated that he thinks we also need to come up with a letter to employees explaining what we are doing and include that in the payroll envelopes as soon as we decide to adopt this. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-011

Commissioner Tackett stated that he would draft the letter and send it to the board members and get their comments and changes and then we will get it the office to insert into paychecks. Ms. Olson inquired if they had a preference on what type of box to order. Commissioner Tackett stated the thinks the lock box with the hasp on it with the locks keyed alike would be fine. Ms. Olson stated that there are 12 locks in a package and they all work off of the same key, that way you don't have to have 8 keys for 8 different boxes. Mr. Lowe stated that he could not find a pack of 8. Ms. Olson stated that Mr. Lowe found these and she was surprised he even found these, but there is a dozen in that pack. Commissioner Tackett inquired if they want it say that this is on a trial basis and if they

start getting crying stuff coming in, we can stop it. Mr. Sawyers stated that he is saying it may become a complaint box instead of a suggestion box. The board decided that they would disallow any comments that are outside the intent of the box.

- 9.) Update - Plan for Remodeling Office** – Mr. Sawyers stated that he would hand this over to Ms. Olson because she has been working on this. Ms. Olson stated that unfortunately, he has had a lot of trouble finding people that will actually come here and give us free estimate. Right now, contractors in this county are so covered up that they are 6 months out on starting any kind of new construction or remodel that they don't want to come and waste their time on giving a free estimate. She did end up getting two estimates, and they were so far apart that she is not even sure that we were in the same building. Pages 54 and 55 was a scope of work that she gave out so that we would be on the same page. Page 56 was the first estimate that she got from the first contractor and just to do the internal work to build the two additional windows and take out some walls and expand that interior part was \$26,211. We also wanting an addition to the back so that we could move the filing back to create an entry for the employees to come through without having to walk through all of the filing cabinets which are really close together, and his estimate for that work was \$43,752 just to construct the additional filing room off the back. Then he quoted \$3,267 just to do the security badge system that we asked for. The second contractor came in and looked at it. She showed him the exact same thing with the drawings and his bid to do all of it was \$38,575. Mr. Spears inquired what size the addition was. Ms. Olson stated that it was a 10 X 20 additional room which has 200 square feet. We have a lot of filing cabinets down there and the girls, when they file, can only do one at a time in there because it is so close together and you have to pull the drawers out and there is no way to walk through there; so, she wanted to push everything to the back and into that bump out. The second contractor has not given her a quote yet on the security system. The third party that he got a quote from didn't turn it in to him. So, you are looking at about a \$20,000 difference between he first contractor and the second to do the same work. Commissioner Tackett stated that there was another guy that we were supposed to contact. Mr. Sawyers stated that he spoke to him and he said that his work was 6 months out and he really didn't want to come over here unless it was something that he could bid later and maybe do later, but right now he is 6 months out. Ms. Olson stated that one thing we do know is that this work is going to be over \$30,000 so it will have to be bid out. Mr. Sawyers stated that the guy he talked to (Mike) does good work and is a good person. Ms. Olson stated that we may get some who are more willing to do the bid if we actually put it in the paper. Mr. Sawyers stated that maybe just do the bid and see what you get. Ms. Olson as far as free estimates, right now, nobody wants to put the time in and this is a little bit of an extensive project. Commissioner Tackett inquired what the amount was again for the addition they wanted to do. Ms. Olson stated that the first contractor bid it at \$43,000 just to do the room. The second contractor included that in his bid price and it was just under \$40,000 at \$38,575. Chairman Denison stated to go ahead and put it out to bid. Commissioner Tackett stated that don't they have containers that are already made. Ms. Olson stated that we have one that is on the far end of the lot that we had shelves put into, but it doesn't really help us with what is here in the office. We have to do daily filing with current files. What we put down there is the older ones. Mr. Lowe stated that it is stuff that we are not accessing all of the time. It is down on the other side of the mechanic's garage. Commissioner Tackett inquired if it was possible to adapt one of those containers for what we need. Mr. Lowe inquired if he was talking about setting there and putting a hole in the wall and connect the building to it. Ms. Olson stated that she didn't know, you might have an issue with the roof line. Both contractors were looking at where the roof line is and were going to have to connect the addition to the current building without causing any issues with leaking or transitions, plus they have to extend the concrete pad and we have a building out back that has our water heater in it, and it freezes sometimes in the winter, and we were going to have that relocated to the bathroom inside, so that was a little additional. Mr. Sawyers presented a design plan for a new building that was done several years ago for the board's consideration if we were every build a new building. He stated that he does know that the county has some property at the Scott Fork Industrial Park that would be an ideal location. He stated that just guessing to do that, not counting purchasing the property, would probably be about \$1.5M, and probably \$1.7 with current pricing. Commissioner Runyon clarified that he said they had been looking at old bank buildings and several places that might be an option as well. Mr. Sawyers stated that probably something that we could have worked with but we would have had to remodel was the one up on the hill that was Wide Open Outdoors. He thinks it went into bankruptcy or foreclosure or something and they ended up selling it for he thinks, about \$700,000-\$800,000. The plan is just something to look at sometime in the future. Douglas Hoff from RD has come in here multiple times and seen

this place and how the building has been piece mealed together in different sections and has said that we can always have a project where we do a loan with them and they will add the new building in with it. Ms. Olson stated that the good thing about Scott Fork is that is fairly centralized to the county. Like where we are now is fairly centralized to both sides of the county and Scott Fork is not far from here on the four lane. Chairman Denison requested a motion to put this office remodel work out for bid. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-012

10.) KPDES Request for Pricing Proposals – Mr. Sawyers stated that he was going to give this item to Ms. Olson. Ms. Olson stated that page 62 in their packet is a list of all of the permits that we have. We have 10 wastewater and package plants, 8 aerator units that are on a general permit, a permit for the backwash at the Russell Fork WTP, and we have a KISOP permit for transferring flow to the City of Williamson at South Williamson. The first one, or several as you can see by the dates, expiring June 30th of next year and they are required to be submitted no later than 6 months prior to that date. We have discussed this before and can put it out right now and just tell everybody that we are going to be taking quotes, and to bring them back to the next meeting. Mr. Sawyers stated that any engineers in the room that are interested in providing this service, then provide us a quote at the next meeting.

11.) KRWA Annual Conference – August 23-25, 2021 – Mr. Sawyers stated that he thinks Ms. Olson already has everybody's classes scheduled. Chairmen Denison and Commissioner Tackett have class in October and Commissioner Varney's is in December. Commissioner Runyon has already had hers online. She confirmed that as correct. Commissioner Tackett inquired if any of the classes were virtual. Ms. Olson stated that the classes are at the PSC in Frankfort. They are not doing any other virtual classes besides for new Commissioners. She did speak to the PSC about 6 hours for the KRWA Annual Conference and KRWA has applied for approval for 6 hours of Commissioner training at the conference but it has not been approved as of yet, but they are confident that it will be approved. So, if anyone wants to travel to this conference, to let her know so she can switch their registration.

Mr. Sawyers stated that they can review the rest of the items listed under the manager's report on their summary. Commissioner Tackett inquired about that the Cost of Produced Water. Ms. Olson stated that that is on page 78. She made the modifications to this report that was asked for last month. It was .91 per thousand for June to produce water, and she made formulas for the cost to purchase water from Pikeville and Williamson, and separated those out, multiplied the number of purchased gallons for each one times their respective rates per thousand. Commissioner Tackett inquired how confident we are that this \$.91 per thousand gallons captures everything that has anything to do with our produced water costs. Ms. Olson stated that it can always be looked at again. She knows that she has done this water production report for over a decade and about every year we go in and look and make sure that the chemical prices are up to date with the formulas of what we are spending per unit, whether it is per gallon or per pound. All of the chemicals and the sand are included, the labor costs (exact numbers of what she gets from personnel of what it costs for everyone that works up there and how many hours that they work). Commissioner Tackett inquired if it includes administrative costs. Ms. Olson stated that it does. It has an amount for administrative costs; debt service is included, electricity is included (she gets all of the bills for the water plant). Commissioner Tackett stated that it is just the bills for the plant. Ms. Olson stated that

it is for the plant and the intake. She stated that she has four bills that she gets every month with the kilowatt hours and the amounts and all of that goes into the report. Any work orders for the water plant for maintenance or repairs go in there with the exact amount of those work orders. Insurance and internet and phone are also included. Commissioner Tackett inquired if the employee's benefits are included as well. Ms. Olson stated that the amount of their actual pay for the whole month by employee is included, so she adds up the hours and the exact amounts that we paid out for those employees. Chairman Denison inquired if that was fringe as well. Ms. Olson stated that it is everything that we actually paid out and that number goes into the formula as well. Then she takes the amount that was produced, minus the backwash (because we don't get revenue for that). That number is divided by the total amount that it costs us to produce. Chairman Denison inquired if that was in a formula that she can send them. Ms. Olson stated that she can do that. She does that every month and it divides out and gives us the cost per thousand. The board can review it and look at the formula and see if there is anything that we are missing. She does know that the chemical costs are looked at, at least annually, sometimes more if Mr. Taylor tells her that we have changed chemicals or have updated something. She will then get with Mrs. Hatfield and look at the invoices and see how much it is per unit. Commissioner Tackett stated that if we are looking at produced water for 2021 to date, we went from \$1.03/ 1,000 in February to a low of \$.85 in May. Ms. Olson stated that she can tell them the reason why it was \$1.03 in February was because that was the month that we had that big freeze and the river froze over or something, and we used additional chemicals that we had to buy and the chemical and labor costs were higher because of overtime. Probably electricity was up too because of the freezing temperatures.

Mr. Sawyers stated that there is one more item that did not get on the agenda. He requested that the Chairman approve a Personnel Committee regarding the subject he discussed yesterday evening in regards to employee rates. We are experiencing a rather large turnover rate with an average of about one a month and if we project it out, we will probably be out 12 to 15 turnover wise for the year. We recently had another position come available in the customer service office. Just because of the way our pay scale range is... we have had all kinds of applications, but when we start talking to the applicants, we are not getting a lot of interest. He would like a committee to be set up. What he has done is he has provided something to Chairman Denison to review in regards to...Kentucky Rural Water Association does a survey of utilities across the state, and he took our average versus their average. He has a copy if anybody would like to look at it. He would like to get our rate scale up higher. Not look so much at large raises or increases as much as he would like to get a good rate. Higher in rate, we would be more apt to keep better quality staff. We have lost several to telecommunications right now. Chairman Denison inquired from Mr. Spears what the effective date of that being included in the rate study. Mr. Spears stated that as long as we have that in place before the rate study is done, they will let us project it. It has to be effective inside the test period. Mr. Sawyers stated that it would have to be before the year is out. Mr. Sawyers stated that he would like the committee to be two board members, Mike Spears, Carrie Hatfield (that way they can have input from a financial perspective). Chairman Denison inquired if they needed a resolution for that. Ms. Olson stated that they can if they want to, or they can just name who they want on the committee for the record. Commissioner Runyon agreed to be on the committee and Commissioner Varney was appointed to the committee. Ms. Olson confirmed that the committee would be Mike Spears, Carrie Hatfield, Commissioner Runyon, Commissioner Varney and Mr. Sawyers. Commissioner Tackett inquired if employees are compensated for longevity. Mr. Sawyers stated that no, we do not, and the fiscal court no longer does that either. Commissioner Tackett stated isn't that worth something. Mr. Sawyers stated that it is, he agrees. Mr. Taylor inquired from Mr. Lowe about time accruals. Mr. Lowe stated that as far as time accrual, after your fifth year, it stays the same. Mr. Spears inquired if the department heads should be included to have input on this as well and five ideas on water, sewer and the office. Mr. Sawyers stated that he can do that. He can go around and just talk to staff, but he thinks the survey speaks for itself. Chairman Denison stated that we can't hire somebody at a rate, and somebody been here 10 or 15 years not get a bump in their rate. You'd have to bump everybody's rate. Commissioner Tackett stated that we could give \$.50 more on the hour if you have been here 10 years. Mr. Sawyers stated that when you do this, you will have to increase across the board. He just wanted them to look at this first and allow him to run with it then we can go from there. They can get the board the numbers.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-013

NEW BUSINESS

1.) Legal Issues

- a. Executive Session - Pursuant to KRS 61.810 (1)(c) to discuss litigation strategy with regard to the Hamilton vs. MWD case and tactics relating to current MWD litigation and the District's contracts.

Chairman Denison requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-014

Chairman Denison requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-015

COMMISSIONER COMMENTS

Chairman Denison stated that one order of business that needs addressed is the appointment of an Acting Treasurer in the absence of Commissioner Friend going forward until the next meeting. Chairman Denison requested a motion to appoint Commissioner Tackett as interim Treasurer until the position is finalized. Commissioner Friend made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-016

Mr. Sawyers inquired if they could call a special meeting for next week for executive session for a personnel matter. Chairman Denison inquired what day would be most convenient. Mr. Sawyers stated that we have to run an ad and it would be in Tuesday's paper, so it would have to be after that according to their schedule for Wednesday or Thursday. He inquired if it would make it easier for the board to make it a zoom meeting. Chairman Denison agreed that it would. He requested a motion to call a special called meeting for Wednesday, August 4th at 5 PM via Zoom Meetings. Chairman Denison inquired if they needed a resolution for that. Ms. Olson stated no, that a meeting can be called any time by the board without a resolution, as needed.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Friend	Aye
Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-07-017

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

August 26th, 2021
5:00 PM

ATTENDEES

David Norris, Customer
Gary Slone, Appalachian News Express
Lewis Messer, Waterdogs Construction
Karen Prater, Synterra
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, August 26th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Secretary
Myrtle Runyon, Commissioner
Paul Chaney, Commissioner

Chairman Denison stated that the first order of business is to appoint an acting secretary for the previous meeting held on July 29th in the absence of Secretary Kevin Varney. Chairman Denison suggested Commissioner Runyon to fill that position. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-001

Chairman Denison requested a motion to appoint Commissioner Kevin Varney to serve as Treasurer of the Board of Commissioners. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-002

Chairman Denison requested a motion to appoint Commissioner Myrtle Runyon to serve as Secretary of the Board of Commissioners. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Varney	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-003

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. Ms. Olson stated that Mr. Norris was here but she talked to him before the meeting and will follow up with him the next day after looking into his complaint.

APPROVAL OF MINUTES

AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on July 1st, 2021 and the regular meeting held on July 29th, 2021 as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-004

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of July was \$291,559.10. Accounts receivable was \$1,160,179. Plant in place was \$164,901,275. Accounts Payable was \$194,494. Equity position at the end of the month is \$67,219,090. Revenue for the month was \$944,929 which is another good billing month. Utility operating expenses was \$1,098,704. We had a three-payroll month. The net income/net loss was \$111,228. Included in that number depreciation in the amount of \$335,997. Operating loss for the month was \$187,242. Included in the loss was depreciation in the amount of \$335,997. We had a negative operating income for the month in the amount of \$153,775. That was in a 3 pay period month. It would have been interesting to see how close we would come because he thinks that payroll is about \$70,000 plus. We would have been under \$100,000 anyway. Cash increase for the month was \$7,878. The current operating account balance is \$375,176. These last two months probably is the highest our operating account balance has been. Of course, he doesn't know as far as our repair and maintenance, it hasn't been too bad. KIA and RD Reserves are fully funded at \$861,528 and \$870,306 respectively. Our O & M Reserve is \$384,063. Pages 15 through 18 are the best to look at as far as review. Utility operating expenses such as electrical was \$122,000 and was up about \$11,000 from previous. That one fluctuates some and we talk about it pretty regularly with big consolidated bills and the timing of when it comes in, is what causes some of that. Commissioner Tackett inquired about the \$6,600 that goes into the O & M fund every month. Mr. Spears stated that it is a calculation based off your bonds because they are the ones that require those. The way that comes out, is those are accumulated.... some of the newer bonds are not as stringent. The old bonds require six months of operating expenses which would be three or four million dollars. So, the newer bonds

are less. Commissioner Tackett inquired in what condition would we dip into that O & M fund. Mr. Spears stated that it is not as restrictive as the reserve accounts for depreciation and maintenance. Those you have to go before them and ask for it specifically and they will only release...for example, with KIA we called and asked about using some of those funds for a specific project. Those funds had to be used in that same area and when you break that total down between the KIA and RD bonds for each project, it is a small number. Not anything you could utilize it on. The O & M he doesn't think is nearly as restrictive and he will have to get back with him on that. You don't even fund those until everything else is fully funded so they are not as restrictive. Commissioner Tackett inquired what would be the biggest breakdown we could have that we are not planning for. Mr. Sawyers stated that a flood event could be one. Another could be something at the plant that is very costly, like maybe some of the large pumps that are in the \$60,000 - \$80,000 range. Commissioner Tackett inquired if it was a 700 hp pump...Mr. Sawyers stated that he can't remember but he thinks it was between \$60,000 and \$80,000 range. Mr. Spears stated that he would look into that and see what the restrictions are. He stated that he will pull one our latest bonds. Commissioner Tackett stated that he was curious that if we have a sixty- or seventy-thousand-dollar breakdown, if we could dip into that instead of our operating account. Mr. Spears stated that he thinks it is a 50/50 chance that we could but he will get an answer on that. Mr. Sawyers stated that another good example would be for telemetry or the screens at the WWTPs. That is going to be in the \$150,000 range. Mr. Spears stated that our water purchases were about normal; about a hundred between the two. The last few months shows it on page 16 at the bottom for Williamson, and Pikeville's was either at the minimum or very close to the minimum this month. Our electrical is up ten or eleven thousand over what it had been the last two months; fifteen over what it was in May. It had been running in the 120 range, and we had a \$146,000 month which unusual, back in February. General R & R was \$37,000 on page 17 and was unusually high, but he and Mrs. Hatfield went through the invoices and it was line that we had bought. Those are the things that they talked about when reviewing the transactions and what happened during the month. He requested if there were any questions. Chairman Denison confirmed that we had a positive cash flow. Mr. Spears confirmed that it was positive in the amount of \$7,800. Mr. Spears stated that our cash in bank for the same time last year...we are up \$130,000 actually on our cash balance. When he first saw it, he expected our AP to be up but it wasn't. Mrs. Hatfield stated that last year were not able to assess late fees or perform disconnections, so we lost those fees. Commissioner Varney stated that he was looking over the budget page and for the first 7 months of the year, we are actually over \$400,000 under budget for the year. Mr. Spears confirmed that as correct, but we are actually 500 over on expenditures but are underbudgeted on our sales by \$152,000. Chairman Denison inquired about the column for depreciation. Mr. Spears stated that he will have to go back and look at the budget. Commissioner Varney stated that he thinks he adjusted after the budget because of the Belfry Plant. Mr. Spears stated that would have been a part of it because he probably budgeted for that all year and it hadn't been put into place yet. Chairman Denison opened the floor to a motion to approve the financial report for July as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-005

Mr. Spears distributed a handout related to loans with Regions Bank. He stated that before he gets into it, the auditor will be here Monday to do his field work and he will present at the next meeting. He has done his preliminary stuff at his office. He noticed, and he hates to do special meetings, but September 30th is on a Thursday. The clearinghouse submitted has to be done the 30th. He can try to do it afterwards probably and get it submitted, or there may be a possibility, once he talks to him, to move the meeting up one or two days to allow them time to get it submitted. It is a possibility if everything goes right and he gets him the right file, that he can submitted. It would be a late night and hopefully the computer systems are not down. Commissioner Runyon inquired how long it normally takes to submit it. Mr. Spears stated that it doesn't take long and they usually get a return around with an acceptance the next day. We can always resubmit those. He has had to amend one before. So, it may not be a big issue. Chairman Denison inquired what he felt comfortable with doing. Mr. Spears stated that he would prefer meeting on Tuesday and he thinks that is a safe play. Chairman Denison inquired if the board needed a resolution to do that. Ms. Olson stated not to call a special meeting, she would just need to know ahead of time. You can call a special meeting outside

of session even. The board consensus was to change to the meeting from September 30th to September 28th at 5 pm. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-006

Chairman Denison stated that going forward, whoever does the audit...we need to impress upon them that it has to be done early. Mr. Spears stated that part of that was his fault because Carrie had Covid the last two weeks and he was trying to get it done earlier. Chairman Denison stated that this happened since he has been here for two years...Mr. Spears agreed and stated that we have always done August or September. Commissioner Tackett stated that the board needs to have time to look at it, and not get it today, review it today and approve it today. Mr. Spears stated that he can give the board the financials that he has audited now so that they can have some review time. Commissioner Tackett directed him to email that to the board and give Commissioner Chaney a copy to take home. Mr. Spears stated that the only change they will see in that audit is that we have to make one entry for KERS.

Mr. Spears stated that the worksheet they have in front of them, is that we have a Regions Bank note with a current balance of \$3.295M and it is up. We can refinance it now at a cheaper rate than we were at before. It makes sense to do. It will save us some substantial money and he believes that rate is 2% and is currently 3% he believes. Chairman Denison stated that as long as we don't extend the time. Mr. Spears stated that it will be on the original time. That one was 3.14% before and so we want to cut that interest rate back a third. That is the first page, and it generates to a net regular value of \$279,000 in cash over the 19-year period. There is no penalty for having those bonds either and that is why she notified us. The back side of that paper is the Shelby Valley bond. All of these other bonds are RD bonds. They are between 4.125% and 4.5%. If you look down to the net present value benefit 5 lines from the bottom, by refinancing them it will expire the same term as what our current year's term is. The interest rate would go from 4.125% to 2%. That is the Shelby Valley water bond and would be a savings of \$102,000. The next page is the Johns Creek bond and it was a 2005 series bond and likewise, it expires in 2045. The net present value benefit is \$178,000. Commissioner Varney inquired if all of this would have to be separately. Mr. Spears stated that in her email, she stated that for convenience, but he is going to tell her it would not be acceptable for convenience to do these bonds as one note instead of four. He would suggest that the board do four notes, otherwise we are going to lose some timing on some of these bonds. Unless she can go with a shorter term and it still saves a substantial amount of money. You've got some of these...the smashed one ends in 2043. The next page is Phelps Sewer which expires in 2043 and has a net present value benefit of \$68,000. That is the smallest bond that she is renewing. The Johns Creek bond is for \$1.3M. The last bond is the water treatment plant bond in 2008 which is \$555,000, expires in 2047, and the net present value is \$129,470. What he would like for the board to do is consider those. There is an old Feds Creek bond that is already 3% and he doesn't know why she hasn't included it in these. That is the only other bond other than the Radio Read and the Belfry bonds. He stated that he was dealing with Krista Millard with Regions Bank. He would like for the Board to approve...he thinks the Regions Bank is a no-brainer and we need to do it; to approve that one as-is, with review of her numbers to make sure everything is right, and he thinks it is. She was on vacation last month and didn't get these to him until August. Chairman Denison inquired if they needed motion to approve this. Mr. Spears stated yes, to approve the Regions Bank refinance. Commissioner Tackett made a motion to approve the refinance plan with Regions Bank. Mr. Spears stated and if we can negotiate the terms on this other time...what you will see on these sometimes is that they will extend them and it doesn't save you any money in the long term. Commissioner Tackett stated that just running through them all, it looks like on the net present value benefit on all is about \$756,000 over the next 20 years, so we are looking at an average annual savings over the next 20 years of \$756,000 divided by 20. Mr. Spears stated that was correct pretty much. RD bonds have these reserve requirements and he will talk to them (Regions Bank) about if they have reserve requirements. When we did a big loan a few years ago, with the documents back then, we couldn't find it and they weren't sure and just told us to keep doing what we were doing for RD as far as reserve requirements. But if there is no requirement, that is a pretty good pool of money that we could get our hands on and that clears most of what is in that RD fund of eight

hundred and some thousand, IF it would clear that off where we didn't have to have a reserve for Regions Bank. Commissioner Tackett inquired if we would want to look at what savings we would realize out of it. If that's right, we are looking at \$37,000. We could look at that before going to something where we could ask...instead of putting \$6,600 in that every month, we could put that money in the reserve account and build it up to where...Chairman Denison stated that our money is not tied up. Mr. Spears stated that it will probably be the next meeting before we get this finalized. We could make them...she probably would renew RD bonds she has to submit to the PSC for refinance. They do it themselves and of course, PSC will approve it. Then we can make a decision on what to do at the next meeting. Of may filter over into October. He will check and make sure if we are restricted and we will know by then before we make that decision. She did say that she was going to consolidate these, and she did these individually for ease of comparative analysis. He will notify her tomorrow that if they are combined, how it affects these numbers and how it effects what term she puts on the combined account. He will say they are easy to work with and they have a bond counsel and do a good job. Chairman Denison requested a motion to accept the refinance of the Regions Bank note as discussed. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-007

Chairman Denison requested a motion to give him and Mr. Spears authorization to negotiate the RD loans to refinance those and consolidate them along with the omitted Feds Creek one. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-008

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Denison inquired if there were any questions regarding the payment of the bills. Commissioner Varney inquired about Eastern Telephone. Mrs. Hatfield stated that is our IT services now. Commissioner Tackett inquired about a certain invoice. Mr. Sawyers stated that it was for to set up the Belfry WWTP where you can put up a type of door that is grade that you can lock to keep it open to allow the air to circulate. That system gets extremely hot in there and we had to do that to keep it cooled down in there. Commissioner Tackett clarified that it could be closed in the winter time. Mr. Sawyers stated that it can, but we have to keep it open in the warmer months because it is just too hot. It still locks. It is a security type door that can be locked down while still letting air pass through and circulate. Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Tackett made the motion to approve the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-009

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for July were in the packets of information given to the Commissioners for the meeting. Ms. Olson stated that they are up a little from the previous month but they are still in an acceptable range from previous years for this time of the year. Commissioner Tackett inquired regarding one adjustment for Robert Mapes and requested that it be investigated before approval. Chairman Denison requested a motion to approve Customer Adjustments as presented with the exception of the adjustment for Robert Mapes pending review of that account by the District Manager. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-010

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the week of July 26th the contractor began receiving materials on site. During that week, they spent most of the time distributing the pipe where they needed it to be along the different sections of the project. By the next week, they were fusing the pipe getting to install. They had a cutoff date of August 19th, and through that period they had installed 2,621' of pipeline of the total 13,520' that is projected, which is about 19.4% of the pipe. So, the total work done and stored materials to date is \$226,298 or about 18.4% of the project. During this period, we are getting shop drawings for the lift station that we just received and some of the alignment issues that were discussed last month. The contractor, water district personnel, and EDC has met and are working on some different alignments. We said those were going to require some individual easements, and they have been making progress on that. Several easements have been signed and it is looking pretty good for some of the others that we need. Another thing they have done to eliminate the need for a couple of these easements, was to move some pipeline onto KDOT right of way. They had a meeting this week with their permits manager, the contractor and EDC and they have about 500 or so feet that is being moved onto the right of way and they are modifying their permit with the transportation cabinet as we speak. Chairman Denison inquired if this project is moving along as anticipated. Mr. Campoy stated that yes, they are moving along pretty well. There are days that they install pipe and some days that they are fusing pipe together. That is just part of the process.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet is still working on their easements so there is nothing new to report on this project.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that he followed up with Eric Ratliff at the Judge's office last week and again today. He indicated that the formal project packet has still not been received from the ARC's Washington, DC office. As such, the project is still in a holding pattern from a funding standpoint, however, he has been able to prepare some of the documents needed and continue to wait for the ARC approval packet. Mr. Ratliff indicated that he felt like approval should be back any day now. Mr. Sawyers stated that Mr. Vanover has reviewed the contract for the project and is okay with the information in the project on the contract and he just needs to confirm that it is 85% of the RD rate. Mr. Caudill stated that he will check and let him know.

He knows it is the amount that was in the original PDR but he will confirm that with him. Mr. Sawyers stated he has had legal counsel look over the contract and he is fine with the language; we just need to sign it. The board can approve him to sign it or he can get with Chairman Denison to get it signed. However they want to do it. There was discussion as to whether there were both names on the contract for signature. Chairman Denison requested a motion to approve the engineering contract for the Fishtrap project and authorize the District Manager to sign any necessary documents on behalf of the board. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-011

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that BP Pipeline has completed all of their punch list items at this point. They have submitted their revised change order #2 for consideration along with the final pay request. They have also requested the release of the retainage. The board has some time to consider that and once that is done, he will draft a final acceptance report. He doesn't have that in the packet this evening. We will wait until next month to get that taken care of after the final pay request and change order are resolved. They are working with MWD personnel to resolve an issue with three of the duplex station sites; the elementary school, middle school and velocity market. Turned out to be a low voltage issue. It looks like the simplest fix is going to be the installation of a couple of booster transformers which will be less than \$2,000 total. There are some remaining funds available. Some of the discussions they have had were possibly buying some additional spare pumps for some of your area lift stations. He thinks the preference now is to divert those remaining funds to a second dewatering box at Belfry. They have submitted an addendum for inspection for Summit for consideration for additional time that the contract has gone over and a final funding draw request should be presented at the next meeting and would include the balance of Ovivo's contract for Belfry as well as any direct purchases. That is all he has unless there are any questions. Mr. Sawyers inquired if we were not going to address any of the finances until the next meeting. Mr. Hill stated that we can and inquired if they wanted a quick rundown of where the budget stands. Chairman Denison confirmed that as correct. Mr. Hill stated that we currently have...subtracting out the balance of Ovivo's contract...there is \$70,103 in remaining funds. The net increase of BP's change order that was submitted for approval this month was \$17,793. Summit's proposed addendum is \$25,000. That leaves an additional ARC fund balance of \$27,310. Mr. Sawyers inquired if there will have to be anything pulled out of that \$27,310. Mr. Hill stated that it is not earmarked for anything yet unless he is thinking of directing that towards the dewatering box purchase. Mr. Sawyers inquired if that \$25,000 covers Summit's inspection services. Mr. Hill confirmed that as correct. Mr. Sawyers stated that he would like for the board to approve the dewatering box so we can get it ordered. The cost is \$46,805. If we utilize the remaining \$27,310, that is the District being out roughly \$20,000. We need it. We have two at the other plant. In order for us to get the sludge dry and dewatered and to satisfy the land fill to haul it up there and get it dumped, we have to utilize two. The particular brand we are using is just to standardize the system because we already have 2 at Douglas and 1 at Belfry. This will be our second one there. What we do is load up one and it will dry out the way we want it to and it will be hauled to the dump while we are loading the second one and it dries out. It kind of lets you flip flop back and forth. The problem we have run into at Douglas is that they wouldn't accept it because it was so wet from the first dewatering box until you get it dry. It just didn't meet their criteria and they wouldn't let us dump it up there. Commissioner Tackett clarified that the capacity of the plant is 300,000 gallons per day and we are only operating now at 20% capacity or 50,000 or 60,000 gallons per day. Mr. Sawyers stated that it is probably more like 75,000 to 100,000 he would say, just guessing. Commissioner

Tackett clarified that the plant is designed for one box and we are at 35% capacity now and it will take two boxes? Mr. Sawyers stated that it is taking two to dry out what we need. Chairman Denison inquired what happens if it runs at 100%. Mr. Sawyers stated that it would be better for an engineering to explain that than him. Mr. Hill stated that they can take a look at that. Mr. Sawyers inquired if the only other option would be to go to a rotary press which is probably about \$250,000. That is what we put in at Freeburn and we just use a land fill box there. Commissioner Tackett inquired if the original design of the plant was flawed to the fact that... Mr. Sawyers stated that was what was in the design and is what we put in. Commissioner Tackett stated that the original design from whoever designed it...who was that? Mr. Sawyers stated that it was Summit. Mr. Hill stated that he can't say how that was specified originally but he will check into that and report back on that. Commissioner Varney clarified that even at the capacity we are running now, is the one box not treating it enough to where the land fill will accept it from the Belfry plant? Is this something you need to do in the next 30 days and want us to go ahead and approve it? Can it wait until they hear from Mr. Hill? Mr. Sawyers stated that if they want to delay it, we will get by with that. We need it and he doesn't know what the other alternative is. Chairman Denison inquired what the Shelby Valley Plant is doing. Mr. Sawyers stated that right now they are doing about 75,000 to 80,000 a month without making a phone call. Chairman Denison inquired who designed that plant. Mr. Sawyers stated it was Summit and the Belfry one is Summit. Mr. Sawyers stated that it is just allowing enough drying time and it could be the moisture. It may not be part of the design as much as just getting the water out. It drains and then has to dry. It basically has a tarp over it to help with the drying process. They can take it off to help with the drying process or keep it covered, either way. Chairman Denison stated that if we have to have it, we just might as well go ahead and approve it. Commissioner Tackett stated that in the future we need to make sure that the design is designed for what we need. Right now, we are looking at this plant that was designed for one dewatering box and we are at 30% capacity, and now you say no we need two dewatering boxes...when we get up to 100% capacity, we are going to need 6 dewatering boxes. That would have been a lot easier to install, he is sure, if we they would have installed them in the original installation of the plant. Plus, now, this money is going to come out of our pocket instead of the project. Mr. Sawyers stated that he can say that we have done so well in the budgeting of this project that...we had to come in and do valued engineering...but took the generator out, the paving out, the dewatering box out, and several other items out. The generator alone was \$140,000. We were able to put it back in, we put the paving back in, and we just watched what we done and how we done it to make it work. Commissioner Varney clarified that this was an item that we pulled out of the project earlier to make the budget work. Mr. Sawyers stated that we pulled out or we would have paid those items out of our pockets is what he is getting at, we were able to put them back in and get them paid for. The District was out nothing on those items. Originally, we were going to have to pay for the generator, the paving, the fence, the dewatering box and was quite a bit of money we had to take out of the project that we were going to have fund ourself just to get it to work. Commissioner Varney clarified again that this was in the original design and we had to pull it out to meet budget earlier. Mr. Sawyers stated that the second dewatering box, he isn't sure if they brought that up yet or not, he would have to go back and look. After further discussion, Chairman Denison requested a motion to approve the purchase of a second dewatering box for the Belfry WWTP. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-012

Mr. Sawyers stated that before we complete the construction project updates, we have a Lewis Messer here on behalf of Water Dog Construction. His company worked as the subcontractor for BP Pipeline and he has not been reimbursed his retainage yet, as well as another company. Mr. Hill stated that he spoke to Tony at BP Pipeline and he said that his subcontractor is J & L, if he understood him correctly, and Water Dogs was the sub to J & L and he is holding retainage on their work, just as MWD is holding retainage on his and Tim intends to go ahead and pay it out once he receives payment on his last pay request/invoice which he knows Mountain Water has sent out

already. Mr. Sawyers clarified that he is not going to him until he gets his last check. Mr. Hill stated that was originally what he intended but he thinks now ne intends to pay it once he gets the second to last one. Mr. Sawyers inquired if he got the one that was sent out last week. Mr. Hill stated that he did. Mr. Sawyers inquired if he is going to pay them out of that one. Mr. Hill stated that he hasn't received it yet, but that is his intent as he understood it. Mr. Messer stated that he is fine with that and if not, he will be back next month.

Chairman Denison requested a motion to accept the construction reports as presented. Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-013

PROJECT DRAWS:

Chairman Denison inquired if there were questions regarding the project draws. Commissioner Varney inquired after this payment to BP Pipeline how much approximately remains on that contract. Mr. Sawyers stated that Mr. Hill had said \$70,000 and he said next month he would be getting \$17,793. Commissioner Tackett stated that this \$70,000 is all that is left right now in the project and then we will have to dip into our pocket \$20,000 to get the new box. Mr. Sawyers stated that there will be \$27,310 left to go toward the box. Mrs. Hatfield clarified from Mr. Hill that this does include paying the balance to Ovivo. Mr. Hill stated that the \$70,000 is after Ovivo is paid. Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-014

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

BP Pipeline (Contract #2)	ARC Funds	\$ 213,740.28
\$213,740.28	Contract Construction	

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 132,396.31
\$132,396.31	Contract Construction/Materials	
EDC	KIA Grant Funds	\$ 7,150.00
\$7,150.00	Engineering Services	
Norfolk Southern	KIA Grant Funds	\$ 500.00

\$500.00

Maps

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated they are working with the fiscal court right now on funding scenarios for different projects. One is the Brushy Project.
- 2.) **Amendment to Capital Improvement Plan** – Mr. Sawyers inquired of the board wanted to table this item again for this month. Commissioner Tackett stated that he wasn't looking to go in and start design on that plant. He thought that Mr. Caudill had told him once before that they had people in their office that had worked on reverse osmosis plants. He was just looking for an off the cuff estimate number as to what a new water plant would cost, he thinks at 2 million gallons per day. Mr. Sawyers clarified that he just wanted a ball park price of a 2 MGD reverse osmosis plant. Commissioner Tackett stated that is what he was looking for. He wasn't looking for a set of drawings. Mr. Sawyers stated that in his notes he wasn't asking for a set of drawings...Mr. Caudill stated that they could give him an off the cuff price. The bigger money in that quote was in evaluating all of the lines that would have to be reversed and all of the pressure classes of pipe that may have to be changed and tanks that might have to be relocated and pressure reducing stations that may have to be relocated. That was what they looked at and felt like was the bulk of the work. If you are just looking for an off the cuff price, they can give him a neighborhood price at no cost. Commissioner Tackett stated that is what he was looking at. He understands that once you build a new plant, you have to get the water out to where it needs to go, but if the cost of a new RO plant is going to be \$20M then we don't need to do anything. He just wanted to see if the cost of a new RO plant would be somewhat in what we could obtain financing for and then go to the next step of looking at putting the water out into the system. Mr. Caudill stated that they can give him a ball park number at no cost.
- 3.) **Water Loss Update** –Mr. Sawyers stated that water loss on the MWD form was 13.39% and the PSC form was 21.9%. Ms. Olson stated that the water loss summary starts on page 47. The actual water loss reports she had sent in their email. They are not attached here but you can see the percentages on page 53. The top section is the MWD form that allows us to account for leakage, and the bottom section is the PSC form. For July of 2021 you can see those percentages and out to the right is the annual average so far for each month. Chairman Denison stated that he is making the assumption that some of the fire departments are still not reporting. Ms. Olson stated that she had two that were not reported and she received one of them yesterday after all of the reports were done and they had been emailed. It is much better now. It used to be 9 or 10 that she wasn't receiving, down to 1 or 2. Chairman Denison inquired what we were allowed to report for the ones that didn't report. Ms. Olson stated that it is .03% of the monthly gallons sold per fire department. Chairman Denison stated that skews the numbers on the water loss reports. Ms. Olson stated that it changes it by a few hundred thousand gallons, but that doesn't change the percentage more than a half a percent and maybe less for two fire departments. It was a whole lot more when it was 9 or 10, but just for 2 it doesn't change it hardly at all. Commissioner Tackett clarified that on page 56 there is a graph showing our PSC percentage data for 2021 and it is going straight down, right where we want to go. Is that similar to what 2020 looked like? Ms. Olson stated that she really doesn't remember but she thinks we had a really low number in July of last year as well. Mr. Sawyers stated that we are able to find more leaks in the warmer weather months than we do in the winter months also.
- 4.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 5.) **Surcharge Application Update**– Mr. Sawyers stated that he has forwarded everyone the email from Gerald Weutcher with the Surcharge Application update. He is letting us know that he is behind schedule a little bit and still expects to have a draft ready to review by the first week of September and the filing the letter by mid-September. He still is holding to his file date but he is running behind on his submittal to the board. Commissioner Tackett stated that this is so far away from what he

said when we had our first conversation with him. When we first talked it was going to be June. Now we are looking at September and we still don't have it. We are married to it now and have to move forward but he is saying that it was not as rosy and easy as what he said it was going to be. Mr. Sawyers stated that one thing he would like to do if he does have it ready, is to schedule a... first of all, get it sent out for the board to review first. Then, schedule a meeting to go over it with him and so we can do a question-and-answer session to see how we can proceed forward, because he does have some questions, that way everyone is well educated on how we are moving forward. Commissioner Tackett clarified that once he gets this ready...did he say mid-September he would have it ready for us to review? Mr. Sawyers stated that he said the first week of September he would have the first draft ready for review by the board and ready to file by mid-September to the PSC. Commissioner Tackett inquired once it is submitted, what does he think the time-frame is? Mr. Sawyers stated that when they originally talked, it was estimated about 3 or 4 months. He inquired if Mr. Caudill agreed with that. Mr. Caudill stated that 120 days is typical for them and that is if everything perfect with the application and they don't ask for any additional information.

- 6.) Radio Read Residual Funds Project Update** – Mr. Sawyers stated that we have installed 11 zone meters of the 16 that were proposed, so we are at the 70% mark on that. On the telemetry, the staff has got 7 sites in out of 17 which is a little over 40% completed on that and are moving along. Some things are still being fabricated. We are still waiting on the water storage tanks and we have to do the site work for those. The screen for the plant is also being fabricated.
- 7.) Employee Incentive Initiative** – Mr. Sawyers stated that he was going to hand this item over to Commissioner Tackett. Commissioner Tackett stated that he sent a copy of the letter that we are going to submit to employees to all of the Board members and he guesses everyone has had a chance to look at it. Commissioner Varney stated that he did receive it but didn't get a chance to review it. Commissioner Tackett stated that the next payroll is tomorrow so we are not going to have it ready to turn in this time. Hopefully, we can have that letter, along with the two sheets that are done, in the employee's payroll two weeks from tomorrow. He stated that when the letter is completed, he will forward it to Ms. Olson to put it on a Memo form, then he will take it to each board member to sign. We can then take that signed original and make copies for insertion into the payroll envelopes for the 10th. Commissioner Tackett explained the program to the board and new board member.
- 8.) Award Bids for Surplus Equipment** – Mr. Sawyers stated that the board authorized him last month to advertise surplus equipment and Ms. Olson has given a handout with six items that were advertised for sale. Item #1 is the 20KW Kohler generator which is the old one behind the office that we replaced, we had a \$500 reserve on it and no one bid on it but we did have a guy come by here today and said he would give us the reserve for it. The second item is the 25/30KW Atlas Copco generator had a reserve of \$500 and that same man made an offer of \$300. There was no bid on either one of those items. Commissioner Tackett inquired if either one worked. Mr. Sawyers stated that the Kohler one does not run but the Atlas Copco one does. The 2012 Chevy Silverado, we had a \$2,000 reserve and got a bid of \$2,500. The 2008 Chevy Colorado had a reserve of \$500 and got 2 bids for \$600. We called both parties that bid on it and they agreed to flip a coin two out of three times and a Donnie Hamilton was the bid for \$600 on that. The Caterpillar fork lift had a reserve of \$2,500 and got a bid of \$2,575. It does work. The ditch witch walk behind didn't get any offers but the same gentleman on the generators said he would give the \$300 reserve. If you tally up everything on that page it comes to \$6,775 and he needs to board's approval to sell these items according to the high bids and offers. Chairman Denison requested a motion to approve to award the sale of the surplus items as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Commissioner Chaney Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-015

- 9.) Request for Purchase of a Used Fork Lift** – Mr. Sawyers stated that he would like to take the money they are making off of the surplus items and put it toward the purchase of a used fork lift. They have done some research into finding a used one and we need this at Douglas WWTP to help load and unload trucks plus load our stuff from our screen into the...Chairman Denison inquired what kind of price he has found. Mr. Sawyers stated that they have found 2 used ones out of Ashland. As far as price, they seem to be in the best price range. They run somewhere between \$12,000 and \$13,000. One was a 2016 model and the other was a 2005. It has forks only. They use it to unload barrels and drums and other things for chemicals and utilize it to also clean the screens out. Commissioner Varney clarified that he will have about half of the money from this surplus sale. Mr. Sawyers confirmed that as correct. Chairman Denison requested a motion approve the purchase of a used fork lift and to utilize the funds from the surplus sale toward the purchase. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-016

- 10.) KPDES Request for Pricing Proposals** – Mr. Sawyers stated that at the last meeting they asked some of the engineering firms to submit their quotes prior to this meeting. Ms. Olson got some quotes in and put together a summary of quotes received. Mr. Sawyers stated that these are permit renewals for our plants and small package plants. The last time we did this, it was one set price, but there have been some add-ons and comments in their inclusive part. Looking at it, the two that fall into that category of who we may award it to would be Summit Engineering at \$11,000 and...he did with the caveat with any responses to the DOW comments and inquiries would be invoiced at their standard hourly rate beyond that. The other one would be Synterra Corporation which is \$9,750 excluding permit and lab fees. As far as the permit fees go, the District is what they call a POTW and that is a publicly owned treatment works so we have no fee. So, there won't be any fees there unless we have to have any type of analysis. Ms. Olson stated that the larger plants sometimes require oil and grease samples and they are not very costly. Synterra said that she did call the permit branch, but she didn't realize we were a non-profit POTW and they gave her a price of \$4500 per permit which is not the case. That is why Synterra's, with fees was \$45000. That is not the case, so she did a price without the permit fees for \$9750. Mr. Sawyers stated that they have different categories such as major industry, minor industry, and so forth. She thought we fell into the category of minor industry. Commissioner Tackett clarified that we have 20 renewals. Ms. Olson stated that we have 10 that are actually plants, 8 of them are aerator permits for wastewater stations at Big Creek. We also have a general permit at the water treatment plant that has to be renewed as well as a KISOP permit for South Williamson for the lift stations that transfer waste over to the West Virginia side. Commissioner Varney clarified that Syterra's quote is actually \$9750 because the fees are not included. Mr. Sawyers stated that she is on the Zoom meetings application if he wants to ask any questions. Commissioner Varney inquired from Ms. Prater from Syterra if the \$9750 quoted includes any responses to DOW's inquiries or comments. Ms. Prater stated that it does unless they run into anything extremely unanticipated. That is the total fee minus any fees or lab work. Commissioner Tackett inquired what an example would be that they consider to be unusual or something more than what would be included in the quote. Ms. Prater stated that

honestly, she is the accountant and not an engineer, so she couldn't give him a good example of that but their engineers did review all of the public records on that and they do not anticipate that we would have any issues with the renewals. Mr. Sawyers stated that these are pretty standard and he doesn't remember any issues we have had in the past. Chairman Denison requested a motion to award that best quote, Synterra Corporation, for the permit renewal contract as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-017

11.) Bid Award – Telemetry Equipment – Mr. Sawyers stated that the telemetry bid information was in the hand out packet beginning on page 83. As part of the Residual Funds project, the District bid out telemetry or SCADA. We received two bids. All of this is covered under the residual funds. He sat down with Operations Manager, David Taylor, and Repair and Maintenance Supervisor, David Wolford, and they scored both companies and what we felt would fit our needs at this time. They came up with the selection of Electroquip Service Corporation. Even installing a central control, they are still cheaper than the other group on the sites itself. We will be able to move forward at a lot cheaper rate and be able to do this...this is something is our staff can do in-house. These are designed for us to replace in-house, install in-house, all except for the central control command. They will have to come out and do that when they first start, which they allowed for start-up and on-site training. It is a nicer, cheaper route for us to be able to go to these small storage tanks that we don't have to have every minute on, but have enough minutes to see what is going on with those and those booster pump stations. Chairman Denison clarified that this is from the residual money for all of this. Mr. Sawyers confirmed that as correct. Commissioner Tackett inquired if this will allow the booster pumps themselves to talk to the tanks, and when the tank gets up so high the pump shuts off and when the tank is too low the pump kicks on. Mr. Sawyers inquired from Mr. Taylor if this works like the Micro-Comm. Mr. Taylor stated that it will do all of that. It will do the pump 1 and 2 on and off, it will have a low suction alarm, it will have power fail alarm with a battery back-up and the tanks will have a solar power unit. It will have the option to put a mag meter in front the pump station once we get further funds. Mr. Sawyers stated that it has the same specifics as Micro-Comm has as far as the alarms, gadgets and being able to read back and forth but the difference is that the cost is going to be so economical, plus we can do it in-house and once it starts, we can probably put two or three a month in because the price is that much cheaper. Commissioner Tackett clarified that this is \$59,000 for 8 systems. Mr. Sawyers stated that it would be what we call 16 locations between the BPS and the site. If you combine the two that is fine. It is the same as the other one. All manufacturer warranties apply. Mr. Taylor stated that the central command is a one-time charge, and any purchased after this initial time would be about \$5,000 per site. After further discussion, Chairman Denison requested a motion to approve the award of the telemetry/SCADA purchase to Electroquip Service Corporation as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-018

Mr. Sawyers stated that they can review the rest of the items listed under the manager's report on their summary.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-019

NEW BUSINESS

- 1.) **RFP – Administration Selection – Brushy/Sycamore Water Line Extension Project** – Mr. Sawyers stated that board was given scoring sheets with the submittal for administration of the project. We only had one submittal for the project and that was the Pike County Fiscal Court, their grant writer. He was pretty adamant about scoring them because he says the funding agencies are very demanding regarding that item. He inquired if the board would fill that out before they leave and make their selection. He requested a motion be made to approve to award the Pike County Fiscal Court as the administration for the Brushy/Sycamore Water Line Extension Project. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-020

- 2.) **RFP – Engineering Selection – Brushy/Sycamore Water Line Extension Project** – Mr. Sawyers stated that there was an RFP for Engineering selection for the Brushy/Sycamore Water Line Extension Project. Those were handed out for 3 board members to review and score and we also received a review from Sandy Runyon on behalf of the fiscal court and right now he is waiting on Ronnie Robertson's submittal and will receive it on Monday. He is out of town suddenly and he will get it next week. He stated that if everyone has their score sheets done, hand those to Ms. Olson and with the board's approval based on scoring and legal counsel review, it can state upon review and approval of the District Manager and Legal Counsel, he would like the board to go ahead and approve the firm that receives the highest score. Commissioner Tackett made the motion to approve the engineering selection for the Brushy/Sycamore Water Line Extension Project pending review by the District Manager and Legal Counsel for the highest scored firm. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Abstained
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-021

For the record, Chairman Denison abstained from scoring and voting on this issue due to a potential conflict of interest.

- 3.) **Renewal of General Liability Insurance** – Mr. Sawyers stated that he will turn this item over to Mrs. Hatfield. Mrs. Hatfield stated that Barry Clark with People’s Bank, the broker that we use, went down the list of different insurance companies that he tries to get quotes from and he had 8 different ones that he left out 2. Travelers doesn’t even want to quote it because they know they will be much higher. Same with another one that was much higher than what we were already paying so they wouldn’t even give an official quote. With the Tokio Marine insurance that we currently have, it would have gone down, but where we added the Belfry project, which is a \$3M project, it went up the \$400. So, if we hadn’t added that, it would have actually been less this time. That was a good thing. He said next year he predicts it will be much lower if nothing happens between now and then because we lose that...she thinks we had an incident the first year we took over, and that will go off of our record. This is something that renews on September 1st. They were really hoping we would get more quotes in, but she does think what hurts us too, is the type of company we are and the fact that we need insurance that covers the board retroactively and a lot of companies don’t want to do that. Commissioner Tackett inquired if cyber is included in this. Mrs. Hatfield stated that we do have cyber insurance but it is not under Tokio Marine. She thinks we have another 30 days for that to renew and she doesn’t have that information yet. That is something that has saved us in the past. Chairman Denison requested a motion to approve Tokio Marine for the District’s liability insurance. Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-022

4.) Legal Issues

- Executive Session - Pursuant to KRS 61.810 (1)(f) to discuss a specific personnel matter.
- Pursuant to KRS 61.810 (1)(c) to discuss the District’s litigation strategy with regard to current and potential litigation and the District’s contracts.

Chairman Denison requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-023

Chairman Denison requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-024

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-08-025

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**September 20, 2021
3:00 PM**

ATTENDEES

Gary Slone, ANE
Jim Vanover, Vanover, Hall & Bartley, PSC
Mike Hill, Summit Engineering
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Monday, September 20th, 2021 at 3:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Secretary
Myrtle Runyon, Commissioner
Paul Chaney, Commissioner

This meeting was held in accordance with state guidelines due to the COVID-19 pandemic via teleconference through the Zoom Meetings platform.

ITEM NO 1.

Belfry Pond Sewer Project:

Chairman Denison called the meeting to order and requested that Mike Hill begin the meeting. Mr. Hill stated that the contractor's pay request that was approved at the last Board meeting is also dependent upon the contractor's change order #2 that was submitted. This change order is a revision to the one that was discussed at the meeting before last that, after going back to the contractor and negotiating further with them on their prices, they reduced their total contract price by half, so the new net decrease in contract price by change order #2 is \$17,793. That addresses some of the prices that were discussed in the past and that were too high for comfort. This change order includes a balancing of quantities on the overall project and payment for some stored materials that the District is going to retain that were unused. It includes increases in price for unforeseen duration and some additional stream crossing pipe where we had intended to open cut, but it turned out we had to directional drill. It includes some additional payment for work at the Toler Lift Station bypass and a time extension due to coronavirus and other delays. There is also a Summit Engineering contract Addendum #1 which was to increase the engineer's contract price by \$25,000 which was related to the additional contract time

and additional inspection costs. Mr. Hill inquired from Mrs. Hatfield if there was anything else that needed to be addressed regarding the draw request. Mrs. Hatfield stated that the project draws were on last month's meeting and has been approved, it is just that this change order reflected that number for BP Pipeline and once the change order is approved, we should be good on that draw. Ms. Olson inquired from Mr. Hill if the Addendum for Summit Engineering a part of the change order or if it is something separate that needs a separate resolution for. Mr. Hill stated that it needs to be separate resolutions. Chairman Denison requested a motion to approve the change order #2 for the Belfry Pond Sewer Project as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-001

Chairman Denison requested a motion to approve the Addendum for Summit Engineering's additional cost for the project due to project time overrun for inspection in the amount of twenty-five thousand dollars (\$25,000). Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-002

Chairman Denison inquired if there were any additional funds owed to legal counsel, Dan Stratton, for the project. Mr. Sawyers stated that the matter has been clarified and he has already been paid in full for work on the project.

Commissioner Tackett inquired from Mr. Hill regarding the dewatering box, if he ever come up with why we needed another on so soon even though we were operating only at about 30-35% capacity. Mr. Hill stated that in researching the matter, it looks as though the budget was so limited at the outset of the project, that we only spec'd one at the time. We also, when looking at what we are using at Douglas, at that time Douglas was operating with only one dewatering box at that time as well. One of the things that has happened since then is that the landfill has gotten more stringent about their requirements for how wet the sludge can be delivered to the landfill. In the past, it wasn't setting in the dewatering box for as long as it has to now to get the moisture level that the landfill requires, so that is a big part of the reason that it is going to need two boxes now to get

the extra drying time it needs. Commissioner Tackett inquired if the Douglas WWTP also needing an extra box. Mr. Hills stated that it has another one now. Mr. Sawyers stated that we have all of the bases covered on the boxes, but he is correct, we ran into a problem with the landfill as far as meeting their requirements. Mr. Hill stated that there are other factors that go into that level of dryness; in addition to the drying time, it is also the amount of polymer that is getting added to it, the weather and time of year will affect how well that operates also.

Chairman Denison inquired if there were any further questions. Mr. Sawyers stated that last month at the meeting there was a gentleman who came from Water Dogs Construction in regards to his retainage due to him. There was a statement from BP Pipeline that they would pay him once he receives these funds, is that correct? Mr. Hill stated that was his understanding as well. Mr. Sawyers inquired if he (BP Pipeline) needs to present something to the Board stating that he has paid off....Water Dogs is a sub of a sub, correct? Mr. Hill stated that he will reach out to both of the subcontractors and ask them to send him an email confirming that they have been paid. Mr. Sawyers stated that we need to follow up on that and make sure that they are doing their due diligence. Mr. Hill agreed and stated that he would see if he could get that answer before the next board meeting.

There were no further questions.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn the special meeting. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-003

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

September 28th, 2021
5:00 PM

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Tuesday, September 28th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Kevin Varney, Secretary
Myrtle Runyon, Commissioner
Paul Chaney, Commissioner

Commissioner Tackett was absent for this meeting.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on August 26th, 2021 as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-004

FINANCIAL REPORT – MIKE SPEARS, CPA AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of August was \$454,847 in non-restricted cash. Accounts receivable was \$1,027,302.67. Plant in place was \$165,447,219.44. Accounts Payable was \$286,421. Equity position at the end of the month is \$66,969,266. Revenue for the month was \$906,872. Utility operating expenses was \$1,027,412. The net income/net loss was \$153,905. Included in that number

depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$120,540. Included in the loss was depreciation in the amount of \$335,997. Cash increase for the month was \$63,289. The current operating account balance is \$438,462 which is the highest he has seen it in a while. KIA and RD Reserves are fully funded at \$861,528 and \$870,306 respectively. Our O & M Reserve is \$390,663. We are still transferring into the sinking fund \$83,500 per month and \$6,600 into the O & M Reserve account each month. Mr. Spears stated that if you review the back pages which show historical data, electric usages were down. His first thought was...we have that big consolidated bill that doesn't come in like the others and Mrs. Hatfield said that she thinks we had too much in July, which made some sense in you look at the numbers, but it was \$122,000 in July and \$97,000 this month. Prior to that it was \$107,000, \$111,000, \$120,000 and \$123,000, so, he is just cautioning that we probably need to...we may see an increase next month. Mrs. Hatfield thinks we won't and she may be right. The City of Pikeville water purchases was \$56,542 and the City of Williamson was \$36,340 so we must have been right around the minimum on both of those as far as purchases go. Commissioner Varney inquired if he knew what the accounts receivable for the prior month. Mr. Spears stated that he didn't right off but was within \$33,000 of this month's number the month before on the cash flow statement. Chairman Denison stated that they are trying to ask questions and figure out where we were generating \$63,000 increase in the cash flow. Mr. Spears stated that increase in accounts payable of \$91,000 would have generated part of it. Last month we cut off early because of the earlier meeting date. Sometimes that will affect it. Commissioner Varney inquired about the intercompany transfers on the cash flow statement...that wouldn't affect cash flow at all if it is just transferred between funds, right? Mr. Spears responded "no". The only way it would show up is if it went from restricted funds and unrestricted funds the way he has the cash flow set up. He stated that if he remembers correctly, we have been running around \$250,000 range on payables. He stated that Mrs. Hatfield is also still communicating with Kristen Millard regarding refinancing of the RD bonds. After further discussion, Chairman Denison requested a motion to approve the financial report for August as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-005

PRESENTATION OF THE 2020 ANNUAL AUDIT – RICHARD PAULMANN, CPA, LLC

Mr. Paulmann not being present at this time during the meeting, Chairman Denison skipped this item and moved on to the next item on the agenda.

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Denison inquired about the gravel hauling. Mr. Sawyers stated that he sent a memo out reminding the staff for one. Two is that a couple of them said they have asked but they could not come through with the delivery, because he guessed it was either after hours or couldn't get it delivered when we needed it. He already pointed this out and sent a memo out. Commissioner Varney inquired about the HR Direct...the same amount every week...is that compliance software to keep us up to date? Mr. Lowe stated that he didn't know. He inquired from Mrs. Hatfield. Mrs. Hatfield stated that it was posters that go to each location such as the office and Douglas WWTP and so forth for compliance. Chairman Denison inquired what was bought from Leon's for \$16,000-\$17,000. Mr. Sawyers stated that may be the lift we bought. We had to buy a new lift...at least it was the price in that range. The other one we have just reached a point that we couldn't do anything with it and it was dangerous. As a matter of fact, we chipped all of the material out of the garage down there and repoured the concrete and installed it the past two days. Chairman Denison inquired how many temps he has now. Mr. Sawyers stated that his guess was 4 to 6. Mrs. Hatfield stated that she thinks we have 6. We have 5 in the field and 1 in the office. Mr. Sawyers stated that we currently have 6 and we have to fill one, which would be 7. Chairman Denison inquired if the ones approved for full time, he is assuming that is where he is going to get them. Mr. Sawyers stated that what we may do is advertise positions and promote from within and then fire someone as a temp to replace that position... either way. Commissioner Varney inquired what the amount for Power Products was for in the amount of

\$11,700. Mrs. Hatfield stated that it was for equipment that was purchased in Ashland. Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-006

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for August were in the packets of information given to the Commissioners for the meeting. Mr. Lowe stated that there is one that is large on the list and most of that amount is sewer charges. She had the leak for two months and the first month was about 30,000 gallons and the other was about 80,000 gallons. Chairman Denison requested a motion to approve Customer Adjustments as presented in the amount of ten thousand, one hundred fifty-seven dollars, and twenty-one cents (\$10,157.21). Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the contractor has continued to install HDPE line during the month of September. The cutoff date was the 23rd and they have installed 2,691 LF or 20% of the total estimated footage. They are approximately 40% complete on the line installation now. As of today, they are at \$328,340 into the project as far as materials stored and work completed, which equates to .7% of the project. The new lift station components are being assembled at Wascon and we do not have a date for delivery as of yet, but they also have easements that have been obtained by H2O to straighten out some of the alignment issues that were previously discussed. They are also working at the upper end of the project. The land owner that sold the property for the new lift station, the easement that came with that, we had to modify it because they just moved the line and so he has a meeting with them on Thursday. They are working with the land owner at the far end of the project between the Norfolk Southern right of way and the Billy Dotson Branch lift station.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated the Transportation Cabinet has completed their right of way purchase and have given them the go ahead to finish the design drawings on that but they are not allowed yet to advertise that job. They don't want it advertised until they have the demolition of two houses complete. So, they are looking at about 2 months, is what they told them. Hopefully, they will know more at the next meeting.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that after receiving the executed contract for engineering services on September 7th, they went ahead and prepared the Summary of Addendum and the Preliminary Engineering Report for the project. The Summary of Addendum is one of RD's check list items. The document has been completed and circulated for review, and as soon as everybody has had a chance to review it, they will address any comments and forward it on to Douglas Hoff with RD. They have begun preliminary design, based on the alignment in the preliminary engineering report. That is the one that Mr. Campoy met on site with MWD personnel to review during the PER phase. Once the preliminary design is complete, they will schedule a meeting with MWD personnel and review the final design.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that all work on contract 2 (BP Pipeline) is complete and their invoice was previously approved, so there is no draw for them this month. The funding draw for this month includes Summit Engineering's final invoice, as well as the purchase of the second sludge box for the Belfry Plant that was previously approved. Ovivo still has a final balance of about \$47,000 which will be paid once they resolve an issue at the Belfry Plant. They will be back next week to take care of that and then the engineer will be able to process their last pay request. There will be one final draw at the next board meeting to draw down the balance of the ARC funds.
2. **Maynard Fork Water Line Extension** – Mr. Hill stated that plans, specs and bidding documents have been prepared. They have submitted an application to the Division of Water on September 15th and are waiting for that approval. Once that permit is issued, they will submit those plans and specs for their approval as well.
3. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that the engineering contract submitted for review which he doesn't see on the agenda but may be in the packet. Once that is approved, their next step will be to prepare the Summary of Addendum and submit that for approval as well.

Commissioner Varney clarified that he said that the contract for the Brushy Fork/Sycamore Project has been submitted for approval. Mr. Hill stated that he sent that to Ms. Olson earlier. Commissioner Varney stated that he didn't see anything in their packet so they can address that later. Mr. Sawyers stated that the board could approve it pending Jim Vanover's and his review of the contract and authorize him to sign it in the Chairman's place or however they want to do it. Chairman Denison requested a motion for approval of the Brushy Fork/ Sycamore Water Line Extension contract pending review by legal counsel and Mr. Sawyers and approve the District Manager to sign the contract on the Board's behalf. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-008

Chairman Denison requested a motion to accept the construction project reports from engineers as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 21-09-009

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 21-09-010

PROJECT DRAWS:

BELFRY POND SEWER PROJECT

Summit Engineering	ARC Funds	\$ 25,000.00
\$25,000.00	Inspection Services	
Park USA	ARC Funds	\$ 46,805.00
\$46,805.00	Materials	

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 91,838.45
\$91,838.45	Contract Construction/Materials	
EDC	KIA Grant Funds	\$ 5,525.00
\$5,525.00	Engineering Services	

RADIO READ METER REPLACEMENT PROJECT

Appalachian Wireless	RD Grant Funds	\$ 5,499.89
\$5,499.89	Modem Devices	
Jabo Supply	RD Grant Funds	\$ 3,052.05
\$3,052.05	Materials	

HUDDY MCVEIGH DOT RELOCATION PROJECT

EDC	DOT Funds	\$ 3,970.00
\$3,970.00	Engineering Services	

PRESENTATION OF 2020 AUDIT – RICHARD PAULMANN, CPA, LLC

Mr. Paulmann was in attendance at this time and apologized for his lateness due to a family emergency. Mr. Paulmann stated that starting with the Report of Audit on Page 1. This is a single audit, unmodified, best opinion letter. Page 2 at the top, these financial statements present fairly in all material respects the financial position of Mountain Water District for December 31st, 2020 and 2019. This is a single audit. It goes into the Clearing House. The end relationship to is at the bottom of page 2 and in his opinion, the information fairly stated in all material respects related to the financial statements as a whole. That is the single audit stuff. Page 7...if you own your own business this is similar to your balance sheet that your CPA would prepare. Cash and cash equivalents were \$392,000. Accounts Receivable net was \$1,225,000 which is an increase of \$152,000 over the previous year. Prepaids was \$56,000. Inventories was \$279,000 and is a decrease of \$44,000 over the previous year. Then your restricted cash is listed next by category. That construction cash...there is a tie out on page 30 of the footnotes. Total restricted cash is \$3,485,000 which is an increase of \$258,000 over the previous year. The Capital Assets, \$154,655,000, and there is a complete tie-on page 29 of the audit report on that...Less accumulated depreciated of \$70,000,000; net capital assets are \$84,507,000. For Construction in Progress there is a complete tie-out on page 32 of the audit report for \$8,531,000. Total non-current assets were \$96,528,000 which is an increase of \$3,986,000 over the previous year. Some of your items that involve the Kentucky Pension, deferred pension contributions, \$1,117,000, and there is a tie on that on page 17 of the footnotes. The deferred benefits were \$945,000 and there is complete tie-out on page 23 of the audit report for that. On page 8, Liabilities and Net Position; Accounts Payable was \$261,000 which was a decrease of \$171,000 over the previous year. Other Accrued Liabilities were \$86,000, Accrued Interest was \$218,000, Customer Deposits were \$368,000, Lines of Credit were \$439,000 which was an increase of \$302,000 over the previous year. Notes Payable current portion was \$1,243,000. Total current liabilities were \$2,738,000 which is an increase of \$391,000 over the previous year. Then your long-term debt, bonds payable, is now \$10,102,000 and there is a complete tie-out to that on page 33 of the footnotes. Net Pension liability was \$6,521,000 and there is a tie-out to that on page 21 of the footnotes, and the benefits of \$2,052,000 which has a tie on page 27 of the footnotes. Long term leases were \$7,262,000 which has a tie on page 38 of the footnotes. Advances for construction, \$4,549,000 and has a tie on page 39 of the footnotes. Total long-term liabilities were \$30,423,000. Total liabilities were \$33,162,000. Then you have some more items relating to the pension. Deferred pension investment earnings were \$119,000 and there is a tie out on page 18 of the footnotes. Deferred benefits were \$389,000 which has a tie on page 23 of the footnotes. You wanted the Net Position broke out so you could tell what you can appropriate going forward, and you have \$65,776,000 tied up in fixed assets and can't spend that. You have \$437,000 restricted for construction. Depreciation, Maintenance and Replacement of Capital Assets is \$2,506,000. Net customer deposits were \$87,000. So, you had a deficit for unrestricted in the amount of \$1,932,000. That is an improvement of \$2,175,000 over the previous year. The total net position is \$66,875,000 which ties to page 10 of the audit report. On page 9, total operating revenues were \$10,406,000 which is a decrease of \$181,000 but you weren't allowed to charge late fees in those items. Depreciation was \$4,078,000, Water Purchased was \$1,193,000 which is a decrease of \$147,000 over the previous year. Materials and supplies were \$580,000, Wages were \$2,165,000, Education, dues and meetings were \$150,000, employee benefits were \$521,000, contracting services legal and engineering were \$165,000, payroll taxes were \$165,000, retirement expense was \$1,928,000. He will show you on that how to net that back so that you can get a truer picture of your net income because that is that expense off from Kentucky Retirement. Utilities was \$1,246,000, total operating expense was \$13,396,000, an increase of \$860,000. Total operating loss was \$2,990,000. There was interest income and interest expense of \$441,000. Loss before capital contributions and changes in net position were \$3,423,000. You received Government grants of \$359,000 plus tap on fees of \$88,000 for a total capital contributions and other changes in net position of \$448,000 for a net change in position of a loss of \$2,974,000. Net position at the end of the year was \$66,875,000 which ties to page 8 of the audit report. Cash flows on page 12...if you own your own business, your CPA will prepare what is called a "indirect cash flow" which has the balance sheet changes, and that is what page 12 is. You start with your operating loss, add back \$1,078,000 depreciation, reduce \$1,152,000 for increase in receivables, then your two pension adjustments which is almost a million and a half. If you want to get back to your true net income, you need to add that \$1,101,000 and then the benefits of \$313,000. Then your inventory reduced \$43,000. Accounts payable reduced was an outflow of \$174,000. Net cash provided by operating activities was \$2,167,000 which ties to page 11 of the report. You purchased new vehicles of \$178,000 and took from construction in progress into fixed assets of \$1,436,000 off that page. Page 11 is the direct cash flow. It has those balance sheet changes flushed through your P & L. So, receipts from customers was \$10,254,000. Payments to suppliers was \$4,515,000. Payments to employees was \$3,572,000. For a net cash provided by operating activities of \$2,167,000 which ties to page 12. Then you have to add back customer deposits change of \$52,000 and add back the tap on fees of \$88,000. Add back the government grants of \$359,000. Add back the advances for construction of \$1,695,000. Subtract out your purchase of equipment which

does tie to the footnote in the back, of \$2,351,000. Subtract out construction in progress which is \$5,756,000, then your loan and line of credit proceeds of \$7,317,000. Subtract out principal payments of \$3,097,000. Interest payments of \$441,000 for cash used in financing activity of \$2,186,000 which is a decrease of \$249,000 from the previous year. Add the interest income of \$8500 and the change in restricted cash of \$40,000 which gives you, at the end of the year...now this is required to be cash and restricted cash and then we have to reconcile it at the bottom. So, \$3,878,000 total which reconciled to the bottom of the page there for combined. Page 15 gives you that cash and restricted cash and gives you items you can invest in. Page 18 is in your pension section. This starts with the chart in the middle of deferred outflows of resources. Everything on that page except for contributions subsequent to measurement date is straight out of the state chart. That item is their date that they did the detail, whereas your year end is December, so the additional \$241,000 is what you paid in over the next 6 months. That ties to page 7 of the report. The deferred inflows are a straight pull out of the chart for the \$119,000. Then, page 20 gives you some of what they expect as expected returns off of different investments. Page 21 with the pension, what they want here, this is called...how sensitive it is to a 1% change in portfolio. With a 6.25% return, that is what they make you record, it is \$6,521,000 liability. A 1% decrease is \$8,000,000 and a 1% increase drops it to \$5,262,000. Last year, you got about the worst-case possible scenario because you had the Covid drop in the market. Then, for the benefits on page 23; and everything on that page is straight off the chart other than the contributions subsequent to the measurement data of \$9,200. So, you have deferred outflows of resources and asset of \$945,000 and deferred inflows, a liability, of \$388,000. The deferred inflows are straight pulled off the chart and that ties to page 8 of the report. Then page 26 gives you their expected returns on the benefit portfolio. Page 27 gives you your liability straight out of the chart of \$2,052,000. In fact, they even gave us these 1% and everything is straight out of the chart. So that \$2,052,000 for benefits with a 1% decrease would be \$2,636,000 and a 1% increase would be \$1,572,000. That ties to page 8 of the report. Page 28 is your customer deposits and page 29, at the top, you are required to have collateral agreements and FDIC insurance and you have no problems there. The bottom of the page has the tie out of all of the fixed assets that ties to page 7 of the report. Page 30, at the top, that depreciation, that \$4,078,000...that is your best estimate of how much you need to spend a year to keep your infrastructure assets current. Then your construction funds are all listed in the middle of the page in the amount of \$437,000, which ties to the bottom and that is the detail of your restricted accounts which ties to page 7 of the report. Page 31, your reserves, look okay to him. Page 32 at the top, is construction in progress detail which ties to page 7 of the report. Then pages 32 and 33 lists all of your bonds which ties to page 8 of the report. Page 34 gives you a breakdown of principal and interest of the bonds over the entire life of the bonds. Notes payable is on pages 34-38. The total on page 38 tie to page 8 of the report. Page 39 gives you the interest and principal over the life of the loans. The bottom of the page is the detail on the advances for construction and ties to page 8 of the report. Page 40 is your scheduled federal awards of \$4,502,000 which is all in construction in progress for the Belfry Pond Sewer and booster pump projects. The Basis of Presentation is on page 41. Page 42 is your internal control report and he didn't find anything negative to report. Page 44 is your federal awards opinion letter. This is the best and he didn't find anything negative to report on it either. Then there is detail of the results on page 46 and a threshold of \$750,000. Then the last page is required information on the pension. Turning to the management letter, on page 2, there were not any needed audit adjustments. Page 3, this report is for himself and the board. Page 4 again, that statement is at the bottom. He does want to point out that your old outstanding checks that you used to have, that was taken care of and all cleared, so that is gone. Here, same as years before, make sure your telemetry equipment and stuff that is in remote areas is all as secure as possible. You may want to take pictures of private property on some of those items, in case your attorney ever needs it. Customer deposits, you need to be careful with that. Whenever you can change billing software, it doesn't roll forward. They don't interface them. Inventory for this year is required to be perpetual, not periodic. He had to add one new one. The board should consider the possible effects of inflation and here there is Treasury inflation protected securities instead of using CDs. That actually increases in value if inflation takes off. You should consider making sure with your engineers that you are locking in all projects. Get the prices locked in so inflation doesn't affect those. This will also be a better time...your inventory was down...but you want to carry higher inventory because prices are going to increase. He inquired if there were any questions. There were none at this time.

Chairman Denison requested a motion to accept Mr. Paulmann's audit for the year ended December 31, 2020. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent

Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-011

Mr. Paulmann stated that we still need to get it into the clearinghouse and will take care of that. Chairman Denison clarified that it would be before the end of the month. Mr. Paulmann confirmed that as correct and thanked the board.

MANAGER’S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that as some of the board members know, they have been meeting with the fiscal court in regards to the American Rescue Plan Act. The fiscal court has some funding through that. They just recently approved \$1.3M of the funding to go to the District to combat water loss and aging infrastructure. As far as other funding available right now, it is that time of year when KIA opens their doors for SRF loans. Those are low interest loans. He inquired if the District was interested in pursuing any loans because right now, we do have funding coming in for some of these other projects. There was no response to that inquiry at this time.
- 2.) **Water Loss Update** –Mr. Sawyers stated that water loss on the MWD form was 22.28% and the average for the year was at 21.23%. The PSC form was 27.9% and for the average for the year was at 28.48%. To give Commissioner Runyon and Commissioner Chaney a better idea, the District took back over in 2016, and at that time we were at 38.25% water loss. That is based on the PSC form. The next year was 37.35%, then 39.0% in 2018. Since 2018 we have dropped it a little each year. So far, the average this year is 28.48%. Since then, we have dropped it from 39% down to about 28%. Chairman Denison stated that the PSC wants us to get that down to 15% or below. Mr. Sawyers stated that they have a benchmark set at 15%. Commissioner Runyon clarified that they calculate it a bit differently than we do. Mr. Sawyers stated that yes, theirs is based on accounted for water loss. Commissioner Varney stated that we count leaks in ours and they do not allow that. Mr. Sawyers stated that they won’t even let you count something that a third party broke and done. They don’t let you count much of anything.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **Surcharge Application Update**– Mr. Sawyers stated that he mentioned to the board last month that he spoke with Gerald Weutcher. His draft will be ready the first week of October. He has spoken with him on the phone and explained our situation with the fiscal court and told him to finish the draft, and not to do anything beyond that...to halt any other work that is a part of the project...because he guesses we will end up suspending that based on funds that are coming in from the fiscal court.
- 5.) **Radio Read Residual Funds Project Update** – Mr. Sawyers stated that we are 50% complete with the zone meters and 75% complete on the telemetry.
- 6.) **Employee Incentive Initiative** – Mr. Sawyers stated that he thinks they have gotten all of the boxes in and one of his staff has contacted Commissioner Tackett but hasn’t heard back yet with a time to go mount them on the walls at the locations. Commissioner Varney inquired if a handout was sent to employees. Mr. Sawyers confirmed that as correct.
- 7.) **Interlocal Agreement – City of Williamson, WV** – Mr. Sawyers stated that we have spent several years trying to get this agreement approved by the City of Williamson’s council. This allows them to disconnect their customers in order for us to receive our past due sewer bills. We have customers

that are past due and this keeps us from digging up concrete, pavement, yards, and plugging off things. So, they will lock them off and we have an agreement with them to do so. The District will need to pass a resolution to approve it today and to sign it. Commissioner Varney stated that to recap, in the past, for South Williamson and that area down through there, we provide the sewer service but the City of Williamson provides their water. If they get behind on their sewer bill, we don't have much recourse to them except for going in and digging up their driveways and their yards. This will allow Williamson to work with us to shut off their water until they pay us, too. Mr. Sawyers stated that the board will just need to pass a resolution to sign the agreement. Chairman Denison requested a motion to approve to execute the interlocal agreement with the City of Williamson as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-012

- 8.) Proposed Staffing, Vehicle, Equipment Plan** – Mr. Sawyers stated that he sent this spreadsheet out to the board for review in the last week. Mr. Sawyers stated that he is not going to go into the memo language. He assumes they have all read it pretty thoroughly. It talks about the staffing, vehicle and equipment issues as far as being short staffed and short with regards to vehicles and equipment. You see there David Taylor's email of what we are dealing with for that one week along trying to get all of this straightened out. On that list there was like 14 leaks and 7 taps that are behind to date. He gave everyone a simple spreadsheet for review. He went through there based on the operator cost and what we factored into the surcharge, with both labor cost and benefits involved. He even factored in the medical as well. Those are on there, the 1500 series pickups...just to give an example of where we are at in regards to dealing with these "chip" problems, the last 1500 series pickups we bought were running around \$27,000. He had to give an estimate of \$35,000. That is how much they have increased because of the chips and they are in such demand. The pickup we ordered back in May; we have not received yet. Then, seeing what kind of issue there was going to be, we bid out the remaining budgeted vehicles for the year in June, and we still have not received the first vehicle out of all of those. Right now, he is trying to research what we can and can't do. If one of the possibilities that he can look at is the 1500 series pickups, we might be able to find those under the \$30,000 procurement amount, but they would be used. But at least that would be something we can utilize that, even if it is a used truck until we can...and just replace those down the road when things are better again. We have the 3500 series utility truck on there, one mini excavator, one pull-behind trailer, and the large excavator (I did out a note down there on it) that we have it currently leased. It is a short-term lease at \$3,000 a month with Brandeis and we are already paying that. We would have to advertise an excavator for bid, but between it and the mini excavator, he believes that is about what that payment range would be. Commissioner Varney stated that he knows this is another issue, but the money that the county estimated comes with some restrictions, and is there anything on there that those funds can be used for. Mr. Sawyers stated that we can bill the equipment out by the hour like they do with FEMA, is what they mentioned in that meeting. Commissioner Varney stated that as we go and use it for water loss, we can bill that by the hour and draw money from that fund. Chairman Denison stated that is what we think. Chairman Denison inquired if he ever got a clear-cut answer about in-house employees. Mr. Sawyers stated that the email he got back from that girl, she back-peddled on what she said. But still, even if we utilize it or don't utilize anything with regards to that project, we still need the staff. Chairman Denison stated that they are just trying to figure out how they are going to pay for it. Mr. Sawyers stated that we can bill the equipment out. There is also the cost savings in refinancing those...he inquired from Mr. Spears if he had any idea what the cost savings would be for that refinance. Mr. Spears stated that it is pretty significant in the first year and about \$30,000 a year, on average, after that. The first year was \$356,000. Chairman Denison stated that plus if, are we going to invest the sinking fund or not...Mr. Spears stated that is one of the questions we had for

Ms. Millard. When we did the last refinance through Regions Bank, they said there were no covenants in the loan agreement that said that we have to, but to keep doing what we were doing with RD. So, that is what we did. If we do this, we are going to be down to one RD bond which would free up \$1.2 roughly. It would free up around \$800,000 on the reserve account and then the O & M account, he thinks we would be okay on it until we go back to funding, if we can do that. He feels confident that we can. If they don't have a covenant in there then there is really nothing binding us. Chairman Denison stated that plus the \$356,000 we are saving in the initial year. Mr. Spears confirmed that and said it would be in the \$1.5M range to utilize. Commissioner Varney stated which means that we could take that and not even finance the equipment cost. Mr. Spears stated that we will probably want Jim Vanover to look at the loan agreement when she sends us the proposal. His understanding is that we are not committed until the end of it. We will confirm that tomorrow. Chairman Denison inquired when we will know. Mr. Spears stated that we will get answers tomorrow as soon as she responds. Chairman Denison stated that the problem is that we are short-handed and we will have to do this one way or the other. Commissioner Runyon inquired if it was hard to find people. Mr. Sawyers stated that right now, one of the things we have dealt with this year alone is turnover. He is losing at least one employee a month. Actually, a little more than one on average. What happened last year with covid and people not wanting to work, the employees that he has, they want to work. And all of these jobs are in the market now because nobody else wants these jobs, for example, he lost two or three to telecommunications. One is driving all the way to Grundy because the pay is that much better. That is one thing that is hurting us right now is our rate of pay scale in the market. Chairman Denison inquired how long it takes to get someone on health insurance and everything once hired. Mrs. Hatfield stated that it takes 30 days for insurance and 120 days to accrue time. Mr. Sawyers stated that usually when he does payroll, he figures about 10% for overtime, which may be a little bit high. Chairman Denison inquired if Commissioner Tackett had looked at this and if he got his opinion. Mr. Sawyers stated that it has been sent to him but he hasn't heard anything from him. Chairman Denison stated that he thinks they are all in agreement that this needs to be done. Let's wait until Mr. Spears gets an answer back. Mr. Sawyers inquired if they want to table it for another month or approve it now pending...Chairman Denison stated that he didn't have a problem with that. Mr. Sawyers inquired if he wanted to appoint somebody to look at it, they can just appoint him and Mr. Spears to review whatever is sent regarding the refinance. Chairman Denison that is fine, but also Commissioner Varney. Commissioner Runyon stated that it is necessary, but the only question is how to pay for it. We have to do it one way or the other. Chairman Denison stated that we need to do it but we have to make sure we have the cash there to do it. If this gets approved, there is no question because we are freeing up those funds of about \$1.5M. We can't use the money from the county and it is not going to be able to help us in this situation except for what we can bill hours on equipment. Mr. Sawyers stated that he had a lady from KACO tell him that we could do labor, equipment, etc. But when he put her to the test and emailed her this information, she backed off on it after she researched it some. So, his only thing right now in his conversation with the fiscal court would be that could do billable hours with equipment, just like we do FEMA projects. Chairman Denison requested a motion to approve the staffing, vehicle and equipment plan as submitted by Mr. Sawyers pending comments that we receive from the lending agency and after approval by Chairman Denison and Mr. Spears. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-013

Mr. Sawyers stated that the next few pages of the summary is the standard information that is in there every month that talks about meter change outs, customer counts, disconnection/reconnection report, and bacteriological sampling. That is all for the Manager's Report.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-014

NEW BUSINESS

- 1.) **Proposal to add the Pledge of Allegiance and Opening Prayer to the Board Meeting Procedure** – Chairman Denison stated that Commissioner Tackett has proposed, and he thinks it is a great idea, before opening the meeting we say the Pledge of Allegiance and open with prayer. He requested a motion to approve these items for all future board meetings. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-015

- 2.) **CDBG – CV Utility Provider Certification** – Mr. Lowe stated that CDBG has funding that they are going to use to pay past due customer's bills. He thinks they will go back two months and up to four months in the future if he understood it correctly. We will send them to Big Sandy ADD and they make sure they meet all of the qualifications. Commissioner Varney inquired if there were any reasons why we wouldn't want to do this. Mr. Sawyers stated that Mr. Lowe was not really happy with the language of the agreement. Mr. Lowe stated that there was something in there that if you accepted the money, you couldn't disconnect the customer for 90 days, but they said they would be paying four months in the future, so that doesn't really matter. Chairman Denison clarified that if they only make a partial payment and they still have a balance, we still can't disconnect them. Mr. Lowe stated that is the problem with the language of the agreement. The other problem we had with it was that if the customer vacates and they have a credit balance because of these funds, we have to refund it back to CDBG instead of the customer. That is going to be very difficult for us to track. An example of that now is that we occasionally have Helping Hands or somebody pay a security deposit for a customer. If that customer leaves, we refund it to the customer. Commissioner Varney clarified that it happens automatically through the software program. Mr. Lowe stated that we just tell it to apply any deposits that need to be applied and it does it. Commissioner Varney clarified that this would require intervention on our part. Mr. Lowe confirmed that as correct. Chairperson Denison stated that he thinks they need to approve it. He requested a motion to approve the CDBG-CV Utility Provider Certification as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-016

- 3.) **Review/Approval of Employee Health Insurance Renewal** – Mrs. Hatfield distributed handouts regarding employee insurance renewal. She stated that it is time to renew our employee's insurance and the current policy we have expires on October 31st. The reason we would like to have a decision made this month is because that gives us enough time for our employees to get enrolled with whatever plan is chosen. She stated that she and Commissioner Runyon met with Daryl Carlson last Friday, who is with McGriff; our agent for the last 5 or 6 years. The carrier that we currently have is United Healthcare and they have come in with a 34.8% increase on the renewal. With Anthem, if you look on page 3 you will see our core plan. The first column is our current plan, the second column is the plan that is the renewal (and you can see if has a 34.8% increase). So, we have two very comparable plans that the agent has found. We have Alternate #1 and Alternate #2. Alternate #1 is very close to the current core plan that we have but has an increase of 14.2%. Alternate #2 is a little bit more on the max out of pocket there, but it is only a 9.4% increase on the core plan. These numbers are based on the current breakdown of insurance choices for our employees as if they would all keep the same plan they already have. Chairman Denison inquired if she and Commissioner Runyon have a recommendation. Mrs. Hatfield stated that on the core, she called Mr. Carlson back and asked his opinion on the best plan, and he thought that both were good plans, but for the cost savings, he thought Alternate #2. She stated that the only difference she noticed between them is the co-insurance amount for #2 is 30% instead of 20% with #1. Chairman Denison stated that the out of pocket is only \$1,000 more. They may have to pay more up front but he always looks at the out of pocket. Mrs. Hatfield stated that Alternate #1 is actually better than the current plan they have. Commissioner Runyon inquired if this was the final numbers. Mrs. Hatfield stated that they were. They came after she sent the email out. Commissioner Varney clarified that there was a savings of out of pocket from \$10,000 to \$8,600. Mrs. Hatfield confirmed that as correct and another good thing about Alternate #1 is that if the doctor is in the network, then the co-pay would only be \$20 per office visit but if it is out, it would be \$30 and they are already paying \$30. So, if they had a doctor that was actually in that network, it would be \$10 cheaper. Commissioner Varney stated that the difference in the total cost for the two plans is roughly \$9,000 which is only \$350 per employee per year. That would save quite a bit. Mrs. Hatfield stated that the next page is for the buy-up plan for the employee's portion. We have 3 different alternates for Anthem that is pretty comparable to what we currently have with United. That first one has close to the same deductible but the maximum out of pocket is a little bit less for family for alternate 1 as opposed to what we currently have. Alternate 2 has a higher deductible but the max out of pocket is much better, but this alternate has an increase of 12.4%. Alternate 3 is a PPO HRA. This is a plan that we had the year before we had United and if you remember, we had that \$500 set aside in a sweep account and so, the employer would pay \$500 and the employee would pay the other \$500 of that \$1,000 deductible. This plan is something that we had in the past and it worked really well. Basically, the insurance would notify us, they sweep it themselves out of that account. We still have that account set up today, we never did close it. We actually have about \$1,600 in there right now. Mr. Carlson thought that it is a really good plan if we wanted to go with that one and it is only a 3.5% increase. Commissioner Varney inquired as to the difference between the core plan and the buy-up plan. Mrs. Hatfield stated that with the buy-up, the employee has to pay a portion of the policy. Commissioner Varney stated that this is an option they could choose. Mrs. Hatfield stated that they could pay a little bit more and have a bit better coverage. One thing that she did notice on the alternate 3 that was a downfall for her personally was the emergency room. It is not much of a difference but it does require you to have your deductible plus 20%. If you look at the current plan, it was \$300. There is really about \$200 difference in that but the other two have \$250 plus 20% for ER visits. Chairman Denison stated that he thinks that throws option 3 out for the buy-up. Also, the 3.5% increase would be a savings, but he went ahead and factored in 50%...that is what they say the highest would be is 50%. Actually, it was going to be a little cheaper than what we currently were paying, but once he factored that number into it, it came up with the 3.5% increase. Chairman Denison stated that he favored the alternate 1 for the buy-up. He inquired what Commissioner Runyon thought. She stated that she liked the option 1 also for the core, even though it is a little bit more. Chairman Denison inquired about her thoughts on the buy-up plan. Commissioner Runyon stated that she would not choose alternate 3 either. She thinks she would go with core alternate 1 with Anthem and then the buy-up alternate 1 as another option for employees. Commissioner Varney stated that he likes alternate 1 also even though it is a little bit

more expensive. He thinks it is better for the employees. Chairman Denison stated that it is only \$23 a month more which isn't that much more with better benefits. Commissioner Varney inquired if they choose the buy-up alternate 1, if that is the one we choose, this annual premium of \$241,451...he is trying to figure out what the additional cost to the employee would be if they buy-up. So, subtract off the \$204,395 that we are going to choose for the core plan...Mrs. Hatfield stated that she has a spread sheet that she didn't bring down of how much the buy-up...Commissioner Varney stated that it is \$37,000 roughly, and he knows he is generalizing it, but if he divides that by 24...\$1,500 a year...Mrs. Hatfield stated that the employee would be paying a bit less than that. Commissioner Varney stated that if it is feasible for them. If we are picking a plan that they can't afford, maybe we are going to need to...that is the cheapest option with the 3rd one out. Mrs. Hatfield stated that she is thinking it is about \$13+ a paycheck. She can get the spread sheet but she is pretty sure for the individual plan, not the family plan, that just for the employee it is about \$13.95 per paycheck difference. She went to her office and retrieved the spread sheet and stated that the monthly cost for the buy-up plan for the employee only is \$25.91 currently with United Healthcare. The employee + spouse is \$234.74 a month. Employee + child is \$165.04 a month. The family package is \$386.43 a month. After further discussion, including the locked in rate for 2 years for the dental and vision coverage that does not change, the board approved the employee insurance package of Alternate 1 for the Core Plan and the Alternate 1 for the Buy-Up Plan with no change to the dental and vision plan insurance. Chairman Denison requested a motion to that effect. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-017

After review of the life insurance renewal data, the board decided to renew the life insurance to change to Mutual of Omaha Alternate #1. Chairman Denison requested a motion to approve the change to Mutual of Omaha Alternate #1 for employee life insurance. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-018

4.) Legal Issues

- a. Executive Session - Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-019

Chairman Denison requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-020

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today’s special meeting. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-09-021

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

October 28th, 2021
5:00 PM

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Chairman Denison led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Thursday, October 28th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Treasurer
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meetings held on September 20th, 2021 and September 28th, 2021 as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of September was \$364,434.88. Accounts receivable was \$1,048,961.32. Plant in place was \$165,738,814. Accounts Payable was \$237,708.21. Equity position at the end of the month is \$66,707,298. Revenue for the month was \$899,266. Which is still pretty good due to August water sales. Utility operating expenses was \$1,110,153.73. The primary driver in that was that R & M was up significantly. We spent about \$100,000 on pipe. He is assuming it is either from work on service lines or something else but he has not gotten a full answer on that. We spent about \$100,000 on pipe...Consolidated Pipe was the bulk of it. Ms. Hatfield stated that Consolidated and Hayes Pipe was a lot of it that Randy Burnette was restocking what he was out of. There wasn't anything out of the ordinary at all. Mr. Spears stated that there were no big items. It was all of the invoices for pipe and stuff like that. Chairman Denison inquired if we had more inventory now. Mr. Sawyers stated that we have restocked some items where we have been doing replacements...main lines and other stuff, plus, some of that may be purchases through the Radio Read project also. Mrs. Hatfield stated that comes out of a different fund, but some of the pipe was ordered in previous months and just got shipped and it all came billed at the same time. Mr. Sawyers stated that we have two or three directional bores that needs done that we have ordered pipe for and other things in-house. Mr. Spears stated that the net income/net loss was \$276,642. We are usually at about \$150,000 previous to this month, with the exception of the pipe purchases this time. Water purchases and other items looked normal and he was expecting something that stood out. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$211,187. Cash decreased for the month in the amount of \$91,213. The current operating account balance is \$350,111. KIA and RD Reserves are fully funded and our O & M Reserve is \$397,360 and if we refinance these, that should free some of that money up for us to use on projects that we choose. We are transferring money to the sinking fund which will go up a bit this year with the Belfry Project coming on, to \$83,500 per month and \$6,600 into the O & M Reserve. Chairman Denison inquired if he had a timeline for the refinance yet. Mr. Spears stated that it was his understanding that she was going to send Carrie the resolutions from Randy Jones but they may not have them ready yet. Mrs. Hatfield stated that she hasn't sent her anything on that yet. She sent Mrs. Hatfield an email on the 21st asking when the meeting was going to be and that she would send those resolutions. Meanwhile, she asked Randy Jones to get the PSC applications to Mr. Spears and hopefully we will get to that soon. Mr. Spears stated that she had sent him an email yesterday about one of the loans so they are working on it still. He stated that getting back to the financials, they can look over pages 15-18 which are his favorite pages in this thing. Revenue was pretty normal for this time of year. Utility Operating Expenses, our electricity was \$110,000 and it is up a little bit. He thinks Mrs. Hatfield was right, if you look at the September number on page 17. It was \$122,000 last month and we talked about it having to catch up from previous months. Water purchases for Williamson and Pikeville...\$43,903 for Williamson which is normally in the \$38,000 range and Pikeville was \$56,235 which is pretty well right at the bottom of the minimum. After further discussion and review of the budget versus actual summary, Chairman Denison requested a motion to approve the financial report for September as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-002

Mr. Spears stated that it was that time of year when the Budget Committee meets to work on the annual budget for 2022. After discussion, the Budget Committee will be Commissioner Runyon, Chairman Denison, Mike Spears, & Roy Sawyers.

PAYMENT OF BILLS**AGENDA ITEM IV**

Chairman Denison inquired if the Encova was the down payment for the worker's comp. Mrs. Hatfield confirmed that as correct. After review of the data, Chairman Denison stated that if there were no further

questions, he requested a motion to approve the payment of the bills as presented. Commissioner Tackett made the motion to approve the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-003

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for September were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve Customer Adjustments as presented in the amount of thirteen thousand, one hundred fifty-three dollars, and ninety-seven cents (\$13,153.97). Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-004

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the contractor has continued to work through the cutoff date of October 21st and during that time they installed 1,153 linear feet of pipe. So, they are at 48% of the pipe installed. With the stored materials and work completed they are at \$72,062 which represents 30% of project completion. At that point, with what they have done since then and looking forward to the next few weeks for the installation of the pipe to be complete. They are in the period where they also provided shop drawings for the lift station and the wet well. Those were approved and are in fabrication right now. EDC has continued work on acquiring an easement from the property owner at the lift station and MWD is also working on the easement for Billy Dotson Branch going into the next lift station. Hopefully, that will get wrapped up real soon. Commissioner Tackett stated that we have installed roughly 6,000 feet of pipe on this project now and he is assuming they are pressure testing it or pressure testing it as they are putting it in to make sure all of the connections are good. Mr. Spears stated that once they get so much in, they have to test segments of it as they go down through there. As of right now, they are not leak testing but it will be. Commissioner Tackett stated that we have roughly 6,000 feet that is already put together and in the trench and covered up. Mr. Campoy confirmed that as correct. Commission Tackett inquired if they pressure test after that point and it doesn't hold the pressure, what then? EDC stated that they will do it in segments so that they can identify where any problems are that they may have. If the pressures on this line are not like what you see in the water system. Commissioner Tackett confirmed that this line is going in with the proper bedding and everything has been covered up with material. Mr. Campoy confirmed that as correct. Ms. Olson inquired if they have valves installed so that they can go back and pressure test small segments at a time by valving it off. Mr. Campoy stated yes, that is how they will do it. Commissioner Tackett inquired how far it was between the valves. Mr. Campoy stated that it varies, and he couldn't give him a direct number right now. He will check on it and get back with him on it.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that last month, the Transportation Cabinet had gotten their easements and that they had scheduled a couple of homes for demolition here, a couple of months out. Well, they had told them that they wanted EDC to wait until the demolition was done before advertising the project, but then they came back and asked them to advertise it, which they did. They had some bidders get plans and have a mandatory pre-bid meeting scheduled for November 2nd, and bids are due November 9th at Jim Vanover's office. Because of the planned demolitions, the contractors are being required to put up a 90-day bid hold. This will be a project that probably starts in the winter. Commissioner Tackett inquired if there is anything time sensitive to their bids with regard to the 90-day bid hold. Mr. Campoy stated that the price of materials... Commissioner Tackett inquired if they are apt to come back in 90 days and say it will cost more. Mr. Campoy stated that if it goes past the 90 days, they certainly could but they have to guarantee their price for 90 days. So most likely what they are going to do is cover themselves based on trends in pricing. Commissioner Tackett stated that due to the Transportation Cabinet's screw up, for lack of a better term, he is sure these contractors probably will pad their bids to where they can make sure that they are not going to get shorted. Mr. Campoy stated that that is correct but to remember that this project is Transportation Cabinet's funds. Commissioner Tackett clarified that it is coming out of their pocket and not ours. That was confirmed as correct.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that during the period, the Summary of Addendum for the project was completed and submitted to USDA Rural Development. They have not gotten any comments back but expects if they have any comments, they will get them in the next 30 days or so. The Preliminary Engineering Report and clearinghouse comments letter were also forwarded to the USDA's Environmental Review Coordinator for an environmental determination. The engineer has been continuing with preparation of mapping and preliminary design and as part of this process, they are also forwarding latitudes and longitudes to for this project to the Environmental Review Coordinator to assist them. As soon as the preliminary design is done, they will be meeting with MWD to review it and then will be moving on to final design.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that Ovivo still has to address a couple of issues at the plant recently with a pump not working and troubleshooting the PLC with one of the programmers and he will follow up on that next week and see if those issues are resolved. RD has asked to go ahead and draw down the remaining RD funds and close that out so you have a final draw request in your packet which is #27 and they will send it back next week.
2. **Maynard Fork Water Line Extension** – Mr. Hill stated that plans have been approved by the Division of Water. They have their bid documents complete and ready to submit to Rural Development for their approval so they can proceed to bid. This is ARC funds but RD is administrating that so they have to review everything for the project.
3. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that they have reviewed the preliminary plans with the District in the last week and are ready to submit to the Division of Water this week or next. Mr. Spears inquired if the draws listed are the final draws. Mr. Hill stated that is correct.

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Tackett inquired which tanks the draw was for on the Radio Read Project. Mr. Sawyers stated that it is for Kendrick Fork and Poorbottom tanks. Commissioner Varney made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-005**PROJECT DRAWS:****BELFRY POND SEWER PROJECT**

Ovivo	ARC Funds	\$ 27,947.31
\$27,947.31	Materials	
Ovivo	MWD Local Funds	\$ 17,721.04
\$17,721.04	Materials	

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 39,349.58
\$39,349.58	Contract Construction/Materials	
EDC	KIA Grant Funds	\$ 3,250.00
\$3,250.00	Engineering Services	

RADIO READ METER REPLACEMENT PROJECT

Southern Tank	RD Grant Funds	\$ 95,750.00
\$95,750.00	Materials	

Commissioner Tackett inquired when those tanks are due in. Mr. Sawyers stated that he would say it would be sometime in November. Commissioner Tackett inquired if they bring them here or will they deliver them to the site and is the site going to be ready. Mr. Sawyers stated that the deal he has worked out now is that they will take them to a certain point...his thought was to take them to the water treatment plant. Ronnie Robertson said that he would move them from there for us to the site on a rollback.

Chairman Denison requested a motion to accept the construction project reports from engineers as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-006

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that they had discussed last month about the American Rescue Plan Act and how the fiscal court was going to get us \$1.3M. At this point he needs to sit down with Randy so they can clarify some items in order to see how to move forward with it. He and Randy will meet sometime between now and next week to go over that. BSADD is doing their project prioritization for the year. They wanted two water projects and two sewer projects. He gave those to them and listed number one as Brushy/Sycamore Project for being underfunded. He called and spoke to Commissioner Robinson and he asked that the second item be Peach Orchard. That is the two he submitted to BSADD for prioritization within the county for water. For sewer, he sent them Belfry Pond Sewer Project Phases 2 and 3. Phase 2 takes it up to Jerry Bottom and Phase 3 would go from there to Mullen Fork.

- 2.) **Water Loss Update** –Mr. Sawyers stated that water loss on the MWD form was 18.98% and the average for the year was at 20.98%. The PSC form was 28.8% and for the average for the year was at 28.6%. He requested that Mr. Taylor continue with the update. Mr. Taylor stated that is the same as it has been. They are it at night, every night. Two teams looking for the leaks, finding them, and trying to fix them as permanent replacements. They were able to utilize a couple of the zone meters that were newly installed in the Robinson Creek area which are sub zones, and the telemetry system that we have the zone meter hooked up to, generates its own report for the month and you can look at those daily totals to kind of make sure that you are in line with your consumption. Last week we had an anomaly where it started to go up and then it almost doubled in two days, so they were able to take the surplus and divide that by 1440 minutes in a day and that gives you an idea of what you are looking for. They were able to find the problems and get the average consumption back down. That particular zone would have taken two to three nights for them to make it up there from going from Little Creek to Jonancy and then Indian Creek, Long Fork, and up in the head of Long Fork of Virgie, which is a long road. It is a large pressure zone and on the tail end of the system, so that would have been the second night before they would have even gotten to that point. So, basically, it helped them expedite a problem that they could find quicker and go on from, even from what we had in 2016, our average system total is right at a million gallons less per day right now. He spoke to Mr. Sawyers briefly about this, but he would like to do kind of a presentation of the 5-year progress on where we come from in 2016 and how we got to where we are now with some explanation to clarify what it takes to find leaks and what we have done in the field...VFDs, kilowatt hours, and some other trends and it would be a good orientation for the new board members, too, to see what goes on in the day to day, if that is okay with the Board. Chairman Denison stated that he thought that was a great idea. Commissioner Tackett clarified that he said that he was able to use one of the new zone meters that has been installed. That zone meter reports to where? Mr. Taylor stated that it has a 420-milliamp output that goes into a radio system to our telemetry which is easily accessible by our computers and mobile phones. It is basically what we call our telemetry system. We have 80-90 sites on it and a lot of the pumping stations that we already had, we upgraded those sites so that it could take that extra input and then when we installed the mag meter, we output it into it and it lets us read it in real time. Commissioner Tackett stated that the he just noticed that the flow rate going through that meter was up for those two days or...they aren't wired into..into where we know how many individual meters are inside that one zone meter, we aren't able to monitor what is actually goes through our...like if you have 200 personal meters inside the meter zone, we aren't able to read those individual meters on a daily basis to know that we have "X" number of gallons went through our zone meter, but we had "Y" number of gallons go through our personal meters. Mr. Taylor stated that is correct. The anomaly only shows the average total and then if you have surplus over that average, that surplus could be consumption on the customer's side. There could be a home where they went to Florida for the two weeks and a pipe burst in their home and their meter is registering 8-9 gallon a minute and they

aren't there. That could be what you are looking for. Other times it is just a service line in the creek or a main line. Consumption could be part of the issue of what the anomaly is. Ms. Olson stated that we do not have the ability to read them in real time individually, but they do have the capability and they all do keep a log. Our meter crew can go out to a specific address if we are suspicious, and pull a log back 3 months and it will give a daily consumption that we can review. But it has to be pulled onto their equipment and then they download it here. Commissioner Tackett stated that in talking to the PSC in the past, they talk about a water audit. He inquired if we have ever done a water audit? How does that work? Say we get our 70-80 meters that we are talking about installing, put in... Mr. Taylor stated that he and Mr. Lowe have worked on that before. He knows where the pump stations and the ends of the lines are at and he can plug on the route sheets and then Mr. Lowe can take those route sheets and plug them in to the system and go back with months and months of data and get an average consumption for the month. He then can take that total and divide it by days of the month and see what our average daily use is. So, you would take that on what you are pumping into that zone. That would be your consumption analysis versus your daily flow. Mr. Sawyers stated that is a consumption analysis and he doesn't know if that is what the PSC is calling an audit. They may want to see the whole system and the infrastructure in the system, he doesn't know. Commissioner Tackett stated that at some point in time when we get all of these in, we are going to know what this zone meter says went through it and what our metered sales were for that month and be able to come up with, "okay, 1500 gallons went in this zone meter but we only had 1,000 gallons of meter sales, so we lost 33% of the water." Mr. Sawyers stated that may be something that Mr. Lowe can set up some kind of software program where you can pull up just those customers on the customer analysis...Mr. Lowe stated that Mr. Taylor called him on Sunday or Monday night and gave him a particular route and said for the last month, how much were these customers billed last month...and then he compared it to what he had and could see how much of a leak he had. Mr. Sawyers stated that Commissioner Tackett's point is, can you set up a system where you keep that up and continue to run it every month, that way he can get consumption analysis. Mr. Lowe stated that he can't do that with these meters in real time. But we can monthly. Mr. Sawyers stated that what he thinks Commissioner Tackett is leading up to is can you generate a report every month. Ms. Olson stated that we already do that. We already do a consumption analysis report that is broken down by the master meters that we have and every time we have a new tap that is put into the system, it gets assigned a distribution line that is for whatever master meter zone it is in. Mr. Sawyers inquired if it has the new zone meters on it. Ms. Olson stated that it does not have the new ones. We haven't redone it yet for the ones we have just added in the last couple of months but that will be revamped when they get put in. It will narrow down the consumption accounts. Right now, where you say Long Fork of Virgie might be in one section for the master meter and it might have 1,000 customer accounts. Once we get this narrowed down with the new zone meters put in, then we can assign a distribution line account that might have 50 or 70 homes on it, but until they get them all in, we haven't tackled breaking that down because that is a huge undertaking. Commissioner Tackett stated that once we get that done, say we have 70 meters in a zone you will be able to look at each one of those zones and assign a water loss percentage to each one of those zones. Mr. Taylor stated that he sent Commissioner Tackett what they did in 2017, which was basically the same thing as what you are talking about; a breakdown of every single zone. The issue that we are going to have is that the more pressure zones that we add, the more they have to dig in to all 16,500 customers and figure out the route sheets, because the route sheets, unfortunately, are not broke into pump stations and tanks (all 136 of them) and they are not exactly in order. So, it is a real hard job to lay all of those out and get those highlighted, but once they are done one time, you will know where they are at. Commissioner Tackett stated that once we get these zone meters in and get done what he is talking about, at the end of the month or during the month, we will be able to know what the water loss percentage is for each of those individual zone meters, is that correct? Mr. Taylor responded "exactly". That is why these were wanted and have been for over a decade. We are getting to that point. There is light at the end of the tunnel to have these zone meters but yes, that is the purpose for them. Ms. Olson stated that what Mr. Taylor did in 2017 with the consumption analysis versus sales was broader but that is exactly how we know what area that we want to concentrate on replacing some of these lines, because of the percentages of loss was higher in certain sections and zones. Commissioner Tackett stated that once we get 70 in, we will be able to determine water loss in each zone and concentrate our efforts in the higher percentage areas.

- 3.) Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.

- 4.) **Surcharge Application Update**– Mr. Sawyers stated that he has contacted Gerald Weutcher again and he said he would send the draft on November 8th. He is trying to finalize it which we asked him to do, so we would at least have a draft to review. He understands that it suspended from this point forward. Mr. Sawyers stated that he didn't like much having the draft finalized, so he just told him to finish it and submit the draft so the board would have something to review.
- 5.) **Radio Read Residual Funds Project Update** – Mr. Sawyers stated that the telemetry is approximately 80% complete, and the zone meters are approximately 70% complete. We are trying to finalize and close this project out with RD and hopefully we can do that within a week to two weeks time. RD has already requested that we close the Belfry Project.
- 6.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that Synterra is scanning the permit documents and the first one is due June, 2022 and they will prepare the first one for us to review in house for submittal.
- 7.) **Proposed Staffing, Vehicle, Equipment Plan** – Mr. Sawyers stated that we are advertising positions in-house and hiring temps to accommodate this. Same thing on vehicles. We are in the process of purchasing the vehicles and advertising the equipment.
- 8.) **Replacement of Vehicle** – Mr. Sawyers stated that he needed the board to authorize the replacement of a vehicle that was wrecked. The insurance company has given us \$5,000 for the truck and replacement of the vehicle is going to be approximately \$25,000 to \$30,000.

Chairman Denison requested a motion to approve the replacement vehicle and two staffing vehicles as requested by the District Manager and approved by the plan at the previous meeting and as listed on the tabulation as presented. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-007

- 9.) **Purchase of Used Crane Truck** – One of things in the board's packet is on page 44, a used crane truck that is needed. The gentleman doing the work at the Douglas WWTP pulling the membrane filters out, is interested in selling his crane truck. He has offered the truck to the District for \$25,000. If you look in the packet, you can compare it to some other pricing that we have found. This one is a 1999 model. The staff went over it really well and couldn't find any issues with it. This would be very beneficial for the District to have. The reason he says that is when we bid the Douglas project there was supposed to have been a mobile crane built into the system that would move around on site and pull those out. The cost of it was \$50,000 and it was pulled out of the project. Between the cost savings in general we would save, and if we did it at Douglas and Belfry both, that was \$100,000. This one is \$25,000. It is used but staff has gone over it and looked at it. It is beneficial for some of those heavier items that we cannot reach and get in there to the membrane filters like we want to and for both plants. Anything big or heavy, life at the river or intake, it would be beneficial. Chairman Denison inquired how much did he say we are spending roughly a year...Mr. Sawyers stated \$150 an hour...we spent about \$5,000 just doing the membranes at Douglas. We could probably use this thing probably a couple of times a month. Chairman Denison stated that he thinks it will pay for itself. Commissioner Tackett inquired if it had a set of scales on it so you know you are not doing more than it is capable of. Mr. Sawyers stated that most of the time you get documents

with it that lets you know what the limit of the boom is allowed to go out at and what the weight capacity of pulls at that length. Commissioner Tackett stated that someone who is inexperienced in running one of these can mess it up real fast. Mr. Sawyers stated that we would have to make some sort of policy in house that only certain people are allowed to run it.

Chairman Denison requested a motion to approve the purchase of the used crane truck as presented by Mr. Sawyers. Mr. Sawyers stated to Mr. Vanover that he has quotes that were found on-line that was comparable to it. The procurement amount is \$30,000 and this is not over \$30,000 to have to advertise. He inquired if we needed to advertise this if it is under that amount. Mr. Vanover stated that no, you don't have to advertise it if it is under the \$30,000. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-008

Mr. Sawyers stated that we did do the interlocal agreement with the City of Williamson. They approved it and the PSC now has approved it. Mr. Lowe stated that he received it back from the Kentucky PSC this morning. Generally, they don't stamp it as received but as an effective date, so he contacted them to make sure we can proceed with that, and he said that it is statute that they really don't have any say in it, we just have to notify them and they have to stamp it received, which they did, and we can proceed with that. He sent it to Mayor Hatfield with Williamson this morning and told him that we would reach out to their staff sometime next week to hopefully get started on it.

10.) Worker's Compensation Insurance Policy Renewal -

Mrs. Hatfield stated that they had spoken to Peoples who takes care of getting quotes for worker's comp, and we currently have Brick Street and they still are the better option and she thinks the other quote we had was almost triple than what we are currently paying. This did go up \$8,000 or \$9,000 from last year's policy but this is all due to claims basically. Brick Street and Encova are sister companies is why the quote says Encova. They are asking for a down payment of \$11,931 and then we will pay installments each month after that until the premium is met. After further discussion regarding our claim status and allowing additional companies to quote it, knowing that it will not change the decision to go with Encova in the short term, Chairman Denison requested a motion to approve the quote with Encova as presented for worker's compensation insurance for the District. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-009

11.) Approval of Employee Holiday Gift Cards and Holiday Meals - Mr. Sawyers stated that last year we only did one holiday because of covid. Mrs. Hatfield stated that we only had one dinner but we did gift cards for both. Mr. Sawyers stated that with the board's approval, we are looking at November 9th for the Thanksgiving dinner and December 14th for the Christmas dinner. Commissioner Tackett inquired how that was done. Mr. Sawyers stated that what we did last year is that we just get a guy that comes in and smokes some Boston butts and we have that and some sides and last year because of covid, we did trays to go. This year we will probably just go ahead

and dine in. We will have the tables spread out and we do that in this room. Chairman Denison inquired if he needed a resolution for that. Mr. Sawyers stated that he thinks he needs one for the gift cards. Chairman Denison requested an approval for the gift cards for employees for Thanksgiving and Christmas for \$25 each. Commissioner Varney inquired if they are Visa cards. Mrs. Hatfield stated that they are Food City gift cards. Commissioner Varney made the motion to approve the gift cards. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-010

12.) Meeting Dates for November and December, 2021 – Mr. Sawyers stated that he doesn't have a calendar in front of him but that Mrs. Hatfield and Ms. Olson are the experts on this. They have deadlines to meet. Ms. Olson stated that the November meeting falls on Thanksgiving so we definitely need to change that one. Mrs. Hatfield stated that it would be nice if we could move that one to Tuesday, November 30th. Mr. Sawyers inquired if that would work for the board. Commissioner Tackett inquired if that would create any problems with paying the bills or anything. Mrs. Hatfield stated that it shouldn't. Mr. Sawyers, regarding the time, inquired from the board if the current time or hours of the evening is suitable for them or not. Prior to this, it was always the last Wednesday of the month at 10 AM. We switched to Thursday nights, he thinks, because former Chairman Blackburn traveled so much. Chairman Denison stated that he liked the way it is now. Commissioner Varney stated that he liked it better during the day. He knows that there are times when that can create the conflict but he likes it in the day, or even in the afternoon. Chairman Denison stated that it creates a hardship for him to get out of the office. Commissioner Tackett stated that his schedule is flexible and whatever everybody else is good with, he is good with. Commissioner Runyon stated that she is okay with whatever they decide. She stated that her preference would be earlier in the afternoon. They decided to revisit that issue later. Mr. Sawyers confirmed that the November meeting would be November 30th at 5:00 PM. Chairman Denison inquired about December's meeting. Ms. Olson stated that the December meeting falls on Thursday, December 30th. Normally, in the past, we have tried to get it out of the way before Christmas, since a lot of times board members travel during that week after Christmas and aren't available. It is whatever is convenient for the board. We do have several admin staff that are going to be off that week as well. Mrs. Hatfield stated that she was thinking around December 22nd but maybe during the day. Last year, we did the 21st at 2 or 2:30. Commissioner Varney inquired if having it that early in the month is a hardship to staff. Mrs. Hatfield stated that we have done it in the past. It is tough, but we have done it. She was thinking we could the 21st in the evening, or the 22nd in the morning, due to it being a church night. Chairman Denison suggested the 22nd at 10 am. The holiday schedule was confirmed as November 30th at 5:00 pm and December 22nd at 10 am.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-011

NEW BUSINESS

- 1.) **Authorization to Submit the PSC Application for Approval of Loan Refinancing** – Chairman Denison requested a motion to authorize and submit the PSC application for approval of the Loan Refinancing. Ms. Olson stated that is in their packet starting on page 55 if they wanted to review it. Chairman Denison inquired what the rate was on the refinance. Mr. Spears stated that it is to be determined and that is what it is not in the resolution. Commissioner Tackett stated that there is an estimated savings, so there has to be a rate there somewhere. Mr. Spears stated that the estimated savings was based on 1.75 which is what they thought it would be. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-012**2.) Legal Issues**

- a. Executive Session - Pursuant to KRS 61.810 (1)(b) & (c) to discuss property easement acquisition as well as the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-013

Chairman Denison requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-014**COMMISSIONER COMMENTS**

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-10-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

November 30th, 2021
5:00 PM

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Vice Chairman Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Tuesday, November 30th, 2021 at 5:00 PM.

Commissioners present for the meeting were as follows:

Randy Tackett, Vice Chairman
Kevin Varney, Treasurer
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

Chairman Johnny Denison was not present for this meeting. In his absence, Vice Chairman Randy Tackett was in charge of the meeting.

VISITORS

Vice Chairman Tackett inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES

AGENDA ITEM II

After review of the minutes, Vice Chairman Tackett requested a motion to approve the minutes of the special meeting held on October 28th, 2021 as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of October was \$272,966. That number is down. We have been running in the \$350,000 range but our accounts payable we paid down to \$130,000 and it is normally in the \$220,000's and \$230,000's. He spoke to Chairman Denison about that yesterday. Accounts receivable was \$1,066,181. Plant in place was \$166,196,096. Accounts Payable was \$137,597. Equity position at the end of the month is \$66,544,755. Revenue for the month was \$874,000. Utility operating expenses was \$1,007,966. The net income/net loss was \$167,118. Year to date, the loss is at \$1,762,250. Included in that loss number is depreciation in the amount for the month of \$335,997 and year to date \$3,347,597. Operating income was negative for the month in the amount of \$132,978. Cash decreased for the month in the amount of \$87,874. The primary driver in that is that the accounts payable going down, paying those payables down and using our cash to do so. The current operating account balance is \$265,525 at the end of the month of October. KIA and RD Reserves are fully funded and our O & M Reserve is \$403,960. We are transferring money to the sinking fund in the amount of \$83,500 per month and \$6,600 into the O & M Reserve. Our sinking fund is the money that we set aside for bond payments and loan payments through KIA and RD. We set that money aside every month so that we have the money to pay them. Currently in that account, we have \$483,000 and we will have another \$167,000 going into those two payment months of December and January. We will talk about the KIA bond payments in a moment. Looking at his favorite sheet of the financials, starting on page 15, nothing really looks out of place. The electricity looks good, the water purchases are staying right at the minimums that we have to purchase. Our revenue was down \$25,000 in October vs. November. Mr. Lowe may know if the sales were down or what the reason for that was. Mr. Lowe stated that they were down. He doesn't remember exactly how much but there down a bit. Mr. Spears stated that \$874,000 is probably not too far from the average over the last 12 months. Water purchases from Pikeville was \$56,202 and from Williamson was \$40,761. Vice Chairman Tackett stated that he noticed that the water purchases look to be considerably below the minimum from Pikeville and Williamson. Mr. Spears stated that he hadn't seen those reports. Vice Chairman Tackett stated that he thinks with Williamson, we can do an average...he inquired if it was quarterly or bi-monthly. Ms. Olson stated that the true-up is quarterly with Williamson. Mr. Spears clarified that if we are over one month and under one month, it settles itself out. Ms. Olson stated that as correct and is a three-month average. Vice Chairman Tackett clarified that October is the beginning of the 4th quarter and Ms. Olson confirmed that as correct. Vice Chairman Tackett stated that Pikeville is just a straight monthly. If we don't use the full 28,000,000, we still have to pay for it. So, we lost about \$6,000 in October. Ms. Olson inquired if Mr. Taylor wanted to address that while they were on that subject. Mr. Taylor stated that it is definitely a water quality issue. We are trying our best to combat Trihalomethanes and have been talking to the Division of Water about what we can do and the more we use of our own water, the better our chances we have of compliance. We got our results and it shows that what we have been doing is working, but the only way this works is if we take less water from the purchase side. He understands where they are coming from losing it and he hates to lose it, because you don't use it, but it is a water quality issue. Ms. Olson stated that we have battled Trihalomethanes for several years. This year, since Mr. Taylor has been cutting back on what we use from that side, because we have been doing monthly samples and 95% of the time their Trihalomethane levels are already elevated when we buy the water. So basically, with MWD taking less and using our water, we have been in compliance every quarter in 2021 and that is the first time that has happened in probably seven or eight years. We are under a Corrective Action Plan because of our TTHMs but because of these changes Mr. Taylor is making, she has not had to send a violation letter at all this year and that is the first time that has happened in years. That is quite expensive, if you look at sending out a notice in our bills every quarter, it costs approximately \$900 each time. If you do that for 4 quarters a year, that is \$3,600 that we are saving on an annual basis. So that makes up a little bit of that, and saving the District's reputation in the public eye as well. Mr. Sawyers stated that the issue is that we have good water quality coming from our plant, but the City of Pikeville has a bromide compound that it is in the river that they draw from. The inspector and part of their staff over there went back as far as the water coming from above Grundy and it is in the river and coming all the way into Fishtrap Dam. The bromide compound is sending up their Trihalomethane numbers so 90% of the time, the water we are purchasing from them is out of compliance. Ms. Olson stated that it is harder to abate than the regular kind of TTHM compounds that most others have. Mr. Sawyers stated that he believes they are trying different avenues and trying to treat it and it is not eliminated it. Commissioner Varney inquired if our contract with them addresses that at all. Ms. Olson stated no, and that is something that needs to be addressed in the next contract negotiations. Vice Chairman Tackett stated that if it is costing us...like in the month of October, we paid like \$6,300 for water that we didn't use, plus it cost us probably \$.85 - \$.90 per thousand gallons to produce water that we

had to use. So, if the net is about \$3.00 a thousand gallons that it is costing us to pay to Pikeville because the water is sub-quality. Mr. Taylor stated that in November we are going to be 5.6 million gallons short of the 28,000,000 minimum, so you are going to have that divided by 1,000 times \$1.97 and then the 5.6 that we had to use from the plant which adds another \$1.00 or so average per thousand gallons. Ms. Olson stated that the water quality this year has been awesome because we are distributing more of what we are making, which is great for our customers but it is not great for our budget. He is 100% for that, but is not keen with overpaying for water we are not able to use. Mr. Spears inquired if that was an issue discussed in the last 2 negotiations, of them being out of compliance. Ms. Olson stated that it is something that has not been something that has been added before, so there are two issues the next time it is negotiated that needs to be addressed. Vice Chairman Tackett stated that the next time needs to be like right now. Ms. Olson stated that it hasn't been addressed in the contract before, but when we went to our enforcement meeting in Frankfort, that was something that they did want us to address the next time that the contract was negotiated. Commissioner Varney stated that we are paying for 6,000,000 gallons of water that we didn't use because the water that we did use was bad and we had to put our water with it to dilute it and we should have some recourse there or least relax that minimum enough so that we can make that water good for our customers. Mr. Sawyers stated that he and Mr. Vanover have talked and have some things they would like to discuss at a later time regarding this issue. Ms. Olson stated that a Technical Assistant from the Division of Water that is working with them is working on maybe moving one of their routine sites to one of our purchase points that will make sure that water is good because their routine sites are the numbers they report for compliance. They have some things they are working on, and also some process control things they are working on with Pikeville as well. Mr. Spears stated that getting back to the financials, everything else in the financials looks good. We budgeted \$1.2M for repair and maintenance, knowing that we were a little bit high, and spent about \$80,000 so we are on pace for about \$960,000 for the year. Mr. Spears stated that unless they had any questions, that was all he had for the financials. Vice Chairman Tackett inquired where we were with regard to the budget. Mr. Spears stated that he will set a time in the next two weeks for the Budget Committee to meet and they will use these numbers to start the process. Vice Chairman Tackett requested a motion to approve the financial report for October as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-002

Mr. Spears stated that he had one more thing, along with the financials. We have a line of credit that has \$322,000 on it, that has been left over from the FEMA project. We used it because of the need for it while waiting on FEMA money to come in. We got rejected on our last payment of about \$60,000. We did a project at Shelbiana that had a leak and we redid the line. Mr. Sawyers stated that it was the emergency we had up there where we had a bore there and the railroad would not let us over there to fix the bore and so we had to relay the line. Mr. Spears stated that we spent about \$130,000 there. We had \$90,000 on it for the Yellow Hill Project. When we did the AEP lighting project, we didn't get 100% credit for that. So, what he recommends the board do, is to authorize Mrs. Hatfield to convert that to term with a 2-year payment and a balloon based on 6 years. We had been paying interest only thinking that some of this money was supposed to come back and we would pay it down but it didn't work out that way and this a good time at the end of the year to get that converted. The payment would be about \$5,000 a month with Community Trust. That is typically who we have used because of timeliness. We have tried to use other banks in the past and by the time it goes through other cities and the interest rates... Chairman Denison has been pretty good about negotiating interest rates with them down from their initial offer. We will talk to them about that but he would like authorization to do that and would like to close it by the end of the year. Mrs. Hatfield stated that Community Trust also locks the rate in, whereas other banks will not lock their rates in. After further discussion, Vice Chairman Tackett requested a motion to authorize Mrs. Hatfield to convert the line of credit to a 2 year note with a 6-year payout as discussed. Commissioner Varney made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent

Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-003

Ms. Olson stated that the bond payment list is on page 13 of the packet. Those are due December 1st and these are KIA bonds. There is money in the sinking fund to pay these. Mr. Spears stated that we currently have \$483,000 and then we have two more deposits into it before the next payout, which will put it about \$640,000 and this one is \$295,432.19. He thinks the RD payments are about similar to this one, if he isn't mistaken. Vice Chairman Tackett requested a motion to pay the KIA bond payments as presented. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-004

PAYMENT OF BILLS

AGENDA ITEM IV

Vice Chairman Tackett inquired if Mrs. Hatfield had sent a list to them prior to today. Mrs. Hatfield stated that she sent them one last Wednesday. Ms. Olson stated that the most current copies are in the packet starting on page 14. Mrs. Hatfield stated that there were a few that she had to add but not very many. After review of the data and questions answered, Vice Chairman Tackett stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-005

CUSTOMER ADJUSTMENTS **AGENDA ITEM V**

Copies of the customer adjustments for October were in the packets of information given to the Commissioners for the meeting. After review and discussion, Vice Chairman Tackett requested a motion to approve Customer Adjustments as presented in the amount of twenty-one thousand, twenty-five dollars, and thirty-nine cents (\$21,025.39). Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-006

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the contractor installed 2,993 linear feet of 6" pipe for a total of 9,458 feet. Based upon the revised route that the contractor has been able to obtain easements on, that represents about 86% of the pipe installed. In addition, they have now received the pumps and the control panels for the nursing home grinder unit and also the main lift station. The total work and materials stored to date for this reporting period is \$545,557 or about 44% of the project. During the period also, EDC secured the modification to the easement with the property owner adjacent to the lift station. He wants to thank Jim Vanover for all of his help in getting that wrapped up. In addition, MWD requested that H2O personnel work to obtain the easement on the property between the Norfolk Southern bore and the Billy Dotson Branch station. They have begun working on that with those people. They are also working with Norfolk Southern to schedule the bore and as usual, working with the railroad is a slow process. The contractor also provided shop drawings in November for the generator and those are currently in review. They just received those a week or so ago. The shop drawings have also been provided to Jamey Keathley for any input that he may have. At this point, the project has been hit by the supply chain issues that we have seen everywhere. The generator itself is now 18-22 weeks out. In speaking with Mr. Keathley about this earlier today, he said that they have experienced the same thing and he thinks it was an order that was placed in February that was just received. Other items are the lift station wet well which has not been cast yet and the manufacturer is citing the inability to get one of the components of the mixture. The tub for the nursing home unit is in...they are not even responding to the contractor right now about a delivery date. So, and again, Mr. Keathley has experienced the same thing on another tub that he was waiting on that was similar in size. It took way longer than normal to get. They are asking to execute a change order for contract time based upon the lengths of the delivery that we have on the generator to have substantial completion be changed from December 23rd to May 26th. As long as they get either one of the tubs or the wet well in, they can begin building in both locations, we just don't know when they are going to come yet. Vice Chairman Tackett inquired if the Zypex listed here is just a liner. Mr. Sawyers stated that it is some kind of compound they mix in with the concrete to keep it from corroding so bad and protect from the H₂S and other stuff. He inquired if they can they find some other treatment or chemical they can come up with to replace it with. Mr. Campoy stated that he will follow up on that with the manufacturer and see if they have something like that. Mr. Sawyers inquired about the bore at Billy Dotson Branch. The plans show it going in between the buildings and houses. His thought was to run it parallel with the railroad's right-of-way where that little building was and down through the toe of the slope down through there and back up. Mr. Campoy stated that is the kind of approach they are trying to take with that. Mr. Sawyers stated that was a comment that he made to Shawn but wasn't sure if he did. Mr. Campoy stated that he does recall that. Mr. Sawyers stated that regarding the delivery time on the generator, just to let the board know that we awarded that one generator in January of this year and we just received it in November. It has been installed now and was the one for the office here. That was 10.5 to 11 months to get it in. It has been installed but hasn't had start up yet. Vice Chairman Tackett inquired if the old generator was on the lot somewhere. Mr. Sawyers stated that he believes we sold that as surplus.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that bids were received on November 9th as scheduled at Jim Vanover's office and if your recall, the Transportation Cabinet wanted a 90-day bid hold on those while they were trying to get set up for the demolition of a couple of homes over there in the project area. There were four bids received. A list of them has been provided. H2O Construction was the low bid at \$51,035. Jones Contracting was next at \$60,775. Triple B Construction was next at \$62,191.68 and Ronnie Mullins and Sons came in at \$66,500. We have notified the KYTC of the apparent low bidder and gone through the bids for errors, finding none. They are waiting on direction from the Transportation Cabinet at this point, to provide the Notice of Award to the contractor. He doesn't know if they will give that to them until they actually have those houses down. They haven't given them any clear direction on that yet. Ms. Olson stated that Shawn sent over the Notice of Award for signature today. She inquired if that needed to be approved or has that already been approved in the past. Mr. Campoy stated that he was out a lot

today in meetings and so he must have received that. Ms. Olson told the board that it was in their packet on page 31. Mr. Sawyers inquired if the 90-day bid hold was in the technical specifications or in the contract agreement or anywhere to protect the District. Mr. Campoy stated that it was in the advertisement and was discussed with the contractors to make sure they knew. Commissioner Varney stated that it is not in the Notice of Award. He inquired when that would start, the 90 days. Mr. Sawyers stated it would probably start when they signed that Award Notice. He clarified that with Mr. Campoy who agreed with that statement. Commissioner Varney stated that it should be awarded pending that language. Mr. Sawyers clarified that Mr. Campoy said it was in the bidder's specifications, correct? Mr. Campoy stated that it was in the advertisement originally and was discussed with the contractors. He would have to look back and see if it was anywhere else in the technical specs other than those locations. If they feel more comfortable having that in there, he doesn't mind to modify it. Mr. Sawyers stated that he would let Dave Skeens make that decision. It is protecting them and not the District. They are the ones paying for it. Mr. Campoy confirmed that as correct. Mr. Sawyers stated that if the contractor comes back and decides he wants to renegotiate pricing, it is left up to them, but he would mention it to David Skeens before it is finalized.

Ms. Olson clarified that he needed a resolution approving the change order for the Phelps Project. Mr. Campoy stated that is correct and then to approve the Notice of Award for the Huddy DOT Project, pending the input from Dave Skeens. Commissioner Varney inquired what the date was that he wanted on the change order. Mr. Campoy stated that it was based on the substantial completion from December 23rd to May 26th. That was solely based on the 22 weeks on the generator delivery. But if anything else comes in, they could actually get the nursing home changed over in relatively short order. For the wet well, it will take longer there because it is a bigger project overall than the nursing home project is. Vice Chairman Tackett requested a motion to approve the change order for the Phelps Hydrology Project increasing the substantial completion date due to the supply chain issues from December 23rd to May 26th, 2022. Commissioner Varney made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-007

Vice Chairman Tackett requested a motion to approve the Notice of Award for the Huddy DOT Project to H2O Construction pending discussion with the District Manager and Dave Skeens with KDOT regarding the language for the 90-day bid hold. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-008

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that Doug Hoff was the Project Administrator with USDA Rural Development on this project and he has accepted another position within RD. This is pertinent to this project because we have been working with Mr. Hoff on project environmental and are currently waiting on RD to name a replacement so that project

environmental can be completed and the project can move forward from RD's standpoint. He spoke with Eric Ratliff last week and he indicated that RD still has not named a replacement for Mr. Hoff, but in the meantime, they are continuing project mapping and design based on the alignment that was in the submittal made as part of the SOQ for the project. Hopefully, RD will name a replacement soon and they can clear that environmental hurdle and go ahead and rapidly move this forward. That is all he has unless anyone has any questions or comments. There were none at this time.

Update by Mike Hill, Summit Engineering:

1. **Belfry Pond Sewer Project** – Mr. Hill stated that there really isn't much to update on during this period. The project is in the warranty period. All funding has been drawn down so there aren't anymore pay requests coming down on this project.
2. **Maynard Fork Water Line Extension** – Mr. Hill stated that they are finished with the design phase and bidding documents. They have submitted to the Division of Water, and they have issued the permits for the project. So, at this point they are simply waiting for Rural Development to issue the Notice to Proceed. The last update he got on that was that it was still in the environmental process. He hasn't spoken to accounting since before the holiday but at the time, they were close to wrapping up that environmental review. This was another project that Doug Hoff was administering and he believes it will be taken over by Teresa Shields, but in talking to her in the last week or so, she is not yet up to speed on the project. He has asked her to get back to them with the status of the check list and see if they can try to get a schedule on when they can proceed. At this point, they are in a holding pattern until RD releases them to move on to the next step.
3. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that have the final plans completed and have submitted a set to the District for any final comments they may have. They have submitted that to the Division of Water and expect that permit anytime in the near future. That project is still waiting on the balance of the funding and won't be able to move forward until that decision has been made. The additional funding was expected to come out of the underserved Cleaner Water Project. Ms. Olson stated this is the project that has the presentation this Thursday at 4:15 at the court house. Mr. Hill stated that is all he has unless anyone has any questions. Commissioner Runyon stated that she thinks she mentioned this earlier, but if someone had a problem with the quality of the work that the plumber did, how would you suggest they proceed? Mr. Hill stated that he didn't hear her completely and asked her to repeat her question. Commissioner Runyon stated that on the Belfry Sewer Project, if someone had a problem with the work that the plumber did, how would he suggest they proceed? Mr. Hill stated that for them, he would need the address of that location and the contact information for that property owner and he will follow up with the home owner and have the inspector to take a look at it and see what the issue might be. She stated that she would pass that along. Ms. Olson stated that if should would get that information to her, she will forward it on to the engineer. As it is still in the warranty period, depending on the issue, it should be covered. Mr. Sawyers stated that David Taylor has reviewed the plans for the Brushy Fork/Sycamore Project and was fine with that with one concern...that is going to be anytime we set those service lines we understand we have to get them to the property, but yet, if the property is only 50 feet versus running it 150 feet to a house, we don't want to do that. We only want to get it onto the property. Whoever the inspector is, make sure that they understand we want to get it to the property line, but not run it all the way to the house. Mr. Hill confirmed his understanding of Mr. Sawyers point. There were no further questions at this time.

Vice Chairman Tackett requested a motion to approve the engineering reports as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-009

PROJECT DRAWS:

Vice Chairman Tackett requested a motion to approve the Project Draws as presented. Commissioner Varney made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-010

PROJECT DRAWS:

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 156,145.10
\$156,145.10	Contract Construction/Materials	
EDC	KIA Grant Funds	\$ 9,750.00
\$9,750.00	Engineering Services	

RADIO READ METER REPLACEMENT PROJECT

Electro-Quip	RD Grant Funds	\$ 28,414.00
\$28,414.00	Materials	
Evapar	RD Grant Funds	\$ 15,286.00
\$15,286.00	Materials	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that this Thursday, December 2nd at 4:15 pm there will be a ceremony at the fiscal court for the Brushy/Sycamore Project. It will be the award for the funds for that project by the Governor and the board is welcome to attend. In regards to other funding, we are working also on the Rescue Plan Act funding with RJ Palmer, which is the group which the fiscal court has assigned to approve and administer the funds that we utilize for that funding. Vice Chairman Tackett inquired if Mr. Sawyers had made the request to them for the meters that they talked about. Mr. Sawyers stated that what he has done, is sent him an email and asked some questions like will the funding pay the District's cost for employees for in-house construction, will the funding allow vehicle purchases such as utility trucks, will the funding allow equipment purchases such as excavators, will the funding cover all materials, will the Kentucky Procurement Code be required and if so, will all items need to be advertised, can contractors be used to perform installation, if so will the David Bacon Act require contractor to use prevailing wage, will funding pay for services of an engineer, and when can the District begin forwarding items to be approved? He

could only answer two of those questions. So, right now he has sent him a sample copy of something and they are to respond back to that. In the meantime, under New Business, he did and RFQ/P for engineering services for this funding. In order to bid this, if we bid it to contractors, you are going to have to have somebody to do the technical specifications, the general drawings and bid these out. If he answers his questions where we can pay staff and bill by the hour and trucks by mileage and so forth, then Chairman Denison and he had a talk that if this will fall into place then maybe we need to go ahead and look at utilizing additional staff, equipment and so forth and bill it out to the project and be able to do it in-house. Time is of the essence to get this going so, so he has this going and the RFQ/P going for them and see what we can get accomplished. He will do his best to get a response out of them this coming week. The fiscal court put Compass Municipal Advisors in place to protect the court and the District because we don't want to do anything that is not allowed and having someone to direct us falls back on their decision making on how we can move forward and spend the funds. Vice Chairman Tackett stated as long as they will direct us. Mr. Sawyers stated that he will probably have something next week. He will get hold of him tomorrow or the next day to just see if he can get a response at all and email the board to give an update when he hears something from them. Vice Chairman Tackett stated that he is still of the opinion that if we had the money, we could do it ourselves a lot more efficiently than what we can hire a contractor to do these things. He is still of that opinion and if we can nudge them that direction, he thinks we would be better off. Mr. Sawyers stated that he thinks we could probably save about 40%. Vice Chairman Tackett stated that if we can't, that makes \$1.3M more line \$.78M. Mr. Sawyers stated that you have to factor in the RFQ/P too if they are using an engineer.

- 2.) Water Loss Update** –Mr. Sawyers directed the board to the water loss reports in their packet. Vice Chairman Tackett stated that he had a question that had been bugging him forever. On the Mountain Water District form, why are we maintaining those numbers? Does it matter at all as far as... Mr. Sawyers stated that it was a form that was utilized back to UMG or further that was set up by Kentucky Rural Water Association. Ms. Olson stated that it was long before UMG. She inherited that form from her predecessor. The difference between this form and the PSC form is that the KRWA form is accounted for versus unaccounted for water. By using that one, we can look at what our number is when we account for our leaks and breaks. What the difference is. The PSC form is revenue based. Loss of revenue. If it is non-revenue water versus revenue water, that is all they care about. This helps us track how we are doing with our leak repair capabilities better and is a reference and we have so much data using this form a lot more than the PSC form because we were using it longer. Mr. Sawyers stated that they look at it from the perspective of what are you using, what are you flushing. If you have a line that was broken by a third party and it is just flowing on the ground and leaking and we are able to time it from telemetry and other stuff and account for it, they still won't let you account for it. Vice Chairman Tackett stated that they are the ones that really matter. They are the ones that we have to get down to 15%. Mr. Sawyers stated that is correct. Ms. Olson stated that this just helps us to track better how we are doing internally with fixing our leaks. She thinks it helps Mr. Taylor as well. Mr. Taylor stated that it is a more thorough audit of the approximately 110,000,000 or 130,000,000, or whatever we are at for the month, and is more of an audit of where it goes. They are right that the biggest difference between the two forms is actually accounting for the leaks and breaks. Vice Chairman Tackett stated that the PSC point of view is that we shouldn't have leaks and breaks. Ms. Olson stated that is exactly right, or overflows, or you should be penalized for illegal usage and things that you have no control over. This other form allows us to account for that and show where it is going. Vice Chairman Tackett stated that if staff thinks it is worthwhile and continue to use it, he agrees with it, but he thinks that just because we have been doing for a long time, he didn't know if they needed to keep up with it. Mr. Sawyers stated that we can leave it off as far as the board is concerned, we will just keep track of it internally so we know where we stand. Vice Chairman Tackett stated that if it is not a lot of trouble, go ahead and do it... Commissioner Varney stated that for instance, this month, we can look at that and say by the PSC form we had 25% water loss but nearly 10% of that was things that we can account for like breaks and leaks. He thinks it is good to know and especially if you use it internally and helps you with those other things you are looking at. Mr. Taylor stated that if you look at it the correct way you will see that there is a pattern of system deterioration that you should be able to notice with the MWD form versus the PSC form. That is why he feels it is informative for the board to see that in his opinion. Commissioner Varney stated that if you look at it over a period of time, if we are tackling water loss and fixing leaks and breaks that we find, then that gap between the two numbers should get smaller, right? Mr. Taylor stated that yes, exactly, and he is actually working on a five-year progress report and has all of the data, about 80 some points of data, from 2016 to now. When we started in 2016, we were averaging 139,000,000 per month for the whole

year of 2016. We are down to about 115,000,000 per month for the year of 2021. We have gone from an average of 38% water loss to 28% in that five-year span, little by little. Ms. Olson stated that was from the PSC form, which is amazing. Commissioner Varney stated that the zone meters and things that we are doing that will help us better identify those things and hopefully bring it down even more. Mr. Sawyers stated that average water loss for the year using the PSC form was 28.6%. He thinks when we started the water loss plan and pushing hard, we were probably in the neighborhood of 35%-37%. It hasn't reached the benchmark of 15% that they want yet but it is dropping.

- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **Radio Read Residual Funds Project Update** – Mr. Sawyers stated that we have closed that loan and have almost finished up utilizing all of the grant funds too, we are just waiting on invoices and Mrs. Hatfield is paying those out. We have closed that loan out with Doug Hoff before he left his position with RD. Vice Chairman Tackett inquired how many of the meters that we got through this project have been installed to date. Mr. Sawyers stated that we were at approximately 70% complete, so that would be about 12 installed of the 16 we ordered.
- 5.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that Synterra is making progress and moving forward doing what they should be doing as far as providing us updates on those.
- 6.) **Proposed Staffing, Vehicle, Equipment Plan** – Mr. Sawyers stated that we have gotten the vehicles and equipment purchased and are waiting on delivery of the small mini excavator and have the staff in place, so all of that is moving along. It has been a nightmare trying to get people hired and he just told HR to get him four bodies. One operator, he got lucky and hired back. He had moved to Tennessee and came back so he hired him back. He is a seasoned operator. Utilizing the temp service, when she tells them about the job and they are interested and want to know more about it and they tell them it pays \$10 an hour, they say “no, just give me the Arby’s job for \$11”. That is one of the problems we are running into right now but we have had a personnel committee meeting and working on those things for the budget. Hopefully we can keep moving along and make some progress on that. Vice Chairman Tackett clarified that he said the equipment is in or ordered. Mr. Sawyers stated that we have the large excavator and the mini excavator is new and we are waiting on it for delivery and should be here in a couple of more weeks. We have gotten the three vehicles and the staff so we are moving along. Vice Chairman Tackett inquired how long he thinks until we can turn those new people loose on their own. Mr. Sawyers stated that two of those are in the meter department so it will probably take them 30-60 days. Mr. Lowe stated that the supervisor says he needs a minimum of 6 weeks to get them trained.

Vice Chairman Tackett requested a motion to approve the Manager's Report as presented. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 21-11-011

NEW BUSINESS

- 1.) **Request for Qualifications/Pricing Proposal – American Rescue Plan Act Funding Project** – Mr. Sawyers stated that we advertised in the newspaper an RFQ/P for engineering services for the

American Rescue Plan Act Funding. As he said previously, it takes an engineer to draft the technical specifications and drawings to bid those out for a contractor. We advertised it and call all three engineers who participate here, which is Summit Engineering, EDC and Bell Engineering and only one group put in for the project, which was the combined group of EDC and Bell Engineering. The District did not send out scoring sheets since there was only one submittal, so we can come out and openly say in this meeting that we know they are both qualified to do the work and if it is recommended at a later date by the Palmer Group that we have to have scoring sheets, we can go back and score them later. There is also a pricing index in there. He spoke with Stephen Caudill before the meeting started and wasn't trying to jab them in any way or fashion a form, he told them he thought the price was a little high but they both know that there is a lot of unknowns in this until they can get into it and clarify what RJ Palmer is expecting us to do. Mr. Caudill stated that in all honesty, the price that was submitted was a culmination of several uncertainties and what the scope of the project might ultimately entail and according to what plans might be required and what portions of the work might have to be bid, he thinks Mr. Sawyers just talked to you about some questions he had emailed them and doesn't have full answers back yet. So, really, they were trying to guess here as to what the scope of work might be, however, the biggest uncertainty is what effort may be required of the engineer in support of those funds. As everyone pretty much knows, this is a new funding package and no one is really sure what the rules are as of yet, and that is why the county ultimately chose to retain Compass Municipal Advisors to administer these funds, but we don't really know as of yet exactly what role and engineer may have in that or what certifications may be required or what documents they may have to have in order to release these funds. Mr. Campoy and he spoke just before the meeting and if awarded the project, they would be happy to contact Compass to try to get some greater clarity on what level of effort would be required by the engineer and then if there is any room for fee reduction as the scope of services are better delineated, they can address that during the contract negotiation itself. It is a bit of an unknown on that right now. Mr. Campoy stated that based on their discussion that he is all in with what Mr. Caudill just presented and they will work with the District in any way they can. Mr. Sawyers stated that they can use that as a base number for the not to exceed price and then negotiate beyond that if the project is more simplified by RJ Palmer. Would that be fair to say? Mr. Caudill and Mr. Campoy confirmed that as agreeable. Vice Chairman Tackett requested a motion to approve to award the engineering services to EDC/Bell Engineering for the American Rescue Plan Act Funding Project contingent upon the requirement that the District is in need of such services once RJ Palmer clarifies the scope of the project. If the District does not need engineering services, they may choose to use them if we have bits and pieces that are required, but this would be contingent upon the requirement that we have need for these services. Mr. Sawyers stated that is fine but he would like them to be involved in a bit of it with him and Palmer just to clean stuff up and make sure we are on the same page. Everyone was fine with that. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-012

2.) Legal Issues

- a. Executive Session - Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Vice Chairman Tackett requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Chaney made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-013

Vice Chairman Tackett requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Varney made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-014

COMMISSIONER COMMENTS

There was no action to be taken coming out of executive session.

ADJOURN MEETING

Vice Chairman Tackett requested a motion to adjourn today's special meeting. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Absent
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-11-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

December 22nd, 2021
10:00 AM

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Chairman Denison led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, December 22nd, 2021 at 10:00 AM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

Commissioner Kevin Varney was absent for this meeting.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on November 30th, 2021 as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of November was \$342,061. Accounts receivable was \$1,036,244. Plant in place was \$166,407,209. Accounts Payable was \$208,155. Equity position at the end of the month is \$66,322,426. Revenue for the month was \$846,119. That is on the lower end but kind of expected. Utility operating expenses was \$1,027,806. The net income/net loss was \$212,433. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$181,686. Cash increased for the month in the amount of \$69,095. The current operating account balance is \$328,660. KIA and RD Reserves are fully funded and our O & M Reserve is \$410,560 at the end of the month. We are transferring money to the sinking fund which will go up a bit this year with the Belfry Project coming on, to \$83,500 per month and \$6,600 into the O & M Reserve. We have bond payments due and will talk about that in a second. Pages 15 through 17 are the 12 months running actual versus budgeted expense summary. Water purchases for the month for Williamson on page 16 was \$27,662 and is below the minimum. Last month we were at \$40,671 which was above the minimum and that is the one where they do the 3-month true-up. Pikeville's bill was \$55,160 which is the minimum. Utilities was up \$10,000 or \$11,000 to \$124,000. Those bills, how they come in, we could have a bill a couple of meters a couple of times, but it has been fairly consistent, around \$111,000. Early in the year, we had higher numbers but for the most part it runs around \$110,000 to \$115,000 per month. Other than that, everything looks pretty good and he didn't see anything that wasn't correct. Chairman Denison requested a motion to approve the financial report for November as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-002

Mr. Spears stated that we have RD bond payments due January 1, 2022 and Ms. Olson has included the list in the packet for the board. The total on those is \$336,453. We currently have \$566,695 in that account that we use to pay those. We always keep a little surplus in that account that just rolls over with each payment. Chairman Denison requested a motion to approve the payment of the RD bonds due January 1st, 2022. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows.

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-003

Mr. Spears stated that regarding the 2022 budget presentation, they have a narrative and a copy of the actual budget. The budget they worked through is significantly larger in every account we've got. Based on the budget, we will have a loss of \$2,707,000 which includes about \$4,000,000 in depreciation. That is included as page 1, 4th line from the bottom. On page 6 is a cash flow statement that he will over really quick. Then will go through the narrative to kind of give them more detail. At the top of the page, it shows the income/loss of \$2,707,000 with depreciation, which is a non-cash item in that number, of \$3,994,852. So our cash flow from operations is \$1,287,561. The next section is our capital and cash to be received from loans, which is \$160,037. That is based on four trucks that we have already approved but haven't got them in and haven't made a payment on them yet. Proceeds from capital contributions, we typically do about \$100,000 from tap fees and so forth. Cash to be received from grants is \$1,250,000 and that is our cash in from those. Then we have expenditures of \$1,410,037. That number represents the grant of

\$1,250,000 and the loan of \$160,000. The grants typically are 100% and if he puts another grant in here it just off-sets and doesn't really change cash flow. If we borrow money and we buy those four trucks, then that doesn't really affect cash flow, it affects your debt. The next line is cash expended for the long-term debt schedule. He has on the back page, a list of current debt and what is going to happen after refinancing. He thinks they got PSC approval this month on that so it should close next month. He projected out the cash flow and amortizations on \$160,000 which is the payments on new debt which would be \$26,460 and based it on the amortization and divided by two, because we won't get those all at one time. We have cash expended other than operations of \$2,301,353 and a projected increase in cash flow of \$496,245. In the meeting they discussed that it won't look like that at the end of the year probably because they have plenty of things they can spend money on for repairs and maintenance and surely we will do so, rather than build up a cash balance. That gives us an idea of what should happen. For the budget narrative, that just gives you an explanation of their approach to doing it and has worked fairly well and is probably the best guess estimate that they have for the budget. The start by looking at the previous 12 months' activity on a spreadsheet and looks similar to pages 15 through 17. They convert that to excel and put the totals in as formulas. The reason they sped the process up a little this year is that the SPG portal went back up and they pushed our deadline from January 31st to January 15th. He got on their yesterday and updated everybody's information. They incorporated our debt service, capital projects and re-occurrences to be paid during the process. Residential water sales, we have a decrease in customers of 74 customers from October to last October. We have decreased revenue by \$31,000. Commercial water sales had an increase in customers this past year of 2 and we only increased that revenue by \$1,900. Customer late payments, we project it based on an average and increased that by \$60,000 because during covid we couldn't do cut-offs or charges. Residential sewer had an increase of 108 customers over that period of time. He didn't take the full calculation for the full 108 customers because some came on line during the year so he split that in half trying to get a better look at having more accurate numbers and that increase came out to \$41,000. For commercial sewer, we did the same and had an increase of 2 and took half of that and that was \$2,507. He did a full year divided by 2 because some of those came on back during the year and it was kind of deceiving if you just look at the increase/decrease in customers. He increased payroll and they did have a personnel committee who met two or three times and looked at options and the option that the personnel committee was comfortable with is included in the budget. Health insurance policy had a 13% increase from last year and it is calculated in which was an increase of \$45,000. Nine additional employees through the temporary service plus the construction crew that was hired was a total of \$58,320 and he moved those over. In this budget, he made the assumption of moving all of temporary manpower to payroll for budget purposes. The reason he did so was that it was a higher number. We will still be using a temporary service but by putting it up there, it will give us the worst case scenario as far as overall cost. Water purchases from Williamson were based on last year's numbers and decreased it by \$20,452. Same thing with the City of Pikeville...we left a pad in there in case of a water or storm event of some kind and decreased it by \$11,414. The reason for that was basically we had that overage that we had to back up and pay. With water loss right now, we are looking at the minimum for a couple of months now. Sewage fees were adjusted \$7,000 a month. When we put Belfry online it decreased. What they did was take the average after Belfry went online and what that dropped to and we budgeted \$7,000 a month for those and it resulted in a decrease of \$14,266. Transportation was increased to \$33,415 basically, for gas based on the last 6 months average of inflation. Dues, meetings and education were adjusted to pre covid levels since most classes were virtual. We didn't have to travel and it significantly decreased from years before, so we went back to where we were before. Retirement expense will increase again by 12% in July and go from 24.06% to 26.95%. These are the same numbers we used last year that he found on the website that they posted on the increase last year. He used a blended rate and that resulted in an increase in retirement of \$46,370. Repair and Maintenance was left at \$1,200,000. The actual for last year was \$747,894 for the test period. Basically, what happens is that we do an update or have an emergency come up or do something at the plant that is an improvement, then we will capitalize that. We had about \$200,000 of those dollars in that last year so, he feels that \$1.2M is a number that gives us room for any catastrophic events and gives us a buffer if we do have a major flood event or snow storm that creates havoc. He adjusted that \$747,000 by 6% inflation which raised it \$44,873. He took the difference toward the \$2,407,233. Interest expense is based on the amortization on the last page of the budget, \$299,000 in total for water and sewer. Other items were based on 6% inflation numbers. He stated that he needs the budget approved today. Ms. Olson inquired if it needed approved to submit to the fiscal court. Mr. Spears stated that he has to submit it to the DLG, and he doesn't know the requirements of the fiscal court any more. Usually, they sign this and we send it in, but now he just keeps it and sends it in, but it is good practice to submit it to the fiscal court. Ms. Olson stated that we do usually include that in the resolution; she is pretty sure. Chairman Denison inquired if there were any questions. There being none, he requested a motion to approve the 2022 Annual Budget as submitted and approval to submit to the Department of Local Government and the Pike County

Fiscal Court as discussed. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-004

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data any Commissioner questions answered, Chairman Denison stated that if there were no further questions, he requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-005

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for November were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve Customer Adjustments as presented in the amount of twenty-two thousand, four hundred ninety-five dollars, and thirty cents (\$22,495.30). Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-006

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that the contractor has continued to work through the cutoff date of December 16th and during that time they installed 1,794 linear feet of 6" and 4" pipe including the tie in from the new lift station over to the existing 4" line and the associated valves that go along with it. With that, they have installed 11,252 linear feet of pipe which represents about 97% of the pipe in the project. The remaining pipe is at the upper tie in where the old lift station is currently working. Then you have the Norfolk Southern section with the bore still to be completed. The contractor did obtain easements from the people who live on the opposite side of the tracks at Billy Dotson Branch lift station and that line has been installed. They are still working with Norfolk Southern trying to schedule something to get that done. With the stored materials and work completed they are at \$613,585.64 which represents 49.8% of the project. The work is basically done until

the wet well comes in for the lift station and we receive the tub for nursing home unit, or N & S comes through with a schedule. This week they learned that the tub will be delivered around the third week of January, which is good news, and that early January the wet well is scheduled for fabrication, so they are expecting it around the same time. If things go okay, the contractor will be back out there the third week of January getting started on those two items.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that H2O Construction was the low bidder and the Notice of Award was provided to them on December 10th. Contracts have been prepared. They are waiting on the bond and insurance certificate and what they have said is that they are expected to have materials and to start in mid-January. This project is a DOT project that they fund.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that Teresa Shields is now overseeing the project now on behalf of the USDA Rural Development. As a group they are continuing to work with her in an effort to obtain information from RD to complete the environmental review portion of the project. In the meantime, design and project mapping have continued and they are anticipating being able to submit the project to the DOW sometime in January, subject to setting down with MWD and reviewing it and incorporating any comments they might have and also subject to the funding agency's approval of that specification.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that plans have been approved by the Division of Water. The county has recently completed the environmental process and submitted everything to RD for review. Once that is completed, they can authorize us to proceed with the bidding process. They are currently waiting on the release of funds to move forward.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that they received a request from the DOW during the permit review for an acceptance letter from the City of Pikeville since they provide water to the District. They have issued that letter and they have sent that on to the DOW and expect that permit to be issued in the near future. The KYTC permit application that was submitted is in review and their first comment was that they will require MWD to be a subscriber to the 811 service and that they are no longer allowing water lines to be constructed in the ditches like we have done a lot in the past, at least without central office approval. There is a short section of water line at the beginning of the Brushy Project that will be on their right of way. There is really no option for that, so we think it will get approved as an exception, but it will have to go to central office for approval. At this point, they are waiting on the release of funds and the resolution with KYTC approval to move forward with this project.

Mr. Sawyers inquired if the grants writer gave him any indication of when the funding would be available on Maynard Fork. Mr. Hill stated that the county is hoping within a month or so. Hopefully in January. Chairman Denison inquired if the Brushy extension only goes to the bridge and not the bottom of the hill. Mr. Sawyers stated that the Brushy project goes down to the bridge and then turns up to the Sycamore section to the bottom of the hill. Chairman Denison inquired if it goes across Mills Road. Mr. Hill stated that it does. Chairman Denison inquired how many houses are up there to be served. Mr. Sawyers stated that overall he thinks there are about 125 in Sycamore and Brushy, so he was thinking in the 60's on the Brushy side. Chairman Denison clarified that we have some homes on the Brushy side that is not going to get service that is up those hollows. Mr. Sawyers stated that is correct. Those will have to be small line extensions with funding from the

fiscal court or somewhere in the future. Chairman Denison inquired if he knew how many homes that consists of. Mr. Sawyers stated that he did not. There were several hollows over there. You have to get the main transmission line in and then you can work off of it to the side lines. Commissioner Tackett stated that those can be much smaller lines, probably 2". Mr. Sawyers stated that depending on the number of houses, we usually we say 4" unless you are just doing 3 or 4 houses barely up in there. But he would say overall, 4" line.

Chairman inquired if there were any further questions for the engineers on their project reports. There were none. Chairman Denison requested a motion to approve the engineer's reports as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-007

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Carrie Hatfield stated that the OTP draw on the Radio Read Replacement Project can be removed. They overbilled us for that, so it can be removed from the draws. Chairman Denison then requested a motion to approve the project draws as listed, except for the OTP draw for \$8,829.92 which has been removed. Commissioner Chaney made the motion to approve the draws as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-008

PROJECT DRAWS:

HUDDY DOT PROJECT

EDC	DOT Funds	\$	1,960.00
\$1,960.00	Engineering Services		

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$	61,225.64
\$61,225.64	Contract Construction/Materials		
EDC	KIA Grant Funds	\$	6,695.00
\$6,695.00	Engineering Services		

RADIO READ METER REPLACEMENT PROJECT

Hayes Pipe	RD Grant Funds	\$ 11,735.00
\$11,735.00	Materials	
OTP	RD Grant Funds	\$ 8,829.92
\$8,829.92	Materials	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that he spoke to RJ Palmer last week and is waiting to hear from him this week, to hear what he has to say in regard to what we have submitted. Chairman Denison inquired when it was submitted. Mr. Sawyers stated that he would have to look at his emails but he thinks it was about a week and a half ago. He submitted the engineering information from the RFQ from the last meeting for approval. Ms. Olson sent him the submittal and he sent him some additional information regarding the Micro-Comm that we are doing where it is sole source telemetry and matches up to the telemetry we have. Commissioner Tackett clarified that this is the guy that is supposed to approve everything that we have for this project. Mr. Sawyers confirmed that. Commissioner Tackett inquired if he replied to the bidding questions. Mr. Sawyers stated that he told him that we could be competitive as far as bidding against the other contractors. He and Chairman Denison have talked about that briefly about having the staff and equipment to do so if we want to compete against them in the bids. We would have to be competitive and bid against the contractor. After the holidays he will sit down with the grant writers from the fiscal court and see if we can find any other additional funding or any of the funding that Biden has approved to let go.
- 2.) **Water Loss Update** –Mr. Sawyers stated that water loss on the PSC form was 23.5%.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **Radio Read Residual Funds Project Update** – Mr. Sawyers stated that we are pending supply deliveries and waiting on invoices to come in to close those out.
- 5.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that Synterra is still moving forward with the permit applications. He has signed some of the documents already for submittal to DOW.

Mr. Sawyers stated that the rest of the month is just standard information on the report. Commissioner Tackett inquired if those were due in June. Ms. Olson stated that some of them are. They are staggered but the first ones are to be renewed in June, but the application has to be in 180 days prior to the expiration of the permit.

After review and discussion of meter damages reported and water loss percentages, Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-009

NEW BUSINESS**1.) Legal Issues**

- a. Executive Session - Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion Convene Executive Session for item discussion as listed on the agenda. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-010

Chairman Denison requested a motion to Reconvene from Executive Session into Regular Session. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-011**COMMISSIONER COMMENTS**

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 21-12-012

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

January 27th, 2022
05:00 PM

ATTENDEES

Gary Slone, ANE
Shawn Hicks, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, January 27th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

Commissioner Kevin Varney was absent for this meeting.

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on December 22nd, 2021, as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of December was \$368,927. Accounts receivable was \$1,030,168. Plant in place was \$166,828,025. Accounts Payable was \$220,528. Equity position at the end of the month is \$64,649,141. Revenue for the month was \$855,000 which is on the lower end and is to be expected. Utility operating expenses was \$1,091,465. The net income/net loss was \$272,137. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$235,145. Cash increased for the month in the amount of \$11,848. The current operating account balance is \$346,889. KIA and RD Reserves are fully funded and our O & M Reserve is \$410,661 at the end of the month. We are transferring money to the sinking fund which will be reduced from the \$83,500, and he has to get Regions Bank to amend their monthly draws. He called their attention to pages 15-17 of the financial report... Chairman Denison inquired when the audit services is up to be bid again. Mr. Spears stated that if the Board was going to bid it, he would put it out to bid...well, it can be put out for bid now as far as that goes, but probably by March. Chairman Denison inquired when it has to be completed and submitted. Mr. Spears stated that it has to be submitted by September 30th of each year. The September board meeting is the latest date it can be presented and submitted but the board has said they wanted it quicker. Commissioner Tackett inquired if we ever determined whether or not we have to maintain that O & M Reserve. Mr. Spears stated that he thinks is fine. We keep thinking we could release some of that money. Chairman Denison clarified that he won't have any idea until he talks to them about the reduction of the transfer of the sinking fund. Mr. Spears stated that he will have to see what they are going to draft out every month. Because they will be drafting out a portion...even though it will be a reduction this year...which will be a big year for the savings from the refinance...they will still draft out a monthly and he thinks it will just be a tenth or eleventh of those payments. Just enough to make the two payments but they will confirm that. In the past, they have drafted out about \$28,000 and that was reflected out of that, and these bond payments will drop that out on what we do. But we will see a savings in the operating...the big one this year because he thinks they will draft out ten to twelve thousand and we will get a big chunk on that side and the other part on what we don't have to put into the reserves. Continuing with the financial report, Mr. Spears stated that we had a three-payroll month in December on our expenses and that is the primary driver. Mrs. Hatfield stated that we had three payrolls plus safety bonuses in December. Mr. Spears stated that was the primary driver in our loss being so much larger than normal. Chairman Denison inquired how hard it would be to change this to doing it on cash...this accrual. Is that too much work to change that accrual on payroll? Mr. Spears stated that it flows through so many different accounts (8 or 10 accounts), and we could do that, we would just have to calculate what 2 payrolls, but we definitely can do that. Electrical expense this month is up to \$137,918. He imagines that fuel surcharge has hit us here just like on our personal electric bills. It was actually higher than that this time last year. Water purchases for the month for Williamson on page 16 was \$39,000. Pikeville's bill was \$55,160 which is the minimum. He wanted to bring to their attention in the easements and what is in the settlement expenses of \$26,000. That is actually for OSHA and one of those bills where we put it in there for lack of a better place at the time. Retirement expenses, you'll see a negative amount and the reason is that he made an adjustment to accrued retirement at the end of the year and made a correction. Other than that, everything looked fairly normal. He stated that we could do a standard reoccurring entry on that if they wanted to. It would make it a little smoother. Chairman Denison stated that it would make it a lot easier if it's not too much trouble. Mr. Spears stated that they can do that and he will get with Mrs. Hatfield next week and see if we can pull that off the program. With no further questions, Chairman Denison requested a motion to approve the financial report for December as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-002**PAYMENT OF BILLS****AGENDA ITEM IV**

Chairman Denison inquired regarding the bore invoice for BOCA Enterprises. Mrs. Hatfield stated that those are for bores done for work during the flooding. Ms. Olson stated that those will be claimed for FEMA, and we should get most of that back eventually. Chairman Denison inquired regarding damages from the

flooding. Ms. Olson stated that most everything is on work orders, but there may be some parts and supplies that had to be ordered but most of it was out of our stock. The bores are the main things that will have an invoice, but we will still be able to track the work orders and claim labor, materials and equipment. Commissioner Tackett inquired how long it will take to get everything fixed from the flood. Ms. Olson stated that the temporary work should be done. We still have exposed lines to do, and we still have permanent repairs that will have to be done. That is really a David Taylor question. Mr. Taylor stated that he will say a couple of months, give or take. We were able to do about 25 or so last November and December on service line replacements and that is about the number we have now. The main lines have already been repaired. We have done Lover's Lane, Blue Springs, Aflex and have a plan on Haynes Village at Coal Run and after that it is just service lines. Give us a few months to get those back in line. Commissioner Tackett inquired if in making a request to be refunded, we don't do an interim one; we just wait until we get it all done and then submit it? Ms. Olson stated that the initial request for assistance; they will put her in contact with one of their representatives and they will go over every work order that we have and we will get that in their system whether it is...they categorize it by either it is an emergency repair or it is a permanent repair and they realize that the ones that we submit early on that are temporary or what they call "emergency" will have permanent repairs later that will be an added cost. The flood that we experienced in February of last year, we are still finishing up permanent repairs that she is still submitting to FEMA, almost a year later before we can be eligible for reimbursement and complete those projects, so it is a process. Mr. Sawyers stated that the biggest problem we have with FEMA is just getting your return back. It takes 2-5 years to get back returns. Ms. Olson stated that is correct on average. Mrs. Hatfield stated that one time it took even longer than that. Ms. Olson stated we have to do interim financing for the big flood in 2003 and we were getting payments back in 2010. They do not get in a hurry. Commissioner Tackett inquired if a disaster declaration already been made. Ms. Olson stated that it was for the January 1st because FEMA has already been here. FEMA wouldn't have been on the ground if it wasn't declared officially. Last summer when Blackberry got hit really hard, it didn't qualify so they weren't here. Commissioner Runyon inquired if they are that slow with dealing with individuals. Ms. Olson stated that she didn't know for individuals. She doesn't think they are; it just seems to be more for larger entities that have more projects. The one that we had for the February flood of last year, she ended up with about 7 different projects and each one had multiple work orders in it and once you get in there and get everything entered into their FEMA portal with the help of their representatives, then it has to go through several review people and then they want to come out and physically inspect the ones that are not finished. They don't look at the ones that are finished. Then that process goes through, and it goes back to the people that review the final parts and they issue a final summary of the project; you have to sign off on it, and then it goes to the FEMA admin for approval of payment. So, it is a long process for us. Mr. Sawyers stated that if you had a reasonable turnaround time you could look at some of this work being done by a contractor, but the problem is that if you don't get any money back for 3 to 5 years, you don't want to have to go borrow money to pay a contractor. Ms. Olson stated that we had to do that with the 2010 flood when we lost so many vehicles and Harless Creek got wiped out. We had to do interim financing to pay for that and then it was years before we got money on that disaster. I believe we just recently rolled that over into something or just paid it off. Mr. Spears stated that we paid that part of it off previously but kept the line of credit. Ms. Olson clarified that it was a line of credit and not interim financing. Commissioner Tackett inquired what OTP was. Ms. Hatfield stated that they are the company who rebuilds our pumps and motors. Ms. Olson stated that she did want to say that as far as FEMA goes, that we have had so many disasters in this state this year that they keep reallocating representatives to different places. She is right now on her fourth person who has been assigned to our case since February of last year. And every time they change people, she has to resubmit things that got lost from the previous person that they didn't get to. So, that makes it a longer process, especially from the tornadoes and other flooding that the state has had. Chairman Denison inquired what the monthly premium was for tank management for \$16,000. Mr. Sawyers stated that it is Southern Corrosion which is a tank maintenance contract. Ms. Olson stated that is a contract for maintenance of our large tanks that are 50,000 gallons or larger. Mr. Taylor stated that he thinks it covers about 41 large tanks. Commissioner Tackett clarified that we have a plan with Southern Corrosion where they take care of our large tanks. He inquired if they were continually on the job doing one after the other. Mr. Taylor stated that their scope of work has been historically that they come in and they work on about 5 or 6 a year but it is on a rotating list where they try to hit them all within a 10-year time frame or so. The schedule was set up to where they do...it is a big job. When they come in and paint a tank, he does the drainage and getting it ready and turns it off in front of the tank and install a pressure relief valve to get it going. They come in and enter the tank, sand blast the inside down to bare metal, prime and paint it and it takes about two weeks to get it completed and back in service. Commissioner Tackett clarified that the insides are painted and not coated. Mr. Taylor stated that is correct. They are sandblasted, primed, painted and they do both interior and exterior. Mr. Sawyers stated that they make any repairs as they go. Mr. Taylor stated that we have had several floors that had holes in them. The way the tanks are set up, they are just ring wall footer so if the floor has a hole

in it, you may never see that. We have had several patches they have done. Commissioner Tackett inquired if there are different coatings as opposed to painting that we could use that may cost a little more but the next time we go in to clean it all we have to do is pressure wash it off and you're done. Mr. Taylor stated that is part of the plan is you do an interior/exterior and try to do that within an 8-to-10-year period and in between they are doing the pressure washing and cleaning which only takes one day of taking it out of service. Mr. Sawyers stated that they come in and do an annual inspection and will come back and do so many washes and then so many repairs; they just have a schedule that overlaps. Ms. Olson stated that what they are using, she believes is AWWA standard epoxy for potable water to a certain mil thickness and they document that with a tester that they have. Whatever they are using is for potable water for that industry standard. Mr. Taylor stated that it is called potable water paint and that is why it takes two weeks, because you have to go through the cure test. After further review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-003

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for December were in the packets of information given to the Commissioners for the meeting. Commissioner Runyon inquired what is the proper procedure for dealing with a residence whose home has burned. Mr. Lowe clarified that she was talking about as far as adjustment for a leak. Commissioner Runyon stated that she guessed that was what she was asking. Chairman Denison stated that it would go back to whatever the tariff says. Mr. Lowe stated that if they have a high bill because it melted their lines or whatever, they get the same leak adjustment as any other customer. Anything that we didn't adjust they could possibly turn it in on their homeowner's insurance. Commissioner Tackett clarified that if it was a total loss and they severed the line from their meter to the house and it was leaking. Commissioner Runyon stated that there is an adjustment here for a customer who completely lost their home. The proper way to deal with that probably would be to come in and say they need to have to have the service disconnected. Mr. Lowe stated that if they don't need the service they can come by or email or call us and send us the request to have it turned off. Chairman Denison inquired if there is a problem with that if they have sewer service. Mr. Sawyers stated that if they are totally cutting off the service, they would have to request to turn both of them off. Ms. Olson stated that in some situations the fire department or EMS will call us and ask us to turn it off because it is leaking because of the fire, and we will go out and do that. Then we would know that and do a work order because of the dangerous situation that we have turned that service off. Then it would be up to the property owner to call and say whether or not they wanted it disconnected from the main and to have the base left in case they want to rebuild and then they wouldn't have to pay another tap fee, we would just take the meter out. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of nine thousand, one hundred and forty dollars, and sixty-six cents (\$9,140.66). Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-004

CONSTRUCTION REPORT**AGENDA ITEM VI****Update by Shawn Hicks, Environmental Design Consultants.**

1. **Phelps Hydrology Study** - Mr. Hicks stated that the tub for the new grinder at the Good Shepherd Nursing Home was delivered the second week of January and has been installed along with the gravity feed line and the required electrical conduit for power and controls. The total completed work and materials stored through the reporting period equates to \$661,585.64 which is approximately 53.8% of the project completion. The contractor has been contacted by Norfolk Southern and have scheduled January 31st to do the railroad bore at the Billy Dotson Branch station. The generator shop drawings were approved, and the unit is ordered and is expected to be delivered in 18 to 19 weeks. The lift station wet well has not been fabricated. The contractor has been told that the wet well will be cast by the end of this month and delivered within two weeks.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Hicks stated that the contract documents were executed and the contractor, H2O Construction, began work on January 18th with the installation of 150 linear feet of 8" DI water line and a 20' section of 16" steel encasement pipe. The contractor is expected to load the bore and finish installing the remaining line and do the two tie-ins this coming week. Commissioner Runyon inquired where that project is located. Mr. Hicks stated that it is up near Stone, Red Robin area. Commissioner Runyon stated that there is something going on at McAndrews near Dotson's store. They have torn down two houses and it looks like there is construction with pipe there. Mr. Hicks stated that is where it is. Ms. Olson stated that she believes the area there is called Damrontown. But that is the project area. Mr. Hicks stated that it should be completed next week.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Hicks continued his update with this project and stated that the design work and project mapping has continued through this month. The Mapping and plan sheet development are approximately 90% complete and the hydraulic analysis is also 90% complete. They are planning to submit the plans to the Division of Water in the next two or three weeks. Commissioner Tackett inquired if when this project is complete, if they think we will be able to share our water up around a million gallons more towards the eastern part of the county towards the Sidney area. Mr. Taylor clarified that he means a million a month. Commissioner Tackett confirmed that as correct. Mr. Taylor stated that we can only probably upgrade about 20-25 gpm because of the way the pumps are set up. We have already got a really high discharge there. So, that is kind of the goal. The main transmission goes through US 460 and down into toward Greasy, so this would partition that off and main it a main transmission to Pompey instead of it being branched off it would come off of the 10" valve at US 460. So, the flow should be a lot better for that area. Commissioner Tackett clarified that when this is completed, we should be able to push Harless Creek water, around a million gallons more a month, which should be able to come off the purchased water. Mr. Taylor stated that yes, that is the goal.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that Shawn Hicks gave the update on the Fishtrap Hydraulic Modification Project, but on this project, Mr. Sawyers had some discussions with Compass Municipal last week and there were several items they asked for, and one of them was an engineering contract. They have out one together and he sent that to Mr. Sawyers yesterday so it can be reviewed by legal counsel, Compass Municipal and the District itself. Because the scope and exactly what they can perform is still somewhat nebulous, for lack of a better term, what they proposed in the contract is that their bid price was put as the basically their estimate there and proposed providing services hourly up to that. That way if the District doesn't need their services for some of these projects because you do them in house, you don't have to pay for them. He and Mr. Sawyers talked about it and as soon as they look at it and if everything is okay, going ahead and starting the first part of that with some master meters, and start working on those. Ms. Olson inquired if that was something that needs to be approved today. Mr. Sawyers stated that legal counsel has reviewed and approved it and he needs it approved and signed today so he can get it

submitted to Compass Municipal. Mr. Caudill stated that the bid price they provided in there is hourly up to that so if you don't need the services, you don't pay for them. Chairman Denison requested a motion to approve the Engineering services agreement with Bell Engineering/EDC for the Water Loss Reduction Plan, Phase 1 project through the ARPA funding as presented and reviewed by legal counsel. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-005

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that RD is still reviewing check list items that are mainly environmental that was submitted by the county back in December, so they are still waiting on them to finish that review before they can authorize them to proceed with the bidding process. The plans and specs and bidding documents are complete. They have the permit from the DOW and are simply waiting on the release of ARC funds to move forward.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that the KYTC permit is under review and one of the things needed to release that is the 811 subscription that will be discussed later. He doesn't expect that permit to be a hold up and is the only other permit they need. Chairman Denison clarified that they are requiring an 811 subscription to do that. Mr. Hill stated that it one of the requirements they responded with on comments. They want Mountain Water to be an 811 subscriber before they will issue that permit. Chairman Denison inquired how much that will cost the District to be a member of 811. Ms. Olson stated that there is no longer a fee to join, but every time they call us for a locate ticket it is a \$1.50 charged to us that we pay them. Chairman Denison inquired what the rate is that we currently use to do it. Mr. Sawyers stated that our staff has always done it in house any time anyone asked for location of lines, we did it ourselves. What it boils down to is that you are going to pay 811 and our staff if going to go out with 811 to show them where it is at, he is sure. This is something that 811 has been trying to push for years. He guesses they have finally found the way to force everyone to join is through the Department of Transportation. Commissioner Tackett clarified that if you contact 811 for a request, they are going to automatically contact MWD even if there is not a MWD line within 10 miles and we will still have to respond. Mr. Sawyers stated that we do that anyway. This is for us to locate ours. KRWA has campaigned against this. Generally, what we have done before is that public or other entity would contact us, and we would go out and locate something. Now every time that 811 contacts us we will have to be out to locate it. Ms. Olson stated that basically, what they are is like a one-stop-shop like a call center. The public will call them, they compile a data base of every utility that is reported to have underground facilities in a certain county, and they issue us a ticket and we have to respond to them. We till go out and mark the lines, just like we were doing for free, but now we have to pay 811 \$1.50 for us to mark the same line for the public as a member.

Chairman Denison requested a motion to approve the engineer's reports as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-006

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Tackett inquired if the Southern Tank is for the tank that we just got delivered. Mr. Taylor stated that it is. Mrs. Hatfield stated that they actually billed us for the tank and then billed this \$6,000 for the shipping. Commissioner Tackett stated that our people are really on the ball up there because he stopped the other day and he climbed up the ladder to look in the tank and he hadn't gotten halfway up the ladder and her comes a truck pull in and they asked what he was doing. So that was good that they were checking on it. Commissioner Runyon made the motion to approve the draws as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-007

PROJECT DRAWS:**PHELPS HYDROLOGY STUDY PROJECT**

H2O Construction	KIA Grant Funds	\$	43,200.00
\$43,200.00	Contract Construction/Materials		
EDC	KIA Grant Funds	\$	2,600.00
\$2,600.00	Engineering Services		

RADIO READ METER REPLACEMENT PROJECT

Southern Tank	RD Grant Funds	\$	6,000.00
\$6,000.00	Materials		
Hayes Pipe	RD Grant Funds	\$	12,012.80
\$12,012.80	Materials		

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) Funding Update** – Mr. Sawyers stated that you have heard updates on the projects like Maynard Fork and other projects that we have run into some delays with RD. He spoke to Sharon Hall today and he is sure that Mike Hill mentioned it about some of the delays coming from Rural Development. They have had a changing of the guard from Douglas Hoff to Theresa Shields and they have passed it on, so like the ordeal that Ms. Olson has been going through with FEMA and switching staff, and when you do, you have to reroute the world and print all of the paperwork again and again. He will be sitting down shortly with the grant writers at the fiscal court to discuss the AML funding coming up in April. He has already talked to them a little about it and will schedule a meeting sometime next week to review it and see what we might be able to do.

- 2.) Water Loss Update** –Mr. Sawyers stated that he is skipping over this item and will get back to it in a minute. The MWD form for water loss was 27.31%. He went back and pulled the numbers and looked at those and from the time that MWD took back over operations, the first two or three years were spent within a certain range and didn't give or take very much at all. During that we had some financial restraints that we had to address and some other issues that prevented us from getting started on the right foot like we wanted. But starting in the end of 2018 we were at 39%. Since then, we are down to our annual average for 2021 of 27.82%. So, we dropped roughly a little over 11%. Chairman Denison inquired who gets credit for that. Mr. Sawyers stated that the leak detection department and our staff making repairs. Mr. Taylor stated that it was a daily communal effort. Chairman Denison stated, "good job". Mr. Sawyers stated that things that have made a difference was that we moved our staff around and had the construction crew working. We also added a day shift leak detection. We have added another crew and we have had some freedom on finances that we didn't have in the first few years after we resumed operations. Commissioner Tackett stated that on the monthly update, Gerald Weutcher was to submit the surcharge application on November the 8th and we have not heard from him. He needs to hear from us. We need to get that complete. Mr. Sawyers stated that he asked him to complete it and submit it to us and he was supposed to submit the draft. Chairman Denison stated that Mr. Sawyers is to call him tomorrow. Mr. Sawyers stated that he will call him first thing tomorrow but that he hasn't billed us for anything at all as of yet also. He will send an update to the board after he speaks with him. Chairman Denison inquired how many zone meters were included in the \$1.3M that the county is going to award us. Mr. Sawyers stated that there are 74. Chairman Denison inquired how long it was going to take to install the zone meters. Commissioner Tackett stated that 12 of 16 is all we have installed so far of the others we have gotten. Chairman Denison stated that that will make a substantial difference in our water loss. Mr. Sawyers stated that it will make a big difference and we will be able to see everything in real time then. From RJ Palmer's perspective, we will be bidding against the contractor. So, if the board is agreeable to move forward with this, what we will end of doing is ending up giving a bid and probably hire staff and lease the equipment and vehicles. That way, however long it takes, we can put that in the bid and if we don't purchase the vehicles and so forth, then whenever the lease is up, they can go back. If Judge Jones gives us more money, then we can continue on with where we are at. The only way he sees it now is for us to bid against the contractor, factor in what we need as far as vehicles, equipment and staff and lease those. Chairman Denison inquired when those bids will go out. Mr. Sawyers stated that right now we are waiting on RJ Palmer to get it approved. Chairman Denison stated that he understands it has to go through the fiscal court. Mr. Sawyers stated that if it is approved it is sent to the fiscal court and they will notify us. What he has done is gotten this contract agreement to move forward to get it signed and he will let him start tomorrow on the design drawings and other stuff for the zone meters even though he knows he hasn't gotten approval yet, but they will have to approve the engineer for us to move forward. At least he will be ahead of the game and probably have everything designed before he can get approval. Chairman Denison inquired if there will be any problems or delays with getting the zone meters. Mr. Sawyers stated that there will be delays in ordering the zone meters. Chairman Denison stated that there shouldn't be a problem getting those approved and bought so we should go ahead and order those. We need to get those approved immediately so we can go ahead and get them ordered, correct. Mr. Sawyers stated that if we order them, we need to wait until we bid against the contractor...it depends on how you want to bid it. If you purchase the zone meters now, we can have them and supply the contractor with them. But if we are bidding against the contractor, the contractor is going to fluff the price of the zone meters. That would be a lower price that MWD would be doing them for and would help the contractor's bid price be lower if the District supplies them. He can't do anything until he gets approval from RJ Palmer. We can bid the zone meters itself and ask them to hold it for 90 days and wait on the funding to be released and approval, that way we can then get them ordered and have them on the way. Commissioner Tackett stated that he wants to stretch those dollars as far as we can, and we can do it cheaper.
- 3.) Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet. We have had typically, like other businesses, dealing with Covid with the staff lately. The good news is, where we have hired additional staff, it has made a difference and has been a blessing in disguise with Covid absences and also in the work we are getting accomplished too.
- 4.) Radio Read Residual Funds Project Update** – Mr. Sawyers stated that we are still pending some items. Once again, it is a shipping issue and parts issue and he hopes with a month or two at the

most, we can have this closed completely out. We are pending right now the strainer at the plant which has taken forever to get it fabricated. They have indicated that it may ship out within a month which is good news for us. Commissioner Tackett inquired how many of the zone meters have been done. Mr. Sawyers stated that we haven't accomplished any more on the zone meter for the time being. He thinks we have 12 of 16 done right now. Commissioner Tackett inquired if he thought we would get those four done within the next couple of months. Mr. Sawyers stated that he didn't see why we couldn't between now and spring.

5.) KPDES Permit Renewal Update – Mr. Sawyers stated that Synterra has submitted ten (10) and are pending approval on that and we have provided any additional data they needed

6.) Approval to Replace Vehicle #130 – Vehicle #130 was deemed unsafe by our Fleet Manager and Safety Director. He spoke to the Chairman and Mr. Spears both, and Walters had a truck available, and it has been difficult to get some of these vehicles in that we bid back in May of last year. He proceeded to purchase that and needs the board's approval for that purchase. That truck was \$31,495 and we traded a vehicle in, which was \$3,500, and an older vehicle.

7.) Refinance of Revenue Bonds Update - He asked Mr. Spears to give an update on that. Mr. Spears stated that the last thing he got from them, and Ms. Olson has some resolution for the board to sign tonight, that savings was supposed to be over \$350,000 and it is \$280,000 once they closed. Supposedly it closed last Wednesday, and she said it was a good thing because it went up like 2 more basis points on Friday. We were back and forth last week trying to make sure we had all of our bonds listed on that. His understanding is that Mr. Olson has the paperwork that will need to be signed to finalize that. Ms. Olson stated that the resolution that was approved at the last meeting, we already got that signed and it has been forwarded to them. The signatures on the agreement, we got this week; however, there is a resolution on page 34 of the packet that was included with the agreement, and we need to pass that tonight so we can get it signed and forwarded on. Mr. Spears stated that the resolution there and the 2002 bond on page 1, item 1; that bond is not being refinanced. He asked about dropping that off and they said since the original resolution addressed all of those, they wanted it on there. Chairman Denison inquired about the rate. Mr. Spears stated that the all-in rate was 2.62% and that is all of the fees and everything. Chairman Denison requested a motion to authorize and approve the assistance agreement with Kentucky Rural Water Finance Corporation for the purposes of refinancing certain obligations of the District as resolved and presented and included the in documentation of this meeting. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-008

Chairman Denison inquired what the price of the vehicle was. Mr. Sawyers stated that it was \$31,495. Chairman Denison inquired if that was the balance after the trade in. Mr. Sawyers stated that was the price of the vehicle and then minus the \$3,500. Chairman Denison inquired if the vehicle that was deemed unsafe was in service. Mr. Sawyers stated no, it was not. We traded it in and got the \$3,500 out of it. Chairman Denison inquired if it was in service prior to it being traded in. Mr. Sawyers stated that yes, it was in service prior to, and we took it out of service. It was a Colorado. Commissioner Tackett inquired what we got in its place. Mr. Sawyers stated that we got a 1500 series. Chairman Denison requested a motion to replace vehicle #130 with the purchase of a Ford F-150 extra cab. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
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Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-009

Mr. Sawyers stated that the rest of the monthly report is just standard information we hand out monthly. Item number 2 will be a presentation by Operations Manager, David Taylor. He inquired if the board wanted him to move forward with new business before he starts his presentation. Chairman Denison agreed to move forward.

NEW BUSINESS

- 1.) **KY 811 Member Agreement** - Mr. Sawyers stated that this item was already discussed previously.

Ms. Olson stated that the 811 member agreement, we didn't approve that earlier to address it here, so we will need a resolution of the board to join and execute the agreement with KY811. Chairman Denison requested a motion to approve the agreement and join KY811 as required by KDOT permitting. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-010

- 2.) **Douglas WWTP Agreed Order** – Mr. Sawyers stated that we received an Agreed Order and have met with the Division of Enforcement early summer of last year regarding our phosphorus at the Douglas WWTP. One of the requirements is that the phosphorus has to be monitored and met to a certain number. The previous plant did not have that in their permit requirements and this plant does. We have had issues with phosphorus trying to keep it in line and have worked with Ovivo trying to address the problem. In the meantime, the Division of Water was discussing our issues and we were letting them know where we were with regards to it. We finally got the membranes replaced and the screens and we have set down with Ovivo, who has a new staff member, and discussed treatment and have been able to utilize other chemicals and as of the last 5 weeks, we have been meeting our requirements and are in compliance. We will address this agreed order by sending in a Corrective Action Plan and part of the penalty on this was a fee of \$2,500. It was higher than that and he negotiated it down. Other than that, he thinks that we are looking at the right side of the mountain on this from this point forward with it.

PRESENTATION OF SYSTEM UPDATE, DAVID TAYLOR, OPERATIONS MANAGER

After a short recess, Mr. Taylor began his presentation.

Mr. Taylor stated that what he is going to be going over is a little bit of a hybrid between the other presentations he has done throughout his career here. One in 2012, one in 2016 and an update on what we have done on the projects. So, it kind of acts as an orientation and an explanation of the challenges that we face out in the field as well. What we are going to start off with first is the progress that we have made

since 2016. That is going to go over water loss, trihalomethanes, the AEP incentive program, BPS rehabilitations and service line replacement. On the water loss, he wants to go over first what causes a water leak so that you understand why it is such a daily challenge. Obviously aging pipe is going to be like right up there at the top because PVC and ductile iron have a different life expectancy. PVC and rock don't go well together. Rapid temperature change is why most water districts and potable water systems have such trouble in the winter when we get a big hard freeze from a temperature change from a 40- or 50-degree day and then an arctic blast comes in you go down 70 degrees. The earth's surface is susceptible to that temperature change and if the line gets into that it expands and contracts. He inquired if anyone has ever dealt with vinyl siding. You know the number one rule of vinyl siding is that you don't hammer it tight to the back board because it will buckle, and the reason it buckles is that it expands and contracts with the different temperatures. So, the depth of the line is also a big component to that because of the temperature change. Most polyethylene manufacturers will tell you that in this geography here, there is a 5-foot minimum. We don't have a lot of 5-foot minimum polyethylene so that is why it expands and contracts. So, if it doesn't have the proper bedding, which is like dense grade, and something so it can expand and contract, it is going to hit up against the rock. If you go down south, you notice once you get to Tennessee and on down, you see excavation all over the place and it is red clay everywhere you go. We don't have that here. It is all rock and if it is not backfilled properly then that is what that expansion and contraction will do. It just keeps rubbing and rubbing until the rock overpowers the polyethylene or the PVC. With pressure, same thing. A 3/8 hole at 50 pounds of pressure will not let out as much water as a 3/8 hole at 200 pounds of pressure. So, with that extra pressure, you are going to swell the line and that swelling of the line is going to make all of the other components exaggerated to induce that leak. Chairman Denison clarified what he said the depth of the line is. Mr. Taylor stated that polyethylene is 5 feet. The next item is corrosive soil. That is something that is kind of a new player that has gotten onto the scene in the last 5 to 6 years. We are getting a lot of our ductile iron and old flanges and wrap arounds with the bolts that are starting to rust and break off. Saddles even. So, the corrosivity of the soil is starting to wear and tear on some of the line that has been underground for 30 or 40 years. Violent water hammer is another item affecting water line breakage. This can be done by pressure reducing valve failure, improper hydrant use or a power outage. This is, quite simply, the way it sounds. This 10" line feeds 2 pump stations down the road and if he was to put an ultrasonic machine on it and have one of them on, it will show what the pump is pumping, like maybe 500 gallons per minute. Use to, when he would cut the pump off remotely. It would slam into the station and then come back, and it would show a negative 300 and then a positive 250 and then a negative 200 and so on. It causes a sling shot effect. When you have 4 gallons a foot in a 10" line and 2 miles of it, then you are looking at 40,000 gallons of water that gets hit and then slingshots back. The reason that is harmful, is that when you add the other components or get a PRV failure, or someone opens up a hydrant, then that induces that same hammer and if it is not in a good spot, that is usually when we get splits from one end to the other. Phelps mountain is about 1,800 foot above sea level. There are 3 regulators (PRVs) that is basically like a braking system for the water, so that it doesn't have too much, because if you didn't have those 3 regulators, you would have 480 pounds of pressure at Freeburn. So those 3 regulators back it off so you have an incoming of like 150 and outward of 50. Well, you just took off 100 pounds here, then you take off another 100 pounds and another 100 pounds so you make it nominal so it isn't too much pressure. What will happen on those PRV failures is, say someone is on a hydrant and they take a lot, all the regulator can do is work on demand so it is going to give the water. But then, the hydrant gets shut off and it slams back and this one doesn't know what to do and they start slamming each other. That is why we have so many main line breaks at Smith Fork of Phelps because once they get out of sync, they fight until somebody splits a line.

So, how do we find a water leak now that we know what causes it. Obviously, zone meters are our number one go-to. We have 40 to 50 of them out in the system and we get those readings daily and we know what the normal consumption is for those. If we get one that is high, then we know to look in the zone that it is in. 40 to 50 sounds like a lot but when you have 1,000 miles of line then that is technically just for all of the branches that we have so it is still a lot of work. One zone meter might have 6 or 7 pressure zones behind it. SCADA is short for Supervisory Control and Data Acquisition. So, the supervisory control part is basically saying, "okay here is a tank that is 24 foot tall. Let's kick it on at 10 foot and kick it off at 16 foot." That is what the supervisory control will do. Data acquisition is the graphs and reports and that is what we use to see pump times, drop rates, rise rates when pumping, and we can calculate what the gallons per minute is through that. Now that we have figured out that the problem is on a tank so now, we can get the ultrasonic flow machine out. We have test points on most of them so, just to give an example, say we have 50 gpm coming out of a tank, you can go down to the tee and go left handed, you've got 5 gpm, go right handed, you've got 45 gpm, you keep going with the process of elimination whether it is test points or valves and then you trap it. Once you trap it, now it is time to get the ground microphone and either walk the road, if conductivity will allow, and what he means is, if the line is laying next to the road. Most of the line is. We

have a lot of line that don't, but just say that the line is next to the road and you can walk that road because leaks will make noises in three spots; the saddle where it is tapped (because the rush of the water going through the saddle that feeds the leak will make a radiant noise there and those are mainly the ones that he finds), and then where the leak actually is, and then the contact point is the service base or the water meter for the customer because they are connected. The problem is that polyethylene doesn't have good conductivity so, it had to be a significant leak for us to hear it on those contact points. When he says significant, he is saying over 3 gpm are usually the ones you can hear. A 2-gpm leak will not be enough to make that saddle make a noise. If it is not close to the base, you could miss it, if it is long service line. This is an example of the data acquisition. This was January 24th, and he went back to December 7th. This was one of our targets this week because, as you can see, the drop rate is a little bit steeper than what it was here. This will calculate because he knows what the gallons per foot is and it is 4,166 so its basically, you take that drop rate there, times the gallons per foot, divided by 60 minutes and that is how you get your gallons per minute. The difference between the two drop rates besides what you can see with your eyes, is 23 gpm here and 6.8 here. That tells you that you have a 17-gpm leak somewhere on that zone and that is up above Runyon's school toward Homemade Hollow. Commissioner Tackett stated that it doesn't have to be just one leak but could be multiple leaks equaling 17 gpm, correct? Mr. Taylor stated that this one in particular happened in one night so that leads him to believe that it is one leak. Once they got the numbers they got in 20 and 21, our barometers are so tight that it is hard to sneak a leak through the system now because we have good set numbers. If that had happened through a month or two's time and gradually got worse, it could be a couple of leaks. This is a breakdown ratio of how many leaks we fix a year and how many of them are service lines or lines from the main to the meter base, the small $\frac{3}{4}$ " or 1" line. That is the difference in main lines. That is in 2016. Commissioner Tackett inquired if that was in flow or just leaks. Mr. Taylor stated that it is the number of leaks. Commissioner Tackett inquired how that corresponds with the amount of water loss. Mr. Taylor stated that he would say your red is going to overtake it even more and he will go into that a little later. A main line leak will usually leak broad and big at first, but they are easily caught, instead of a sneaky little 2 or 3 gpm leak. This was in 2017, same ratio. 2018, 2019, 2020 (we were at 78% service line leaks), and then in 2021 we fixed a total of 531 leaks and 414 were service lines. When these are main line leaks, service line leaks...it's not like frozen meters, leaks in pump stations, leaks on the regulator base, he isn't talking about those. These are leaks that we had to dig up to fix with an operator, an excavator, a ditch man...we had to actually dig it up to fix this leak and repair it. That is 531 leaks just in one year that we had to dig up. So, PVC life expectancy is 50 to 75 years. If it is buried good, bedded good and has good cover on it, you might be able to get 100 out of it. It is really hard to say because most of the lines that were done in the 1960's and 70's are already starting to show bad signs of deterioration but they say the polyvinylchloride used today is a lot better and is going to last a lot longer. So, we won't know that. The reason the PVC is such a detriment is because 83% of our system is PVC. We only have about 15% that is ductile iron, 1% that is cement, and then polyethylene which is HDPE. For example, at Phelps mountain, if we had played a part in engineering that, we would have done it out of ductile iron because you wouldn't have that PRV and the failures, but because the cost of pipe is cheaper on PVC to ductile, you get more bang for your buck if you can run more and get more people hooked up. That was just a design...hiccup for long term maintenance. Mr. Spears stated that there was a phase in the early 2000's that it was get everybody hooked up. Chairman Denison inquired about the life expectancy of ductile. Mr. Taylor stated that it is 100 years except for the corrosivity of soil that we have some issues with that. We have an issue at Island Creek. We have had to fix a couple of leaks now above Island Creek that the pipe is actually flaking out in like 50 cent pieces. We had that on Pike Central for years from the school down to the red lights at Cassidy Blvd. That line has always been very tedious, and now Barrenshee and Stopover and over here at the EQT where we have made a tee over there...that is showing some really bad corrosive stuff, but we have to be on the lookout for that.

Going into the water loss, because you need to know this before he shows the next couple of graphs to show the comparison of what Mr. Sawyers was talking about. There are 4 main components here...produced and purchased is what we make and what we buy from the City of Pikeville and the City of Williamson. That is a hard number every month that we get and that is how we get that number. Sales...same thing. That is what Mr. Lowe gets whenever he adds up all of the meter readings for what we sell throughout the month. Then, what we use for either flushing, fire department use or at the water plant. The rest of it is contributed to deterioration. The 3 numbers here is what we focus on to try to shorten the gap and trim the fat, so to speak. Chairman Denison inquired what the formula is for non-reporting fire department allowed by the DOW. Ms. Olson stated that she multiplies total sales by .003 which is .03% for each non-reporting department. Chairman Denison stated that the fire department usage showed is consistently overstated. Mr. Taylor clarified that he is saying that they are understating what they use per month. Chairman Denison stated that if they don't even report, then we get to utilize the .003 calculation. Mr. Sawyers clarified that he is stating that it is actually overestimated than what their actual usage would

be. Mr. Taylor stated that he doesn't know because he doesn't see what they actually report. Ms. Olson stated that she will say that this past month, she had 5 non-reporters and 3 of them were Elkhorn stations 1, 2 and 3. They actually turned in 0 usage after the report was completed so, she didn't go back and make corrections because the reports were already copied but yes, if everyone reports, all 26 of them, then the number is probably 500,000 to 1,000,000 gallons less which is a point something percentage point on the water loss, so less than 1% difference. Mr. Taylor stated that he usually doesn't concern himself with that because what they are trying to do is concentrate on the infrastructure part of it. That is more of Ms. Olson's area, but what we have here is every single report that he just showed them from January of 2016 all the way to December of 2021. It is just not showing the titles because of the size of the graph. He isn't too interested in showing them the sales and the accounted for, but what he wants to focus on is this top number. As you can see, if you at this 120 we are over that 120 all the way until we get to about right here, in mid-2020. When we got under 120, we rarely ever looked back and now for the last 3 months we averaged about 114 to 115, as opposed to an average 139 previously in 2016. This is produced and purchased and is in millions of gallons. This is what he was talking about on trimming the fat, so to speak. That is where it has to start. This is the same type of line, just a different graph, but the same thing once you get into it. Mid-2020 you can see the pattern of it going down. Sales also has a bit of a gradual decline, so, it is not all gravy there; we have less sales and that is going to hurt this. So, this is our annual average. This is taking all of 2016, 17, 18..so on and so forth and getting all 12 numbers and getting the mean off of all them and as you can see, we started off at 139 and we were kind of hovering because we could make pushes during the summer and try to get some of the numbers down, until it got to 2020 and as you can see, from 2019 to 2021 we took 16 million right off the top. The sales were only a 2M difference, so that is where the leak detection done its thing. So, that is just a sharp contrast of what he is saying. This is 2016 where we started, and this is 2021. How were we able to do that? What is so different between 2020 and the years previous? First off, the corona virus, because that stopped a lot of our meetings and vendors and freed him up to kind of work exclusively at night and they created another team with it. The second thing was when the governor did the mandate for the "no more disconnects". That freed up two more guys during the day. After a conversation with his wife and he told her what he wanted to try to do with this and called Kris Dills and Timmy Lucas and they had a meeting right here, which was the first social distancing meeting they had, and he explained to them what he was going to try to do. So, what the element was is that he took the county and breaking them up into 33% each and took the fourth crew and made a construction crew out of it. Then they had two teams at night and the two guys during the day. So, what they were able to do is a juggling of 24 hours a day they had guys round the clock that were looking for leaks, marking leaks, and then had guys during the day that could pinpoint the leaks so they could migrate to another section and keep attacking the county. That was the whole secret to what they did in the last 2 years was basically concentrating so much effort on finding and fixing the leaks to try to get this number down below 30. As far as savings so, if you want to convert that into dollars, if you take the 139,000,000 average and subtract the 115,000,000 in 2021, that is 24,000,000 gallons a month that we are not producing or buying. But we sold 7,000,000 less so you have to take that off too, you can't take the whole 24. So that left us with 17,000,000 that was average and 204,000,000 per year for the last 2 years. When you divide that by 1,000 and multiply it by \$1.90 (an average he used between Williamson and Pikeville) and multiply it by the 12 months, that gives you the \$387,000.00 per year savings. Of course, that is not money in pocket because we used a lot of money to repair the leaks. We rented a hammer, we did a lot of pavement work, a lot of gravel work.... Mr. Sawyers clarified that it was produced and purchased numbers. Mr. Taylor stated that it is the difference. If we were still using the same amount here than we used in the last two years, then that is the difference in what we would have paid for in our own... Mr. Sawyers stated that the \$1.90 may not reflect it considering what is out of the plant, what we produced. Mr. Taylor stated that the production at the plant didn't change, that is what he is saying, at 139. So, this should have been \$1.92. But that's okay. At \$387,000 we had to put...instead of losing it on the ground, we are putting it back into the system by not going and patching the leaks, but actually replacing the lines. That was a big difference. This is a quote from the EPA's website that "public water systems face a number of challenges including aging infrastructure, increasing regulatory requirements, water quantity and quality concerns and inadequate resources. The challenges may be magnified by changes in population and climate." Now we don't have a quantity problem as far as like they do out west. Nevada and California, they have got really scarce supply. But we get our water from Flannigan that feeds up to Ohio and we have a pretty good water supply. But the average throughout the country in water loss in systems is 16%. That is straight across the board. You take every system in the nation and the average is going to be 16%. What he wants them to realize is that we are not an average water system by any means. But he is not trying to grade us on a curve, but he wants to show that the problem is not just here in the mountains. The customer decline is a problem. In 2013, we had 17,200 customers and now we are hovering around 16,500 give or take 50 or 70. That is 650-700 customers that we don't have now, that maybe in 2015 when they did the second-rate increase, had anticipated not losing that many. Commissioner Tackett stated that kind of surprises him because he

thought it would have been more. Chairman Denison stated that at the same time, you have more sewer customers. Mr. Taylor stated that going through the pie graphs that he showed with the service lines and the main lines, if you add all of those up you get 3,000 leaks. We were only able to shave 388 gpm because the deterioration is pretty much like this; Mountain Water's deterioration is like a mechanism that just doesn't stop. What we try to do is outrun it a little bit. So, out of 3,000 leaks we were only able to shave 388, that's where the 17,000,000 comes from. That gives you an idea that going out and fixing 4 or 5 leaks may not make a big difference at the end of the line. It takes an aggressive fast pace, people, two teams and teams during the day, and guys aggressively fixing leaks. Ms. Olson stated that sometimes you fix one and it makes two more pop up. Mr. Taylor stated that you go down a stretch with 5 leaks and you may find the first 2 that are large and fix them and come back the next night and there is no change. That is because the other 3 have opened up just a little bit more. You have to find them all and quiet them all up. This goes into what you were talking about with the main line leaks. If we were to have a 40-gpm main line leak. That is not going to sneak past any of us for very long because something is going to show up red on the computer or the readings. So, if you have a 40-gpm leak for 3 days at 1440 minutes in a day, you are going to lose 172,000 gallons. But what about that little 2 gpm leak? He runs all year. That is 1,000,000 gallons and that 2 gpm leaks are little thieves. They don't go for the vault, they take it off the cash drawers and tippytoe out of there, and that 2 gallons can be broken up a million different ways: 4 half gallon a minute leaks, etc. and that is a little disheartening when you think about it that way but, it is all a matter of ... the lot of leaks that we have changed out thinking that we've had leaks, the guys will call back and say "well, it had two or three leaks on it". Well, we didn't know it had two or three, all we could hear was the one sound. That gives you an idea of the creeping death of the small leaks that kind of get us. Commissioner Tackett inquired if when we fix these leaks that we are finding now on service lines, are we bringing in new bedding material or is it a case-by-case basis and you look at the soil and see if it is pretty good and don't need anything. Mr. Taylor stated that we try to use trenchless methods if we can, which is basically taking the line and splitting the old one as we replace it with the new one so it kind of gets encased with the old line. But as far as soil, if we are digging it then yeah, we will try to put back with a dense grade. Especially on the main lines. But, all of the service lines, we have done that on the bigger 1" jobs that are 1" lines with 4 or 5 services. But if it is small service and we can just shoot a new line under the road, then we will just replace it that way. There is no way to tell what the soil is because it is trenchless. Commissioner Tackett inquired if it is a same side replacement, then you go ahead and bed those lines in with new bed material? Mr. Taylor stated that we don't usually because where are you going to get it when you are up in a hollow, like the head of Dix Fork or something, and then you find it is a 4-foot service and you dig it up and replace it. Where are you going to get the dense grade and then you have to excavate the old material. If it is a planned one, then we definitely have dense grade on site, and we'll just have it dumped and then fill it in. So, this is another breakdown. 115M is what we averaged for 2021 and we were at 27.9% is what he had. So, that is a loss of 32M gallons a month and divided by 30.4 days a month (which is 365 divided by 12), you come up with 1M gallons a day. Divide that by 1440 minutes in the day and that is what we are losing right now as we are talking out in the system, which is 733 gpm. We have 1,190 miles of line in the system so, if you average it out that way then you are averaging for every mile, every 5,280 feet of line, we are missing a little over a half a gallon a minute. Because that 1,190 is the total in transmission and our services. That is all for water loss and inquired if there were any questions. Commissioner Tackett stated that it was a good presentation to show somebody who is not familiar with it how complex it is. Mr. Taylor stated agreed and said that is why he had to break it down into those numbers so that...when you hear 733 gpm you are like "oh my gosh, you should be able to go out and find that". Well, it's not like one 100 gallon a minute leak here and a 40 gallon here. He would say that until the flood that we had in January, he doesn't think we had a 20-gpm leak in the system. Everything we had was less than that, there was a just a whole bunch of them. The problem that he has is that he knows for a fact how many miles he has walked at night in the last 2 years and he has passed 1 or 2 gpm leaks because he is relying on it making a sound and if he walks for 6 miles down a stretch and come back and still has 13 gpm in that neighborhood but we can't find it, then we have to narrow it down and split it in half and it is just really frustrating if it isn't making a noise that you can hear. Chairman Denison inquired if the equipment plays a role in that. Mr. Taylor stated that not really. We have the best equipment that you can have. We aren't hamstrung by the equipment; we are just hamstrung by some of the other stuff as far as the type of pipe. If it was copper, you can hear a quarter of a gallon a minute on copper service line. But, polyethylene, which is our predominant line, it is not as conductive and that is what hurts us.

Moving on to the trihalomethanes, Mr. Taylor stated that we tried to use a corrosion inhibitor around 2015 but that was when we were in between contracts with private management and Division of Water recommended a chemical called Clearitas which is a bio-penetrant. He didn't know if it was going to work, and we didn't know if it was going to work and we kind of trialed it out on Mountain Water. What it does is takes the biofilm that is built up in the line...if you are a molecule of disinfectant and you leave the plant

then your first and primary goal is to stick and latch to anything that is formed on the pipe and clean it. That is what disinfectant does. If you have a pool, you know what the chlorine tablets do for the pool and how it cleans it up. Same thing. So, the biofilm is just kind of laying on the inside of the pipe and has been doing this for 40 years because there is not a really good way to clean it, even if you try to strip it. So, what it done was that it gelled it up to a point where we could flush it. Now, that is a wet tap machine (showed picture), and when the valve is open it drills in and drills a hole, pressure hits it back, so that you can do it hot and then we bring it back, close the valve and then this right here is your receipt that you just drilled out of this line. Inside of this line, you can see...look at that taffy...whatever. Through his training, they flush at about 3 to 4 feet per second. That is what the recommended scour rate is. This line was already running at 3 to 4 feet per second, so it surprised him to see that it wasn't smooth on the inside. It also gave him an idea that maybe we needed to go higher. So, what we done was started at the water plant and worked down toward Millard, Shelbiana and then toward Ferrells Creek and all of this, and this right here is what we got into (showed picture). When we started to flush the line, it was just regular clear color, but once we achieved that high speed, this is what came out (showed picture). What it is doing is basically using water, like using a pressure washer inside the line. It is moving with such force that it is taking all of that built up stuff and flushing it out. Once it is flushed out, it turns clean (showed picture). What they found out was, for every mile of line it took 45 minutes to flush it out. The first time he did it, he was scared because they turned off all of the sides and he is doing this at like 2 o'clock in the morning and that came out that color and he is thinking we were going to be toast in the morning...they are going to be flooded with phone calls and this and that. They did it all the way from Regina, all the way through Ferrells Creek, Feds Creek, Phyllis, Kimper, Stopover and over and never got one complaint. Then they did it all the way down Shelbiana, and all the way through Elkhorn Creek, through Foggy Mountain, Douglas...Chairman Denison inquired how often this has to be done. Mr. Taylor stated that we try to do this heavy flushing at least once every 6 months. The last time he did it, there was not even a tint of yellow. Which was what the manufacture said. They said that you are going to be doing a clinical dose at first, but then you can do a preventive maintenance dose. So, we were actually able to take it back a little bit. It is a costly chemical. That is over at Shelby Valley (showed picture). Same thing. Chairman Denison inquired if when you put that much pressure on the line if that causes leaks. Mr. Taylor stated that no, it didn't do anything because we did it during our whole leak detection thing. We did it very strategic and very slowly and meticulous thing to have to do. It is like a train; it takes about 15 minutes to get full pressure out there and about 20-30 minutes to back it off. We were doing this all the way to Stopover and all the way to Elkhorn Creek, and it got pretty much all of our main transmissions that had good amount of pressure. Now, side lines, we don't flush this intense. We are still doing that at 4 feet per second. This was just to try to go through the main heart of the system, so to speak. Ms. Olson asked if he would explain how that orange water (biofilm) affects your DBPs. How the stuff that was in the line affects your DBPs. Mr. Taylor stated that basically like he was talking about, if you are a molecule of disinfectant, and you latch on to that inside of the wall of the pipe. But if there is nothing on the inside of the wall, then the disinfectant can just keep on going down the pipe. A trihalomethane is a disinfection byproduct, and what that means is, once it latches and outlives its usefulness, then it expels into that methane. Ms. Olson stated that if there is nothing in there for it to latch onto and give that out, then your numbers are going to go down and your chlorine will last longer and go farther. Mr. Taylor stated that is right and they were able to eliminate a lot of their chlorine booster stations because the disinfection that came out from the plant, the more it has to latch onto, the less you have going down the stream. But once we did this, the chlorine leaving the plant can make it all of the way to Stopover now with little to no boosting. Chairman Denison inquired about the carbon treatment. Mr. Taylor stated that the carbon is going for like a dissolved oxygen or dissolved part of the incoming water. So that is more a taste and smell type thing. But like the carbon feeder unit takes everything out, including the disinfectant. So, if you were to have a carbon system up, you have to have a disinfectant system right behind it. That is the primary worst danger that he sees of people who have carbon units in their homes. Because they don't realize there is no disinfectant after it leaves that carbon unit. We had a home at Raccoon Creek that got into some bad stuff in their plumbing and then we explained to them that there is no chlorine, there is no disinfectant, there is nothing cleaning their pipes because the carbon was taking it all out. Mr. Sawyers inquired if the City of Pikeville was using carbon right now. Mr. Taylor stated that they are using the same as we do. Just a wood-based grain that is introduced into the water. Commissioner Tackett stated that if you cut into one of the supply lines that is in our house and been there 15 years, you probably wouldn't drink anymore water in the house, would you? Mr. Taylor stated that he would say that for 20 years when we cut into our own transmission pipes, that yellow staining has always been there. It is not anymore. It looks really super clean. Ever since we started doing that, all of the guys, especially veterans, are amazed at how much cleaner it is than it was 5 years ago. Trihalomethanes have been problematic since 2014 and we were elevated to a corrective action plan with the Division of Water Enforcement. Because of the leak detection efforts, reduction of purchased water, high velocity flushing, we were in compliance with our Locational Running Annual Averages (LRAAs) for trihalomethanes for all four quarters for the first time in 7

years. The first time ever since they started monitoring really. That was a very good achievement that we done for water quality. Commissioner Tackett clarified that we weren't in compliance with even one quarter in the previous years. Ms. Olson stated that if you start really early on in 2014 and 2015, it started out like one quarter was out. Then in 2015 it was a couple of quarters. In 2016 it was three. Commissioner Tackett stated that samples he saw, from 2018 on, every quarter was out. Mr. Taylor stated that that running average is almost like a GPA. You can be a little bit high one month, but you have to be down low for next to average it out. Commissioner Tackett clarified that each LRAA is based on four quarters. Ms. Olson stated that each quarter is 3 months, and we take one routine every 3 months which is 4 a year. If you get one high hit, then your other 3 better be low to keep your average under .08 or you are out of compliance.

Mr. Taylor moved on to the AEP Incentive Program topic. He stated that they had this deal where AEP was going to give us a lot back, 50%, of what we put in to replacing facilities as long as we were doing something to reduce our kilowatt hours. We used that as an opportunity to rehab and replace some of our pumping stations. This is Indian Creek in 2017 before we did our rehabilitation (showed picture). We are still using the same shell; it is just different. What we done was dry flanged the incoming line and run the copper check valves, hooked up the VFDs. Our maintenance crew, David Wolford and Brad Taylor did most of the work on this and they did phenomenal work. Commissioner Tackett inquired where the Indian Creek is. Mr. Taylor stated that it is right before you get to Anderson Branch on the right. It is below ground so you have to look for the concrete vault. The same thing with Caney. We were able to actually take that one out from it being a substation and put it above ground. Mountain Water laid the block and did everything to that station hooking it up except for the tin roof and siding. That was the only thing we contracted so from the footer all the way up, our guys did everything from the tie-ins through. We were able to do that for a little less than \$50,000 and that was including parts, material, and labor. Chairman Denison inquired where the Caney station was. Mr. Taylor stated that it is right before you get to Route 611 on the right. What we did was take the old one and we filled it completely in. That was the only requirement from the state. Mr. Sawyers stated that he would say that if a contractor did that it would probably run around \$150,000. Mr. Taylor stated that is what we did in progress. He inquired if the board wanted to continue with the forecast or set up for another time. Chairman Denison inquired how much time will it take for the forecast. Mr. Taylor stated that he would say about 40 minutes. He would recommend to go ahead and shoot through it. The board agreed.

Mr. Taylor stated that going through what we have done and with the trihalomethanes and the leak detection, and what our maintenance guys were able to do with the pump stations, he wanted to kind of throw that into the progress but wanted them to know that the staff that we have are top notch. Any of one of the guys that we have could probably be a general manager anywhere else in the state because of the challenges we have in this region. They don't have the same challenges to the west. Hardin County #2 is probably one of the most comparable by stats. They have the same number of employees, the same number of departments, the same amount of customers and miles of line. They have actually absorbed the City of Elizabethtown so they are now higher, but when it comes to pump stations and tanks, they only have 12. They have a water plant and 12 tanks. We have 108 tanks and 136 booster pump stations. Commissioner Tackett stated that on the Mountain Water District info that he has, he has 86% are water only...Mr. Taylor stated that is not water only. There is only 230 that are wastewater only. Commissioner Tackett stated that we have some that are wastewater only that get their water from Williamson. Mr. Taylor stated that is correct, but it ended up being like 0.0 some percent and that is why he didn't put it on there but he was going to explain that. The 86% is water and the other 14% is water and wastewater except for that 0.00 something percent. We have a few wastewater only besides the 229, like down Big Creek that has the septic and aerators. So, of the 16,500 about 250 are wastewater only. To go into what he wanted to cover with how we are going to proceed, he wants to take you back to what it was when he first started here because he wants to kind of learn from the history of this place. So, everyone knows about the consolidation in 1986 with Pond Creek, Marrowbone and Shelby Valley. In 1997, we filed for our first-rate increase. That was 11 years from the consolidation. The financial state in 1998, which is when he started here was nothing short of a mess. The tools that you would get...he remembers going to Ace Hardware and that is where he first learned what petty cash was, because the first set of tools that he went to go buy, they said "no, Mountain Water has no credit here. You pay for this in cash." So, he paid for it in cash and took the receipt back upstairs and they paid him in petty cash because our credit was so bad at that time. The truck that he had at that time was a 1984 Bronco. We had cop cars, we had MSHA vehicles, 2 Ram Chargers that were MSHA inspector vehicles, and of course we didn't have excavators back then, so we weren't very mobile. So, everything that we don't, we had to tram the backhoe from point A to point B which took a long time. A lot of the guys were spending a quarter of the day tramping the backhoe before we could get from one place to another. Drug abuse and theft were absolutely horrible at that time. He is not going to go into details about this at this time, but he would say with theft, we had some guys that were

taking copper and go out somewhere and run it over with a backhoe and make it look all scruffy and then take it to the scrapyards and sell it. There are other stories, but it was an issue. We didn't have leak detection back then. We contracted that out. We had a guy named Bud Reed that would come in for the first two years and he was just given to him to take up in places...he doesn't know how they designated what was what, but they would use the hearing device to try to find leaks. That is actually when he heard his first noise. They never found any leaks, but he would let him listen to the base and he would turn on the faucet to the home so that he could hear what a leak is supposed to sound like. So, in 2001, after he got hired on in 1998 to do pump stations and tanks, he had started the leak detection. We had some equipment. At that time, we had a flow machine and a hearing device. But imagine your neighborhood at 2 o'clock during the day... lawn mowers, cars driving up and down the road, birds, dogs barking...now, envision what happens when you go out at 2 in the morning how quiet it is. That is what leak detection is. You have to use your ears to see if you can hear that signature tone. So, what we did is he was given a truck, a guy and a handheld radio and they went out and would narrow them down at night and come out during the day. He would work from 11 to 4 at night and then come out and work 11 to 4 in the day. Two different times. And that is how we kind of got started with having success because we seen what a value it was at night. So in between 2002 and 2005, it was a very chaotic time before private management started, we had the LMI program and then the Coal Severance boom. That was project upon projects...Booker Fork, Lizzie Fork, Contrary Hollow and Kelly Mountain and he doesn't know how many miles of line they were able to lay during that time, but the construction projects were all over the place. Mr. Spears stated that it was about 25-30 million dollars of construction in some years. Mr. Sawyers stated that we had a new plant and all of that line all the way back to Feds Creek was done during that time. Mr. Taylor stated that we laid line on out to Phyllis. During the 2005-2016 period we also had a mass exodus of equipment, personnel and customers. When he was promoted to Operations Manager in 2004, he had like 72 employees out in the field. By the time 2016 rolled around, we had about 58. The job that he got hired in to do was a pump station check guy. So basically what that is, is that you are going to all of these small pumping stations and tanks and making sure it doesn't overflow and it don't run out. Those jobs got dissolved. We don't even have those anymore and we had 6 crews. We had four area crews and one float crew that they could share. So, when they didn't have a lot to do, we could replace service lines and fix leaks and do construction jobs. We ended up just having the four crews when it was all said and done, and he is sure there is some financial stuff on that. In 2012, seeing the deterioration of the system, the water plant, the storage tanks that we were getting, he was able to talk private management into letting him do a presentation for the board at that time, which as you can see, it was all about the deterioration of wastewater, preventive maintenance and the water treatment plant itself. Then in 2015, Mountain Water filed its second-rate increase. At this time, the District is 36 years old. In 2018 he presented a Capital Improvement Plan for Mountain Water; in 2019 he presented it to the PSC. He presented it to the PSC in Frankfort and Steven Caudill and Mr. Sawyers was there, along with the lawyer we had at the time. That was a good presentation and showed pretty much everything we had in detriment and he thinks he has sent the board a copy of it. The PSC Commissioners, afterwards, say that they were hopeful for what we were going to do next. In that CIP plan, these are the categories that were discussed. So, basically, service line replacements, water storage tanks, main line replacements, BPS replacements, rehab, water treatment plant, equipment, hydraulic modifications (which is stuff that we have so many generations of lines out there, like Regina for example, we have an old 1968 line and then the 1977 flood line, and now we have a 10" line; but they are all three still active. No one has ever tried to consolidate those guys into the new lines and get rid of the old lines. So we still have trouble with the old lines. That is what hydraulic modifications is. Long Fork of Virgie, same way. From the mouth of Long Fork to GF Johnson, there are two lines in the ditch a 6" and 4". The 4" is old and the 6" is new.) Other categories include telemetry upgrades, staffing, water storage tanks, property maintenance...Commissioner Tackett inquired if the reason why like at Long Fork, it has a 6 and 4, the 4 was the original line and then we put in a 6. Mr. Taylor stated that what it was, was that the old Shelby Valley water system ended at Penny Road with a 6" main and then stubbed off with a 4" to go up to Long Fork to GF Johnson. That was the old end of the line. In 1993 they brought water from Island Creek and was able to supply it into the Douglas system so that they could feed Robinson Creek, Little Robinson, Indian Creek, and the head of Long Fork of Virgie, so it was a volume issue. They couldn't supply everybody with a 4" line. What should have been in the contract was when they laid the new line, they should have put something in there to put everything on the new line and deadened the 4". That is what he is calling a hydraulic modification and there are a lot out there. The system was built in stages, so strategy was based on return on investment, service line leaks, upgrading our pumps and motors to VFDs, and then the water storage tanks and then the scale used was the probability of consequence and failure. You can have a river crossing that is exposed and the probability of failure may be high, but the consequence could be low because you have valves on both sides and another way to feed it. But you might have another river crossing that is not as in as bad a shape, but the consequence could be higher because if that goes, then we have to wait until a contractor does a directional bore. This was pretty much what the plan drew out

from 2020 all the way to 2034, was to try to attack each one of these sections a little bit at a time so that we could slowly but surely progress our way to sustainability.

Now for the infrastructure. It is unrealistic for him to take them out to the system, so he is going to bring the system here in some pictures. This way you can see what we are dealing with. This was in 2007 and is Wolfpit tank. This is one of the first ones we painted. Just like he said it is a 2-week process, they open up the manway, sand blast the inside of it out to bare metal, prime it, paint it, it cures up, they do the outside and then that is how we go. (Showed picture) This is what we call a glass lined fused tank. This one does not require paint. You open up that manway and you just pressure wash the inside of it with sodium hypochloride solution and it's what we call a spray down method. That was actually constructed in 2015. That is Lawson's Branch (showed picture). This is Robinson Creek (showed picture). It still looks just as good today at the one at Lawson's Branch. You are not going to find a steel tank that looks as good as that in 1993 without any painting or anything. So, the glass lined tanks are definitely the way to go when it comes to new construction. We just quoted out a 100,000-gallon tank for a steel tank and a 100,000 gallon tank in fiberglass. The glass lined tank actually came in \$40,000 less. One was \$330,000 and the glass lined was \$290,000. The maintenance on those is so much lower. If you think about depreciation value, that Southern Corrosion contract of \$16,000 a month, divided by 39. So, every tank you have out there is chunking away \$500 a month. That is the depreciation value of every tank that we have, but these guys don't have that kind of a contract because you just really need a guy with confined space training, a telescopic pressure washer and a spray down method and we can clean these ourselves. Chairman Denison inquired what the life expectancy is on these. Mr. Taylor stated that he doesn't know if they have been in business long enough to have life expectancies. He spoke to Brad Tippy who works at Kentucky Glass Lined, and he said that he wanted to come in and do an inspection on the 4 that we have because the one at Lawson's Branch has cathodic protection and he wants to put that on the others. We already have a power source up there and that is supposed to help with the longevity of the tank. Now, when we get into the skid tanks, these are the tanks that are in the head of the hollows, and we have about 70 of these. Basically, you have your big, large tanks and as they go down into the valley, once the creeks that run out because everything is based on gravity, when the water line goes up you have to have a pump station with a separate storage tank to keep everybody in above that hollow, because the gravity is not going to boomerang back up to the hollows. So, this is Allegheny constructed in 1993 (showed pictures going forward). This is Ball Fork, Booker Fork...as you can see, the biggest concern he has with these tanks is that there is no fencing, no protection, no grubbing out around the tanks, he isn't sure if it has a gravel bed underneath these or now. This is Dorton Hill, Kendrick Fork (this is one that we have pegged for a new tank that you see at Douglas.) We have had leaks upon leaks on the bottom. You can't see it but there are skids that this thing sits on. They are like little pedestals here and he doesn't know why it is overflowing in two different spots, but it is. These are plastic tanks. We definitely want to get rid of these. This is Spring Branch in the head of Hurricane. It is about 1,000 gallons. It might be better to put some sort of aquavar system with a 1,000-gallon tank or something that it can get a reserve and a bladder from to keep pressure on the line. The reason you would have a tank like this is because it does allow the customer storage. If that was only feeding 7 or 8 customers, 600 or 700 gallons is going to last them two or three days if the power goes out. But if they have a unit that doesn't allow that storage, when the power goes out, they go out. And you need the volume to flush. It is not like they can just put a pump on the front side and do away with the tank altogether. We need something that can give the push. Now you can see here, the tree fell and kind of broke the frost box a little bit and you can see it's bent because the ground is actually moving on this one and is settling out and it is in really bad shape. It is lifted up and out of its original surface and you can see right here that it doesn't overflow right here. It is tilted so bad that it actually overflows down here. You can see the vertical trees that gives you an idea of how tilted that is because the ground is so unstable there. This is Runyon's Branch at McAndrews. Same thing. Obviously, there is no fencing, there is actually a tree on the backside that has fell onto it and broke off. This is Old House. Chairman Denison inquired how many of these we have. Mr. Taylor stated that we have 70 of these tanks. This one, you can't see it, but it is leaking right here and right here. It isn't leaking like running, but it will be soon. He zoomed in to the next picture and what they have done is taken red rubber and a plate and screwed it in and patched it. Commissioner Tackett stated that if you tried to sand blast that, you would probably punch holes in it. Mr. Taylor stated that is for sure, and there are a lot of them we are not going to be able to...this is back when he did the last presentation so, it is not like that today, it is like this. We were able to at least take them off of the tank (trees). Aesthetically speaking, just saying because there is one way and one way out of all of these tanks and they are all formatted the same way, what you see on the outside is not really his problem. It is the inside that matters. This is Grassy 2. Same thing. No fence, no protection. When the EPA did an inspection on these, what he is going to have to do is go to every one of these by the end of 2022 and fix the overflows with a special kind of mesh, what they call mesh24, what they recommend using on the vents and the overflows. They have the 4" plastic or steel caps but with a pair of channel locks, they are vulnerable. That is the whole point is that we had to do a vulnerability assessment for after 911 there is a terroristic threat of public water systems, but anybody

can go up to any one of these and do something. This is Sugar Camp. It is not going to take long before... (multiple speakers, not distinguishable) ...Mr. Taylor stated that if he goes back to the leak numbers that we had in 2021, we fixed 531 leaks in 220 working days in a year. Where are we going to get time to handle this stuff? This is Peyton's Creek. That is actually his ladder from 1998 and because the steps are broken, he brought a ladder to it. He chained it up against that step hoping it wouldn't get stolen. The back side is the bad thing, there is a tree leaning up against it and it is a big one. The overflow is just spouting out onto the ground and saturating underneath of it. It doesn't really have an overflow system and we have to plumb one in. He doesn't know if Commissioner Chaney has ever been to that tank or seen it, but you can't get up to it with a piece of equipment. You have seen how much we have spent on tank roads. Poor Bottom cost about \$11,000. Ivy Fork was about \$18,000 but that was an extremely long one. Mr. Sawyers stated that it would be nice if the District had a dozer. Mr. Taylor stated that he can't get a piece of equipment to these guys to fix them. This is Little Robinson, the only tank we have had that actually overflows in 3 different spots because it was plumbed...it didn't have an outflow on the side of the tank. They put it in the cap. This vessel pressurizes and then overflows out that way. Or so whoever plumbed it thought. But it actually overflows out the manway right here. The other thing is how do you clean these? The only way to clean the tank is if you have a welder cut this out, go inside of it and clean it out, and then sand blast it and paint it on the inside, come back out and seal the patch. To do that, we already have a price on one, it is going to run about \$30,000 to \$35,000. Chairman Denison inquired what a new tank costs. Mr. Taylor stated about \$50,000. There are different sizes and costs for sure, but we are looking at tanks that have about 30 to 35 years of accumulation here...Mr. sawyers stated that you have to take into consideration also that you have to upgrade the road to get a new tank back there plus pay the contractor to get the old one out. Chairman Denison inquired if that was also a problem with the repairs and maintenance on those things. Mr. Taylor stated that it was never put into a program. Chairman Denison stated that is part of the problem with these tanks. Mr. Taylor agreed and stated that when we ended up doing the Southern Corrosion think to take care of the big tanks first, because that was your transmissions, that was more bang for your buck and was going to take care of most people. These were supposed to follow shortly behind, but we haven't gotten there yet. These tanks, we don't have staff to check these things. When we took the pictures in November and December, that was first time some of these tanks had been visited in years. He is just going to skip through a lot of these. This is Poor Bottom. This is the one that broke. That line at the bottom, if you stick your hand in it, you can just punch all of the way through it, it is so corroded and rusted. It ended up spouting out the leak right in here coming down the hill. What we did was cut a valve into it, cut it off, and we run the pumps 24/7 with a VFD pressure (like an aquavar). It has been running that way for over a year now, but the problem is if the power goes off, they are instantly out of water. That is way too many people to be trying to supply that way. That is Biggs Branch. He didn't take pictures of all 70 of them, but they are all pretty much the same format...no fence, no protection, no road, and they need to be cleaned, painted. This is pumping stations that we deal with. This one is 50 years old now. (Showed pictures) You can see we have it held together with a ratchet strap right there, trying to hold that valve shut because that was actually set to bleed back. This pump doesn't even work anymore. This is kind of an evidence of what lack of dehumidification and ventilation will do over years and years of abuse. This one has pin holes all over it that we were able to shoot rivets in to stop them from leaking. That is Hardy pumping station that we don't even have on schedule. You saw Long Fork and knew that was kind of in the same time frame and it is in bad shape, but it is not the only one. This is the PRV we were talking about. It's the braking system for the water. This is the one coming off Blackberry Mountain that heads down toward Buskirk. This is Island Creek pump station. When the river gets up and we have to turn the water off, this is the main supplier of Shelby Valley. That is probably one of the most cringe worthy moments for him is when he remotely turns this station on. If it doesn't run, then Shelby Valley goes out of water. Commissioner Tackett inquired where this one is located. Mr. Taylor stated that it is at the mouth of Peach Orchard at the forks. This line right here is what feeds Peach Orchard right now. This is kind of indicative of most of our control panels with a time clock on it and then your pump motor breakers, main breakers and then all of your relays for it and your phase monitor, low suction switch...pretty much everything, there is not a lot of...you can overdo some stuff but most of the pumping stations we have, that is all we need is basics. Except for some of the ones like Chimney Branch. That's look like somebody from NASA engineered that one. That is going up Sarah Branham Hollow to that little plastic tank he showed a while ago. That is lines exposed in the road and you can see the tires going on that. It has been put on the schedule to bury that but that was right before the flood happened in January. There is Runyon's school. That is up Commissioner Runyon's way. He inquired if she ever had a chance to look in there. She responded that she had not. She sees people around it a lot though. Mr. Taylor showed a picture of inside the station. That station feeds Runyon's Branch, Sawmill Road, Homemade Hollow and the pump station for Straight Hollow. This is kind of like the main station that feeds everybody up that way from the school up. You can see it is in some critical shape. These are cannister pumps and we will skip through that. The water plant...that is just evident rust of some of the trains that we are getting into. This has to be addressed before it gets worse. These are bulk chemical tanks

and as you can see, every one of them are leaking on the flange. This is where that OSHA penalty came from. The guy who was up there didn't know it, but he was trying to tighten a leak that couldn't be tightened. The leak was on the tank. He thought it was on the flange, so he kept trying to tighten the flange and it broke right in front of him. Every one of those flanges are leaking but it is not the actual flange, it's the flange that is mounted to the tank. It has hairline cracks on it. He called the manufacturer of these tanks and asked them what the life span of these tanks are. They said 20 years and we are at 22. That is an up-close picture and you can see the sodium hypochlorite is kind of built up around the base of the tank when that is molded and goes to the flange. That is pure chemical right there. So, the fumes in that room are no good. We have ventilation up there and the guys have masks, but the cause of the fumes is because of all of the leaks that are on the tanks. Those tanks were put in...they are 4,000-gallon tanks. They were put in and then the building was built around them. So, there is not getting them out. You have to cut that fiberglass and take them out in pieces, and there is no getting one back in unless you get 4 individual 1,000-gallon tanks and make a communal system out of it. That is our filter system, which is basically a vacuum tank, so if you have a glass of water, a straw, cap your thumb over it, bring it up, release your thumb, the water is going to fall out of the straw. That is basically the same system of how the filters work whenever the treatment process gets done. That tank is what keeps the straw, so to speak, with negative pressure. If we have a leak or a hose problem, then these valves won't shut and will actually back feed and we don't get the vacuum system right, so it is very critical to keep that system up and as you can see, it has had its issues. If we lose our vacuum system, we lose the plant. That is the ventilation system. Those are the lagoons. The lagoons have been dipped on a couple of times but as you can see, it discharges on the upper end, and what you see right here is a short circuited trail of water that goes right toward the lagoon outlet that goes out to the river. What that is supposed to do is be a clean gully that the stuff goes into the top, has time to settle out, and its got detention time before the chlorine goes back into the river stream. Chairman Denison inquired when the last time was it was dipped. Mr. Taylor stated that it was 2010 when we had the flood that washed out Harless Creek. We dipped it right after that. We never had not one cattail in the whole system before that. It was blue and you could almost fish out of them. But they dipped it...see the diagram of what this is, is that it goes a certain degree of incline down about 8 foot deep and then is flat. The contractors got paid by cubic feet so they just kept dipping and dipping wherever they could, and they breeched the bed of what we had, and that is where that has come up. It came up first where they dipped. They couldn't get between the lagoons so they got where they could get the most material they could and throw it in the truck and get paid. We have dipped it twice since 2010 and to rehab that with a lagoon rehabilitation company, the price was about \$400,000. And that was to come in and put red clay on the bottom and redo it. Commissioner Tackett inquired if you put a liner in it? Mr. Taylor stated that it might be a saturation deal. He thinks some of it is supposed to be saturated to the earth, but he isn't sure. He can look in on that. Commissioner Tackett stated that if it has a clay bottom, you aren't going to get any saturation through that. Mr. Taylor stated that maybe a liner might could be the way to go, buy how are you going to dip it though? But that is the point, he guesses if you dip the clay you are going to go back to the same thing. But if you touch that liner...This is Forest Hills pumping station across from the post office, which is inside that crib's blocks. To actually get up there, there is a little rope that you can grab on to and pull yourself up and over to get into that because there is no good way to get in and out. That is inside the station. Forest Hills, bar none, is the worst system from pump station to tank that we have. The line is bad, the service lines are bad, the meter bases are bad, the pump station is bad, and the tank is the worst. There are the tanks, but this one is leaking so bad that it is cut off. We had to cut is down and using only half of the storage. That was maybe 5 or 6 years ago. Commissioner Tackett clarified that we have two tanks that are tied together there. Mr. Taylor stated that is it exactly. It has a communal tie-in line in the center, and both go up and down evenly, or used to, but we had to cut a valve in one to disable it. That is the other side of it and is the one we actually have in service. It is the silver one we had to take out and it is really narrow up there and we have some issues with a property owner and the overflow we used to have. This tank is actually on telemetry so we can see the level, but the storage has been cut in half which means if there is an outage or what happened with the flood, they run out of water a lot quicker than what they should have, because they should have double the storage. There is Right Fork of Greasy. You can't see it but there is a stub out of a tree that has completely fallen over with such force that it has crushed the whole center of that tank. That is a picture of the side of it. That is a top view from where the tree used to stand. It was hanging over it in 1998 and he gave warning to the management then that we needed to do something about this and by the time he went back to check it, it had already fallen. It gave it a pretty good thump. Here is the area of concern on this is that it overflows right here. It is a sitting pond so what happens when it rains? That is the hatch and look at the buildup. If water can get out, it can get in.

That is basically it. He does want to throw out that the Marrowbone system is 50 years old. Shelby Valley and Pond Creek are over 40 now. We have 70 skid tanks in urgent need of rehabilitation. 40 large tanks that will need continued inspection and eventual replacement. Southern Corrosion is doing good on keeping

the outside looking good, but some of the inside floor stuff is getting to the point...he knows the second one at South Side Mall, they did recommend that we take that out of service because it is so bad that they said it is not worth spending the money to keep up. So that is just one and they will all fall in line in the next 20 to 30 years. Ms. Olson stated that those are your arteries. Those are the mains that keep the majority of customers in. Chairman Denison stated that this was part of the surcharge we were looking at, correct? Mr. Taylor stated not exactly. The surcharge was dedicated to water loss. Commissioner Tackett stated this was going to be part of the rate increase. Mr. Taylor stated that is right, this is rate increase stuff that we are talking about here. All three wastewater plants...the water treatment plant is going to have to be upgraded or replaced in the next 20 years. Not just because it is corroded and falling apart and we can use the shell and the property, he is sure, but we are going to have to change the design because the regulatories are going to go up to the point where it is going to be hard to keep up. They only get more stringent. The same way with the wastewater and the ammonia and the phosphorus. Chairman Denison stated that we are going to be under the order with this new financing, to do an alternate rate study by December 2022. That is part of the new financing agreement. He thinks what we need to do is get the rate study done instead of submitting the alternate rate study and submit that. Hopefully we can pass a resolution, and of course a new board can change it, but a resolution to conduct a rate study every 3 years. He will have Ms. Olson put that on the agenda to pass a resolution to have these done every 3 years but, a new board could change that. Commissioner Tackett stated that they would have to change it with it being in place. It is hard to take one away. Mr. Sawyers stated that is why it should come from the PSC that it is mandatory. After further discussion regarding the cost of future infrastructure repair and replacement and the need for strategic planning for future costs and a rate adjustment, Mr. Taylor concluded his presentation.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-01-011

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**February 24th, 2022
05:00 PM**

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, February 24th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Kevin Varney, Treasurer
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

VISITORS

Vice Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on January 27th, 2022, as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of February was \$270,860. Accounts receivable was \$1,060,256. Plant in place was \$167,038,657. Accounts Payable was \$381,235. Equity position at the end of the month is \$64,461,187. Revenue for the month was \$877,037. Utility operating expenses was \$1,035,294. The net income/net loss was \$196,804. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$162,211. Cash decreased for the month in the amount of \$94,066. The current operating account balance is \$253,999. He and Mrs. Hatfield were talking and at the end of February, where we had the meeting so early and she pays the bills, it shows about \$99,000 but we still have 3 or 4 collection days left. One of the reasons it may be low is, and Kevin Lowe can explain this....Mr. Lowe stated that Big Sandy Community Action, some of the money that they have to help customers with their water and sewer bills, what they do is that the customer contacts them, they pledge the money to us, but since the start of this season's program, \$520,000 toward customer bills but we haven't received any of that money yet. That means the customer is not paying it and we haven't received the money yet. Mr. Sawyers inquired if this was associated through the fiscal court. Mr. Lowe stated that he doesn't know if that went through the fiscal court or not. He stated that they promised two transactions for any customer that qualified. One is to pay their past due at the time they applied and \$300 for future bills. This program just started. Mr. Spears inquired if it is one invoice or if we are submitting invoices as we go. Mr. Lowe stated that they send us one pdf file with everyone that applied daily. He has to sign it, date it, scan and email it back to them and then they pay based on that document. Mr. Spears stated that they initiate it. Mr. Lowe confirmed that as correct. KIA and RD Reserves are fully funded, and our O & M Reserve is \$410,661 at the end of the month. We are transferring money to the sinking fund which will be \$64,000. After further discussion, Chairman Denison requested a motion to approve the financial report for February as presented. Commissioner Varney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-002

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-003

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for February were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of thirteen thousand, three hundred and twenty-six dollars, and seventy-two cents (\$13,326.72). Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye

Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-004

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated that there has been no work during this period because the railroad cancelled the bore date we had for January 31st and haven't given the contractor another date. The good news is that the wet well for the pump station is casting. So, it should be on site in a couple of weeks and the contractor will be back to work on that part of it. The only other thing right now on this project is the generator and it is about 14 weeks out from delivery.
- 2. Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that this project is complete and is one of those funded by the Transportation Cabinet and they are just getting the as-builts together.

With regard to the Fishtrap Hydraulic Modification Project that they are working on with Bell Engineering, on February 3rd they met with David Taylor to take a last look at everything, and he had a few changes he wanted to make, and they have made those modifications and it is ready to go to the Division of Water. The encroachment permit is ready to go to the Transportation Cabinet, but they are waiting for RD to give clearance to submit. It goes back to an environmental study they were supposed to do that apparently they were really backed up on, so, Mr. Ratliff at the Judge's office asked to do it and he is doing it in their place. He is moving along with it but got in the game late. Until that can be finished and approved, we cannot submit.

Commissioner Runyon stated that she watched the Huddy project happen but never really did understand what was going on. Mr. Campoy stated that it is a bridge replacement. When we do our part of the work, it doesn't seem to make sense because you can't see what is coming after it, but it is basically moving our water line out of the way of new construction. We have some projects with Bizzack also, in that "bridging Kentucky" project and some of those are funding through that, but Huddy was funded through a different direction. We have a couple more with Bizzack that involve the District's lines.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

- 1. Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that Mr. Campoy gave the update on this project, and he has nothing to add at this time.
- 2. Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that he just has a brief thing about this project. Last month the District approved the contract for the water loss project and they have had some discussion to go ahead and get started on it, but he and Mr. Sawyers talked about it and the fiscal court also had to approve the contract and he hasn't heard if it happened earlier today or not. Before they can start the fiscal court has to also approve the contract. Ms. Olson stated that were items received from Compass Municipal for this project. They have two resolutions that they want approved. One is to approve a subaward agreement between the District and the fiscal court and the other approving the agreement for engineering services and the addendum with Bell. They drafted the resolutions and sent the paperwork and it is ready for execution at this meeting. Mr. Vanover stated that he had reviewed that paperwork. The addendum was because there was some language that was required to be in there because of the funding and they just added that to the agreement. Chairman Denison requested a motion to approve the Engineering Agreement with

and Addendum with Bell Engineering as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-005

Chairman Denison requested a motion to approve the Subaward Agreement with the Pike County Fiscal Court for this project as presented and reviewed by legal counsel. Commissioner Runyon made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-006

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that at the last meeting we had received the check list items from Rural Development that we are working through and hoping to get everything back to them in the next week or so and that will put the review back in their court. The county also has comments they are responding to on the environmental review. One of those check list items is a right of way certificate that is ready to be executed tonight. The county has already approved a blanket easement for the water line and we don't need any additional easements for the project at Maynard Fork. Chairman Denison requested a motion to approve the right of way certificate for the Maynard Fork Project as presented. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-007

Commissioner Tackett inquired when this project may get started...best case scenario. Mr. Hill stated that we are at the mercy of Rural Development and we can hope that they can turn it around and give us the authorization to advertise for bid. The engineer is ready to go once they do that. As backed up as they are it takes that much longer to get everything approved. Mr. Sawyers stated that they don't even have all of the funding in place yet for the project. Everything goes through RD now. Teresa Shields with RD has said that she has 26 counties that she is taking care of by herself. Each county has 3 or 4 projects in each one.

2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that this project is funded by the Cleaner Water Fund and funding has been approved for \$1,616,673 but it is not yet in place. The remaining \$708,827 has been requested from the ARPA underserved allocation. The KYTC permit has been issued but the project is on hold until the remaining funds are available.

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Varney made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-008**PROJECT DRAWS:****HUDDY DOT WATER LINE RELOCATION**

EDC	DOT Funds	\$	8,465.00
\$8,465.00	Engineering Services		

RADIO READ METER REPLACEMENT PROJECT

Hayes Pipe Supply	RD Grant Funds	\$	2,422.00
\$2,422.00	Materials		
Appalachian Wireless	RD Grant Funds	\$	4,199.00
\$4,199.00	Materials		

Chairman Denison requested a motion to approve the construction reports as presented. Commissioner Varney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-009**MANAGER'S REPORT – Report by Roy Sawyers, District Manager**

- 1.) Funding Update** – Mr. Sawyers stated that you have heard updates on the projects from the engineers. He will mention Brushy/Sycamore which is underfunded and Eric Ratliff with the fiscal court also said that he will submit it to AML for the remainder of the funds. Total project is roughly \$2.4M and we were able to receive \$1.6M and are still needing about \$800,000 for the project.

- 2.) **Water Loss Update** –Mr. Sawyers stated that this past month we had the major flooding in the Belfry area and our numbers are up a little bit. Water loss according to the PSC form was 36.1% and the MWD form was 34.24%. We had two freezing events also to go along with that, but the higher numbers are mainly attributed to the flooding.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **Radio Read Residual Funds Project Update** – Mr. Sawyers stated that there is still a little over \$100,000 remaining but two of those are larger ticket items that we are waiting on. One is the automatic strainer at the water plant which was in the \$75,000 range and there is another \$25,000 - \$30,000 which goes to Electro Quip which is part of the telemetry we are installing. As an update on the telemetry, our staff has now installed two sets of tanks and two sets of booster pump stations and we are utilizing those. We have had some glitches and employees are learning the system better. One of the problems we are having right now is the solar panels with the darker days we have had here and has been an issue. We are going to have to do a backup with batteries on those. From this point forward it will be a larger solar panel and a battery backup with any we purchase. David Taylor has said there is already quite a bit of difference in controlling overflow in that one tank so once we get these in place, it will cost us to get us there, but it is going to be like a miracle worker. Commissioner Tackett clarified that is still what we were going to do with this \$1.3M we are supposed to get from the county. Mr. Sawyers confirmed that it will be zone meters, telemetry and security fencing for the tanks.
- 5.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that Synterra is continuing to process those and there has been some problems with some deficiencies on the engineer's side which he thinks is just lack of data submitted.
- 6.) **Approval to Replace Vehicle #128** – AS the board knows, vehicle #128 was stolen and ended up in Winchester, Ky. Whoever stole it painted it black and this and that and our insurance company has pretty much wrote it off and cut us a check for \$4,000 for it. It was a 2010 Colorado and a spare truck. The truck we bid for replacement was a 2021 Ford F-150 Super Cab and it came in at \$31,498. We have a 2018 Ford F-150 with over 100,000 miles on it and as a trade in, they are offering us \$14,500 for it. Then we have a 2011 Nissan that we can trade in that has 237,000 miles and is in poor shape, and they are giving us \$3,500 for trade in on it, plus the \$4,000 from the insurance company. He can get a brand new truck with that bid and trade ins for \$9,498. Commissioner Chaney inquired if we still owe on the 2018 F-150. Mrs. Hatfield stated that we are still paying on that. Mr. Sawyers stated that he apologized, he thought it was paid off. Chairman Denison directed Mrs. Hatfield to check and see what the payoff is. Mr. Sawyers inquired if they wanted to move on pending her review. Chairman Denison confirmed that as correct.
- 7.) **Refinance of Revenue Bonds Update** – Mr. Sawyers stated that Mr. Spears had already spoken about that previously in the meeting.
- 8.) **3-Year Rate Study Resolution** – Mr. Sawyers stated that he thinks the board wants to move forward and approve in resolution that the District will conduct a rate study every 3 years. He inquired if there was any certain language to put into the resolution and if the board wanted legal counsel to draft something up. Mr. Vanover stated that he is not prepared to draft something right here. Chairman Denison stated that he would like for it to stated that it will be every 3 years from the date of the previous rate increase and would like for that to end on a calendar year, so it may not be 3 years exactly. He inquired from Mr. Spears if it is simpler to do a rate study on a calendar year. Mr. Spears stated that a calendar year is easier because you just do it one time. If we split it July to June, they have to back up and adjust last July 30. What he will do on the upcoming is go ahead and cut off at June 30th this year. Chairman Denison stated for them to go ahead and do a resolution directing that a 3-year rate study be conducted every 3 years from the date of the previous rate increase and be ended on a calendar year. Mr. Sawyers suggested that Mr. Vanover

draft something up. Chairman Denison directed Mr. Vanover to draft a resolution and present it to the next meeting for approval.

Mrs. Hatfield stated that she checked on the pay-off for the 2018 F-150 suggest for trade in (vehicle #159) and it won't be paid off until October of this year. We still owe a little over \$5,000. That loan is combined with a second vehicle (#158), and she will have to check to see if only one can be paid off or if the whole loan has to be paid in order to get a clear title. The total on the loan is approximately \$10,400 for the two trucks together. Mr. Sawyers stated that he can further negotiate and see what can be done from there and see how long he can hold it.

9.) Annual Renewal – Signatory Authority for District Manager – Mr. Sawyers stated that this is for signatory authority on behalf of the board. Ms. Olson stated that Mrs. Hatfield asked her to add that to the agenda and inquired from her what the issue was with that. Mrs. Hatfield stated that back in 2016 there was a resolution that was passed and gave Mr. Sawyers the authorization to sign on the board's behalf for any loans that we got with Community Trust Bank, and they were doing an audit and asked if we could possibly update it to bring it current. Mr. Sawyers inquired if they could do projects included in that also. Nothing that binds financially, just if something needs to be signed. Ms. Olson stated that she is sure they could, but it would be going to the bank and project authorization wouldn't have anything to do with the bank. Chairman Denison stated that they can do each one separately. He requested a motion to authorize the District Manager, Roy Sawyers, to sign loan documents on behalf of the board. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-010

Chairman Denison requested a motion to authorize the District Manager to sign documents for all approved projects on behalf of the board. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-011

Mr. Sawyers stated that the rest of the monthly report is just standard information we hand out monthly and they can review that, and he will answer any questions they have.

Commissioner Tackett stated that he sees in the reports, that for the month of January 16 accounts were found to be illegally connected to the system. He inquired what the status is of the prosecutions that were going on. Mr. Vanover stated that they were going to address the one particular litigation during executive session. Board members inquired about the damaged meters listed on the MOR. Mr. Lowe stated that he is being told that some of these meters are not standing up to the cold weather. Mr. Sawyers stated that there is a difference between damage and that. That is failure. Those would have been under warranty. Ms. Olson stated that those are classified by the girls downstairs and added to a report. She has used the same criteria for years. She is assuming the damaged ones have either been ran over or...Mr. Sawyers stated that he doesn't

know where she gets 20 that are damaged or tampered with. That is what he has to find out. He stated that he will research this and forward them an email on Monday and that would give him a couple of days to look into it and see what the issues were.

Chairman Denison requested a motion to accept the Manager’s Report as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-02-012

NEW BUSINESS

1.) Legal Issues -

a. Executive Session

i. Pursuant to KRS 61.810 (1)(c) to discuss the District’s litigation strategy with regard to current and potential litigation and the District’s contracts.

Chairman Denison requested a motion to convene into executive session for reasons listed on the agenda. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-02-013

Chairman Denison requested a motion to reconvene into regular session from executive session. Commissioner Tackett made the motion. Commissioner Varney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-02-014

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Varney	Aye
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-02-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

March 31st, 2022
05:00 PM

ATTENDEES

Gary Slone, ANE
Roy Rolen, Resident, Stone, Ky.
Frank Fuller, Resident, Stone, Ky.
Sharon Hall, Pike County Fiscal Court
Eric Ratliff, Pike County Fiscal Court
Tim Campoy, EDC
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall & Bartley, PSC
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, March 31st, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Paul Chaney, Commissioner

Commissioner Runyon and Commissioner Varney were absent for this meeting.

Chairman Denison stated that in the absence of Commissioner Runyon, Secretary of the Board, an acting Secretary was to be appointed for this meeting. In the absence of Commissioner Varney, an Acting Treasurer needed to be appointed as well. He made the motion to appoint Randy Tackett as the Acting Secretary for the meeting and Commissioner Chaney as the Acting Treasurer. Commissioner Chaney made the motion and Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-001

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. Sharon Hall and Eric Ratliff with the Pike County Fiscal Court were in attendance. Ms. Hall stated that she needed a resolution for approval of the Flatwoods Trails Infrastructure Project. The county is applying for \$3,183,436 to the Economic Development Administration. This will work just like the Wolfpit project. In order for the county to apply to the EDA for the water and sewer of this Flatwoods Project, Mountain Water has to be the co-applicant and the EDA requires MWD to own the utility. Pike County cannot own and operate a utility so MWD must do that just like we did for Wolfpit. Chairman Denison clarified that this was grant money. Ms. Hall stated that is correct. Commissioner Tackett inquired if the power company would have to be also, since they are providing the electric utilities or is it just the water and sewer utilities. Ms. Hall stated that the power is already there. It is three phase power at Flatwoods and will cost about \$25,000 to bring it down to regular power. That is not what she is applying for right now. They can handle that easily. She stated that what she is applying for is water and sewer to bring it from Upper Pigeon because that is where they own 5,500 acres. They purchased 2,532 acres from Kentucky Power and Big Sandy Coal leased them 2,500 or more acres for \$1. Chairman Denison inquired what the deadline is for applying for this. Ms. Hall stated that it will be in April. She has two other partners in this on the Dorton and Elkhorn sides, They are going to build campgrounds, cabins, and a welcome center on both sides. It is one of the most beautiful places you have ever seen and Pike County needs economic development. We need growth. They have signed commitments for EDA to create 90 jobs. That is the only way to get EDA money is to create jobs and revenue. That will give tax revenue and create the jobs. We had a study done on this ATV trail and the first leg is the Flatwoods section. Phase 2 will go over to McCarr and will hook up with the Hatfield & McCoy's and they are working on leases in between right now. West Virginia has capitalized on that for 20 years with the Hatfield & McCoy trails and brought in sixty or seventy million dollars. There is not a lot going on in West Virginia, but tourism is big time for them. Pike County needs to do the same thing. Commissioner Tackett inquired if this is primarily for tourism, or it is open for other industries to come in, because there is all kinds of land. Ms. Hall stated that there is another industry that is interested in the property that is adjacent to this...the part that they don't have leased or purchased, there is another company looking to do something else there. Chairman Denison stated that he thinks David Taylor or Roy Sawyers needs to address some issues that Mountain Water has with regards to the maintenance of the system after it is constructed, as well as the hydraulics. Mr. Taylor stated that the way that US 23 was set up, it was set up to go to Dorton, but over the last 20 years we have extended to Sarah Branham, Booker Fork, Lizzie Fork, Beefhide, Elkhorn Creek...we are, on a good day, about 95% capacity on US 23 because all of that water has to pass through Douglas Park, which is right there at Shelby Valley High School. When we had our cold spells, we actually exceeded that. We had to drop our storage out and try to find leaks and get everything situated before it became an emergency. A few years ago, when we had emergencies, Beefhide and Elkhorn on that side of the system, are the first to go out of water because they are on the tail end. Even though this is grant money, he will say that from an operations standpoint, comparing Flatwoods Industrial Park to Wolfpit Industrial Park, Wolfpit has about \$1.3M of infrastructure that Mountain Water will own when this is all done with a 480-month life. So, that is costing Mountain Water about \$2,800 a month just to maintain it. That is not counting fuel, men, flushing, water, sewer, DMRs, etc. Ms. Hall inquired if the county is going to redo that line for all of Mountain Water's customers on Wolfpit Road. Mr. Taylor said no, and there is no benefit to the system. When Palmer first did the engineering, they were supposed to come off of the asbestos line and redo Wolfpit and we were going to consolidate that into one tank. But due to financial constraints, the project got chopped and chopped to the point where there is no real benefit for Mountain Water on that. It is going to be a loss for Mountain Water. Eric Ratliff stated that you will get a larger size skid tank in that one section of Wolfpit. It will go from 10,000 to 20,000. You will get an increase on that. Mr. Taylor stated that the maintenance will be more costly. Instead of maintaining a 10,000-gallon tank, we will have to maintain a 20,000-gallon tank. That is kind of a wash. Chairman Denison inquired if there are issues with hydraulics. Mr. Taylor stated that the way that wishbone is...that is a gravity fed system. There is no pumping and no change in the elevation. Ms. Hall stated that is on the US 23 side, right? Mr. Taylor stated that feeds everything. The water comes from US 23/Foggy Mountain and comes off of Sookey's Creek and consolidates into one line. That one line feeds all down toward Dorton, Beefhide and around Shelby Gap and around the city limits. That is where we are scarce and are at 95%-98% if capacity. Ms. Hall stated that this project comes off of Elkhorn Creek. Mr. Taylor stated that it is still the same water and comes from US 23, feeds 805, gets on 197 and goes to the city limits. Ms. Hall inquired if we put that big storage tank up there and a booster pump and a bunch of other stuff, she thought that was going to...this is a \$3.2M project that is just for the water and sewer. It will be a package plant which won't affect MWD at all. It will be self-contained. Mr. Taylor inquired if the county will be running the sewer plant. Ms. Hall stated that they will not. Mr. Taylor stated that is where we get involved. That costs money for us to operate it...DMRs, monthly samples, maintenance, and those kinds of package plants only have about

a 20-year life span, so that will have to be replaced. That is what we are dealing with right now with not having a plan for the infrastructure replacement of what we already have. So, if we enter into this, what you are talking about is another...he doesn't know the two site's and how much infrastructure we are talking about, but what he is saying is to take your total amount of infrastructure (tanks, water line, etc.) and basically divide it by 480 and that is our monthly maintenance depreciation. Economic development is one thing, but we have to maintain our system, too. Ms. Hall stated this will be infrastructure that will bring jobs in and bring revenue to the county, a better quality of life. It is all one big...Mr. Taylor stated that is true, but he doesn't want to task the rate payers of Mountain Water to pay for economic development in areas like South Williamson and other places when they aren't involved. Not to mention...that's a whole other subject but when we talk about capacity, we are hanging by our fingernails on US 23. That and Blackberry are the two scariest spots in this system because of capacity. Those are the places...when you are hanging on by your fingernails, you don't go waving your arms around. That is what he is saying on an operations standpoint. When we do a permit application for the Division of Water, those are the things that will have to be looked at when we need that. Ms. Hall stated that there is no guarantee that we will even get this money. She is just going for it to see if we can get the project going. Commissioner Tackett inquired what the amount of the project was. Ms. Hall stated that it is \$3,183,436. Commissioner Tackett clarified that money is just for water and sewer service. Ms. Hall stated that the water is \$1.96M and the sewer is \$1.225M and the match that the county is taking care of is \$636,687. She stated that the thing is that when people have a job, they can pay their water bill. Without jobs, even if the rates never get any higher...but you've got to pump some money into this county with jobs. Mr. Taylor stated that he is not debating economic development in the county, but he is just saying that he wants them to understand that it is not free. Even though it is a grant...we have done projects in the last couple of years that is costing money because of the infrastructure maintenance depreciation that we have...it is something that doesn't get talked about and should, because it is not free. It is a pump station, it is a tank, it is miles of line, turnover, flushing, its manpower and we have to consider these things. Commissioner Tackett inquired if the \$1.9M takes into consideration the bottleneck that we have gotten, that we are at about 95% capacity. He inquired what the usage was expected to be. Ms. Hall stated that she did not know, but the storage tank is 150,000 gallons. Mr. Sawyers stated that during the design work, they went overboard on that. What it boils down to is what does the Board want to accept. As Mr. Taylor explained, he is concerned about capacity...Ms. Hall stated that this is not in stone right here. They are going to procure an engineer for the project. Mr. Sawyers stated that he is concerned about capacity and maintenance, and they understand that. Commissioner Denison inquired if it would be possible for the county to come back with the fiscal court approving so much for maintenance for a period of time. Could they not do that? Ms. Hall stated that she has never heard of them doing that. Mr. Taylor stated that actually, back in the 90's we had a written agreement with the fiscal court when we were doing the package plants. We signed off on all of the reports, we did the sampling, we did the maintenance, but when we had maintenance to do, the county was supposed to chip in and supply us with a truck, a salary for one man, and the parts for replacement. But that has not been in effect for years when we turned those back over to the county. Chairman Denison stated that he doesn't have a problem with it, the only question is how can we furnish the water when we are at such high capacity? Mr. Sawyers stated that he suggests that they allow Mike Hill to look into doing a hydraulic study. Mr. Hill stated that they would be happy to take a look at it. Mr. Ratliff stated that if the project gets funded, the first thing they would do is a hydrology study before doing any design on the project. That would determine what infrastructure would need to be put in. Chairman Denison stated that they can proceed and pass a resolution and then look into the hydraulics of the project. Mr. Taylor inquired if the board signs a resolution, does that obligate them to being the co-owner and applicant of what the fiscal court does. With Wolfpit Industrial, he got blindsided on that we owned the sewer plant, and he wasn't sure that whoever agreed to that, knew that. Ms. Hall stated that is how EDA works and they have the highest...and their favorite application is the \$3M application. Mr. Taylor stated that just to have Wolfpit Industrial Park sitting there, that is about \$2,800 a month cost to the District. He inquired if the county was going to give any compensation for that. Ms. Hall stated that if you get customers in there, they will be paying you for that water. Mr. Taylor said yes, they will. Ms. Hall stated well, there's your money. EDA will not fund you without a tenant and without a commitment from the utility to own it. Mr. Taylor inquired if there was any way that we can set a meter at the start of the project and then the county just keep that up...have their own pump station and tank there? Ms. Hall stated that this is going to be an RV park, cabins, recreational areas, bath houses, etc. They aren't talking about the water at an industrial park, we are talking about a recreational park. Mr. Taylor inquired if she knew the length of the road level to where the flat is going to be. How much line is that going to be? Mr. Sawyers stated that it will be about 12,000 feet of line. Mr. Taylor inquired what size line that would be. Mr. Sawyers stated that they oversized the line and it will need to be downsized. Mr. Taylor inquired if he was thinking about 8" then? Mr. Sawyers stated that they estimated 8" but they don't need that big. Ms. Hall stated that we can get by with 4" but if we want to be smart, we can do 6" if we can get the money. Mr. Ratliff stated that it all depends on a hydraulic study. Mr. Taylor stated that a 6" is basically a gallon a foot.

Mr. Sawyers stated that they are not going to need a 150,000-gallon tank up there and 8" line. Mr. Taylor stated that it isn't about water usage, it is about having the elevation to be able to scour the lines and keep the lines clean for water quality, because you are already going to have 18,000 gallons of water sitting in the line from the bottom of the hill to the RV park. That has to get pushed and turned over and can't sit in the line for long periods of time. Ms. Hall stated that when we have a hydraulic study done, they can make a decision then what would be the best. Mr. Taylor stated that he is just being cautious on the other side and doesn't want the board to obligate themselves into something that is...like he said there are pump stations, electronics, pumps...all of that we have to maintain...the tank has to be painted at some point and changed out. Chairman Denison stated that theoretically when you get that full up there, that would pay for that. Ms. Hall stated that the kind of the money that it could...Chairman Denison stated that his question is will we have the quantity of water to furnish it. Mr. Ratliff stated that is what the hydraulic study will tell you and how much more it is going to cost to get the quantity of water needed. Chairman Denison stated that he didn't have a problem with it. Ms. Hall stated that she didn't bring the resolution with her, she just needed the board to vote on it and then she will send the resolution to get it signed. She stated that she is just impressed that she has gotten these two people that want to invest that kind of money and she knows they have the money. The county can't run the campgrounds. They county never needs to be doing that. The county can be the catalyst to get it out there for them. Chairman Denison requested a motion for approval for the Mountain Water District to be co-owner of the Flatwoods RV Park Project with the Pike County Fiscal Court for the EDA Grant funding. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-002

Mr. Ratliff stated that a commitment letter has been received from KIA for the \$1,616,674 for the Brushy Fork/Sycamore Project. They submitted a resolution that needs to be adopted, the commitment letter needs to be signed, a legal opinion letter that needs to be drafted and signed by Mr. Vanover, and what he wanted to do is to get this resolution adopted by Mountain Water District in order to proceed with the project. Chairman Denison requested a motion to adopt a resolution by Mountain Water District to accept the grant assistance agreement authorizing the amendment of the Mountain Water District's annual budget authorizing a resolution to sign all related documents. Mr. Ratliff stated that this is the first part of funding the \$1.6M and we are still short \$708,000, but this is the allotment that the water district and the court worked out some months ago for the project. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion.

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-003

Chairman Denison inquired if there were other visitors. There were residents at the meeting but said they were only there observing. Commissioner Tackett clarified that they had no issues to discuss. Mr. Rolan stated that he was going to ask about sewer but was told they were at full capacity right now and couldn't hook him up. He just came to listen. Chairman Denison inquired from Mr. Sawyers what was the status of that. Mr. Sawyers stated that he spoke to Jamey Keathley today and they are going to review it and see what they can and can't do about that. In the past we have been at capacity as far as what we can treat there and can't put any more on board until we do some work there. We rehabbed a manhole that had one pump in it, and we put one customer on it that had been requesting service for over 15 years now but can't add anymore just yet. But he will get Mr. Keathley again and look at that issue and see what can and can't

be done there and get back with Mr. Rolon on that. Mr. Rolon thanked Mr. Sawyers and the board for their willingness to look at the issue again.

APPROVAL OF MINUTES

AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on February 24th, 2022, as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-004

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that cash in bank at the end of the month was \$194,999. Chairman Denison inquired if it had ever been that low before. Mr. Spears stated that it has and in March will probably be lower. We have had a lot of flood expenditures. Chairman Denison inquired if we knew the amount that we were going to get reimbursed that we had already spent. How much cash has been expended? Mr. Sawyers stated that he can give an estimate because they reviewed it today. He had a staff member let him know what has been completed. Chairman Denison stated that he is talked about what we have already spent. Mr. Sawyers stated that is what he is talking about. Those projects that have already been done and all he can do is give him an estimate because until she gets all of the invoices in and all of the documents, as of right now, it has just been pointed out to him what is complete. Chairman Denison stated that he doesn't need the invoices. He just wants to know how much cash we have already paid out. Mr. Sawyers stated that he is estimating between \$90,000 and \$100,000. Mr. Spears stated that it was more than that. We have spent that in road bores. Chairman Denison inquired from Mrs. Hatfield how much has been expended for the flooding expenses. Mrs., Hatfield stated that she doesn't know what is on the work orders though. She is assuming that work that has been completed for the flood has been turned in. Chairman Denison inquired if it has been paid. Mrs. Hatfield stated that everything that she has gotten has been paid. If she has gotten the invoice, they are paying for it today. She hasn't held anything. Chairman Denison inquired if she could get him a number. She said that she could but has to get the work orders because a lot of those items came out of stock. Ms. Olson stated that they did. Mrs. Hatfield stated that he is just now reordering items to replace the stock on the shelf. Ms. Olson stated that most of it will be in labor and materials and the materials are from stock. The biggest expense has been the road bores. Chairman Denison inquired how much have the road bores been. Mrs. Hatfield stated that there are two there to be paid and one was done last month. Chairman Denison clarified that that is not part of the reduced cash in bank then. Mrs. Hatfield stated that that the last two bores, she thinks have a March 1st date. Commissioner Tackett stated that the two on the list are dated January 9th and March 1st. Chairman Denison stated that it wasn't in this cash register and what he was looking for was seeing how much cash was actually spent because we have got another reduction of \$79,000 in cash. Mrs. Hatfield stated that he was talking about what was left over for February's cash. He stated yes. Mrs. Hatfield stated that in February, some of the expenditures hit in February but a big chunk of it like this stock and Hays's Pipe and all of that came in March. Mr. Spears stated that you will see it in March. Chairman Denison stated that our plan is to access the O & M's reserve...Mr. Spears stated that is what he would do or borrow some of it with a line of credit until we get the payment in. It will be the board's call. Chairman Denison stated that we have four something in O & M. Mr. Spears stated that these are emergencies and out of character expenditures that are not regular maintenance. The O & M is an RD reserve. Chairman Denison inquired what amount he would feel comfortable with retaining on this. Mr. Spears stated that he would like to keep over \$200,000 in it. Chairman Denison stated that basically you've got \$210,000 available. Mr. Spears stated that yes and we have used \$50,000 of that. Mrs. Hatfield stated that \$410,000 was what was left at the end of January. Then he had us pull fifty some thousand over for March to pay those last two bills. Commissioner Tackett stated that he has asked before what the biggest breakdown we have had at Mountain Water and was told he thinks it was about \$75,000. Mr. Sawyers

stated that with prices the way they are now, he would say at least \$100,000. He thinks we paid before somewhere close to \$80,000 but since then the way the economy is, he would say it would cost now at least \$100,000. Commissioner Tackett clarified that he said he was going leave at least \$200,000 and change in that account. Chairman Denison clarified that they have about \$350,000 in there at this point. Mr. Spears confirmed that as correct. Commissioner Tackett stated that if we leave \$200,000 in there, we will have \$150,000 to use before we go into our line of credit. Mr. Spears stated that it sounds like that will be enough to cover what they are doing on these projects, too. He was asking similar questions yesterday. Chairman Denison stated that the application the Ms. Olson is working with FEMA hopefully won't get three years to get reimbursed. Ms. Olson stated that she will say that the flood event that we had last year in February/March that has just finishing up now, was the first one done on the FEMA portal, so she is more comfortable with it now and it will go faster. Mr. Spears continued by stating that accounts receivable was \$1,157,453. Roy sent a memo out about some numbers that, we have some outstanding monies...we got \$67,000 in checks from Big Sandy getting ready to come to us for the customer payments and hopefully we will get that. They are waiting on their funding. Plant in place was \$167,376,663. Accounts Payable was \$245,934. Equity position at the end of the month is \$64,199,972. Revenue for the month was \$874,603. Utility operating expenses was \$1,107,194. The net income/net loss was \$265,710. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$232,491. Keep in mind a lot of those expenses are setting down in flood repairs on the R & M and you will see that number later. Cash decreased for the month in the amount of \$79,861. The current operating account balance is \$184,950. KIA and RD Reserves are fully funded. The RD one we don't have need as much as we have, and we can pull out of that, but he needs to do a little research on how to go about that without causing a problem. Chairman Denison stated that he thinks they would prefer pulling money out of current accounts before using any line of credit if we can. We are transferring money to the sinking fund which will be \$64,000. In the past Regions drew out our operating account. They didn't draw out of the sinking fund. This time in March they drew out of the sinking funds, and we had to make that transfer which is no different for us just which account it comes out of. After further discussion and review of the financial report's budget comparison numbers, Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-005

Mr. Spears stated that a resolution is needed to renew the line of credit with Community Trust Bank. It has a zero balance right now, but we want to keep that in place. Chairman Denison inquired if we cut that down to half. Mr. Spears stated that he believes it is a half a million. Mrs. Hatfield confirmed that as correct and stated that it just needs to be renewed as an open line of credit. Chairman Denison requested a motion to renew the Community Trust Bank line of credit in the amount of \$500,000. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-006

PAYMENT OF BILLS**AGENDA ITEM IV**

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the bills as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-007

CUSTOMER ADJUSTMENTS**AGENDA ITEM V**

Copies of the customer adjustments for March were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of eleven thousand, nine hundred and seventy-nine dollars, and sixty-one cents (\$11,979.61). Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-008

CONSTRUCTION REPORT**AGENDA ITEM VI**

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that again there has been no work during this period because the railroad cancelled the bore date we had for January 31st and haven't given the contractor another date. We do have a delivery date for the wet well for the pump station. Regarding the bore at the Billy Dotson Branch, the railroad still has not responded to the contractor and they have asked for help from the District and he and Mr. Sawyers have discussed it. He has found through one of his contacts someone at the Norfolk Southern yard in Williamson to try to talk to them directly. They do this through a consultant, and we have gotten the permit through our work, but it was the scheduling with them. On January 31st it was scheduled to happen, and the contractor was on site. Their sub that was going to do the bore was on site also and N & S shut it down and said they couldn't be there. They haven't responded since. He and Mr. Sawyers will get together and get this information to him and maybe somebody at the rail yard can do something to help. He has never seen anything like this. You will recall how difficult they were at Belfry on those easements for the sewer project we worked on. That person is their land rep and is not this section we are dealing with.
2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that this project is complete and there was an issue with one of the features on the road plans and they are relocating a piece of line under a ditch because it was a really deep ditch. That is about to happen, and he has a change order for that work that the highway department has already approved. He just needs authorization for Mr. Sawyers to sign that for the contractor. There is also a change order for EDC for that for additional inspection time that went beyond because the contractor went beyond the days that were expected. There is also the contractor's invoice up to the amount up to the contract amount...we

have to get the change order approved before we can invoice the rest of it and get that work completed. Chairman Denison requested a motion authorizing Mr. Sawyers to sign for the statement of work and the change orders as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-009

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that Mr. Caudill wanted him to express that he couldn't be here this evening because his father has been in the hospital and has had two doctor appointments this afternoon and in the morning, so he is taking care of this for him. On the Fishtrap Project, they have answered questions from OSM and have given them the information that they want. It is all about to do with the environmental study that Eric Ratliff was doing on behalf of the county and the District. They are just waiting on them to tell the engineer that they submit the plans to the Division of Water and the Transportation Cabinet.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Campoy stated that the contract for services has been approved by the Mountain Water District and they are currently waiting approval of the contract by the fiscal court and authorization from Compass Municipal Advisors that the engineering work can begin. Chairman Denison inquired if that is supposed to happen on Tuesday. Mr. Campoy stated that Mr. Caudill didn't say specifically but they hope that it does. Mr. Sawyers stated that this documentation was put together by Ms. Olson last month. All the resolutions she drafted up and submitted to Palmer Engineering and Brian Beauman and they way he understood it, it was supposed to be done then and is still not done. Chairman Denison stated that his understanding is that is supposed to be done on Tuesday by the fiscal court.

Commissioner Tackett stated that it might have just been Bell but could have both of them together, but there was a hydraulic study done and he didn't know if that was just for the far side of the county, or the Belfry and Sidney area or if it includes all of Pike County. Mr. Campoy stated that he understood it to be that end of the county, the Belfry side. Commissioner Tackett stated that Mr. Campoy wasn't here when Sharon Hall was here, and we might have to expand on that and get two different quotes on doing that. Mr. Hill stated that he did not think they wanted to do that at this point in time. What they were saying was once they get the funding in place then they will take the steps to do the hydraulic study. Commissioner Tackett clarified that they wanted to provide a quote on doing that study. Mr. Hill stated that they would be interested in that. Mr. Sawyers inquired how this submit came up. Chairman Denison stated that we talked about it with Sharon Hall. Mr. Sawyers stated that he thought they were talking about system wide. He misunderstood what he was asking about. Commissioner Tackett stated that what Bell and EDC is doing is on the Belfry side and looking at some other things. But if we are going to do one, we might need to have it done for the whole county. Mr. Campoy stated that he would make Mr. Caudill aware of that too, that as they look for funding, they could be expanding on that, too.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that they are still waiting for Rural Development to give them environmental clearance to move forward with the project.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that they have already heard an update on the Cleaner Water Program funds. The only item to mention is that they are expecting the DOW stream permit to be issued within the next 30 days. That will be the last permit application that we have pending. They have reached out to several property owners regarding easements and have identified the need for 6 easements on the project and have spoken preliminarily to four of those property owners, and there are two others that they have not been able to identify ownership yet through the PVA office. He will get some information to Mr. Vanover on those.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-010

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Chaney made the motion to approve the draws as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-011

PROJECT DRAWS:

HUDDY DOT WATER LINE RELOCATION

H2O Construction	DOT Funds	\$ 44,060.40
\$44,060.40	Contract Construction	

RADIO READ METER REPLACEMENT PROJECT

OTP	RD Grant Funds	\$ 3,052.11
\$3,052.11	Materials	
Hayes Pipe Supply	RD Grant Funds	\$ 1,884.00
\$1,884.00	Materials	

MANAGER’S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that you have heard updates on the projects from the engineers and the fiscal court. They have also invited Sharon Hall and Eric Ratliff to come over this week and meet with regards to hazard mitigation funding. There is a pot of money floating out there that if you have facilities or infrastructure that is flooded and falls within a certain criteria, you can get funding to replace those. We are currently working on water and wastewater projects that we could possibly do. It will be a quick deadline, but all we have to do is quickly put something together as far as an estimate and project description. The way this one works on funding, is that 90% paid by Federal, and 5% by state and 5% from the District. Chairman Denison inquired if that was something that could help the gentlemen out back there. Mr. Sawyers stated that we could look at upgrading the Stone project in it or replacement of it with a larger one. That is if we have had incidences of flooding there, but he will have to follow up with the Operations Manager and see. We are also looking at...we have contacted KRWA, and they have a GIS/Asset Management program right now that are able to utilize ARC funding and get it for free. The District could use this really bad... the mapping and asset management would be very helpful to the district. It is totally paid for up front; the license fee or software fees in the first year is paid for by them, which is \$750, and any tablets is paid for...\$200 per tablet. What we would have to pay for in the years after that would be the \$750 software fee per year and \$200 per tablet that the staff would utilize.
- 2.) **Water Loss Update** –Mr. Sawyers stated that they have talked about this some already. We have a trend of warmer weather coming and the staff will be able to work more on that and playing catch up due to the flooding in the past.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that six of the ten permits have been approved to date.
- 5.) **3-Year Rate Study Resolution** – Mr. Sawyers stated that he and Ms. Olson have worked with Mr. Vanover putting something together on a 3-year rate study resolution and he has it there if they want him to read it. Ms. Olson stated that a copy was also included in their packets. Mr. Sawyers read the resolution during the meeting and the original is included in the record of this meeting. Chairman Denison requested a motion to approve to adopt the resolution as presented with regard to the requirement of a rate study and operations review every 3 years ending on a calendar year. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-012

- 6.) **FEMA – Designation of Applicant’s Agent for Disaster DR4595, KY DR4643, and any future disasters until updated by resolution** – Mr. Sawyers stated that FEMA needs a designation of applicant’s agent for disasters 4595, 4643 and any future disasters until updated by resolution. Acting on behalf of the District is Tammy Olson and read the resolution during the meeting that is included in the record of this meeting. Chairman Denison requested a motion to adopt the resolution appointing Tammy Olson as Applicant’s Agent for the purposes of FEMA submittals on behalf of the District. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-013

Mr. Sawyers stated that to back up to the funding, they have spoken of the residual funds from the radio read meters. Just to let the Board know, tomorrow the automatic strainer is supposed to ship. Chairman Denison inquired how much residual funds were. Mr. Sawyers clarified that he meant for that item. Chairman Denison confirmed that as correct. Mr. Sawyers stated that item is about \$75,000. Chairman Denison inquired what we have left. Mr. Sawyers stated that we don't really have any left. What is left has been reserved for telemetry and then after that we are finished. Actually, we are about \$7,000 to \$8,000 short for what we purchased.

The bids for the annual asphalt/paving contract will be coming in on April 4th at Mr. Vanover's office. He inquired if the board wanted to go ahead and authorize himself and Mr. Vanover to award the bid to the low bidder instead of waiting another month and when the plant opens, we can go ahead and move forward. Chairman Denison requested a motion to approve the District Manager and Mr. Vanover, legal counsel, to award the annual pavement replacement contract to the low bidder. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-014

Mr. Sawyers stated that he had Mr. Vanover review the proposal from Stoll, Keenan and Ogden, which is for legal representation for the PSC rate case. He has reviewed it and said that it is pretty standard language, and he has no issues with it. We just need to approve Stoll, Keenan and Ogden, with their representative Gerald Weutcher, to assist the District in the rate study. Chairman Denison requested a motion to approve Stoll, Keenan and Ogden to assist the District in the rate study. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-015

Mr. Sawyers stated that the rest of the monthly report is just standard information we hand out monthly and they can review that, and he will answer any questions they have.

Chairman Denison requested from Mr. Taylor what he expects the water loss percentage to be in March. Mr. Taylor stated that he would say probably in the mid to upper 20's. In February we were at about 121,000,000 total. For this month, we were about 120,000,000 but that is also three extra

days in March as opposed to February. So, he feels like that will go back down to about 26 to 28 percent.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-016

Mr. Sawyers inquired if he could add one item. In that memo he forwarded to the board, we have performed this task once before in the past. The contract with Southern Corrosion on the tanks; we could freeze that contract and as he mentioned in the memo, it is \$16,259 a month that we could freeze from July 1st, 2022, to next spring. The reason why he says July 1st is because the rate study will take the history all the way into June and the board can save that amount of money to help with increased expenses. Chairman Denison inquired if they are willing to do that and what kind of problems does that create. Mr. Taylor stated that it actually won't create any major problems. What they will do is probably go ahead and send a contractor in and just when the construction part of it is over, we will just have to keep paying the 16 or 18 months that we suspended the contract. They will keep us going, they won't stop working. Commissioner Tackett stated that this is pretty much an ongoing thing. We are going to be cleaning up tanks for perpetuity. When you get these first ones cleaned up, it is time to start back on them again. Mr. Sawyers stated that all this does is postpone the rotation. Chairman Denison requested a motion to authorize to suspend the contract with Southern Corrosion and the monthly fees from July 1st, 2022, to the spring of 2023. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-017

NEW BUSINESS

- 1.) **Resolution – 27-Payment Payroll in 2021-** Chairman Denison stated that what happened was that when you pay bi-weekly, every eleven years that converts into 27 pay periods versus 26. That happened to the District in 2021. What he would like to do to avoid any problems, is that we have given raises two times to non-salaried employees. Those salaried employees were excluded from the raises we have given, so in essence what has happened is that the current salaried employees got an extra payroll in 2021. So, he would like to pass a resolution granting them a bonus for that pay roll for the benefit that they didn't get any raises in the last two pay raises. Mr. Sawyers inquired if the resolution would be worded to include anything in the future if it does hit that way. Mrs. Hatfield stated that the system never caught it. When you put a salary in, it automatically calculates. Chairman Denison stated that it will be another eleven years before it happens again. Mrs. Hatfield stated that it will happen again in 2032. Chairman Denison requested a motion to identify the extra payroll in 2021 for salaried employees as a bonus for that year. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-018

2.) Flatwoods ATV Trails & Park Infrastructure- Chairman Denison stated that this item was previously discussed by Sharon Hall earlier in the meeting.

3.) Contract Issues – Chairman Denison requested a resolution for Commissioner Tackett, himself, and Mr. Vanover to address some contract issues that we have regarding some water purchases. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-019

4.) Legal Issues -

a. Executive Session

i. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion to convene into executive session for reasons listed on the agenda. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-020

Chairman Denison requested a motion to reconvene into regular session from executive session. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-021

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Varney	Absent
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-03-022

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

April 28th, 2022
05:00 PM

ATTENDEES

Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER

AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, April 28th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Paul Chaney, Commissioner
Myrtle Runyon, Secretary

Commissioner Varney has submitted his resignation from the board during this week.

Chairman Denison stated that with the resignation of Commissioner Varney, a motion was requested to appoint Commissioner Chaney as Vice Chairman and Commissioner Tackett as the Treasurer for this meeting. Commissioner Runyon made the motion and Commissioner Denison seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-001

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none. Roy Rolan and Frank Fuller had been there earlier, but Mr. Sawyers took care of them prior to the start of the meeting and they had left.

APPROVAL OF MINUTES**AGENDA ITEM II**

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on March 31st, 2022, as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-002**FINANCIAL REPORT – MIKE SPEARS, CPA****AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of the month was \$100,991. Accounts receivable was \$1,098,372. Plant in place was \$167,482,030. Accounts Payable was \$136,583. Equity position at the end of the month is \$63,912,094. Revenue for the month was \$852,942. Utility operating expenses was \$1,114,252. The net income/net loss was \$294,767. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$261,310. Cash decreased \$94,000 which was about the same as last month. Again, the floods are coming into play there.. The current operating account balance is \$88,410. KIA and RD Reserves are fully funded, \$862,000 and \$870,000 respectively. We have already written a check for \$108,000 to go into the sinking fund for this month. The \$108,000 will now be our normal monthly transfer. In 2021, we did \$83,500 per month and they took out of our operating account, not the sinking fund account, \$29,000. Now, where we redid this loan with Regions Bank, they are pulling out of the sinking fund only, so we are putting all of the debt service into that fund now, which is the \$108,000. Last year, with that and our \$6,600 going into the O & M account, we are about \$118,000 a month. Chairman Denison stated that is about a \$10,000 savings. Mr. Spears confirmed that as correct. Mr. Spears stated that water purchased from the City of Pikeville did go down to the minimum for April. Commissioner Tackett clarified that it went to the minimum or below the minimum. Mrs. Hatfield stated that it was really close to the minimum amount. Chairman Denison inquired about the deposits we got for the bill payment assistance and where they show up on the cash disbursement. Mr. Lowe stated that there were two checks. Mrs. Hatfield stated that there were two checks and were deposited but she is not seeing that on the cash disbursement, but they could have been combined into one deposit. They will check into that and let them know. Chairman Denison inquired if she is sure it was in April. Mrs. Hatfield confirmed that and stated that she will check on it and we might be better than we thought. Mr. Spears stated that page 15 of financials shows that revenue for the month was the lowest we have had since November of last year, but we are getting into our high water months and he was mentioning to Mr. Sawyers that hopefully in a few months we should have our cash flow restored. Our big items on our expenses are always our water purchases and our electric. Williamson water was around the minimum. With the electric, Mrs. Hatfield stated that it looked a lot lower and she is thinking it had something to do with the timing of the receipt of the bills. Chairman Denison inquired what the average is. Mr. Spears stated that we had been averaging about \$120,000-\$124,000 and it looks like it was \$137,000 in December. But we had that fuel adjustments one month and they are off, but we aren't seeing a big drastic difference. So in case it is in the timing of when the bills show up this month, she compared one set of bills to some last month and it was 60%-70% of what we paid the previous month. The other big item we talked about last month was the general R & M on page 18. From time to time that goes up, but if you at February and March which were \$64,000 and \$66,000; part of that is \$42,000 for the bores that were talked about last month. There is no way to capitalize them. Chairman Denison clarified that is money that we could get reimbursed for at some point in time. Mr. Spears stated that he wasn't sure of that. Mr. Sawyers stated that he is pretty sure one of those was Aflex and if it was, that is definitely eligible for reimbursement by FEMA. After further discussion and review of the financial report's budget comparison numbers, Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye

Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-003

Chairman Denison stated that we need to select an audit firm for 2021. What he would like to do is make a resolution pending the review by Wallen, Puckett, and Anderson that they could hold their price about the same since they are basically the only CPA firm in Pikeville doing this. He made a motion to approve to use Wallen, Puckett, and Anderson pending their agreement to perform professional services for the District's audit at basically the same price as the previous audit firm. Commissioner Tackett inquired how long it will take to do this. Mr. Spears stated that he will be in next week and will be doing some stuff on the other study as he is doing it. The audit is due September 30th and he thinks they will be fine. They did this audit prior to him doing it in 1996 or 1997 so they are somewhat familiar with us. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-004

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Runyon made the motion to approve the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-005

CUSTOMER ADJUSTMENTS **AGENDA ITEM V**

Copies of the customer adjustments for March were in the packets of information given to the Commissioners for the meeting. Mr. Lowe stated that he will point out at the start that there was a 67% increase in the number of accounts that requested adjustments for the month of March. There were 85 adjustments in March and 51 in February. Most of these were 3 months for December, January and February which were the colder months, and the flood was the first of January. Chairman Denison inquired if that was typical. Mr. Lowe stated that if you look on that chart, back to 2016, of the 14 highest months since then, 4 of them have been March. The highest months are generally January, March and October. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of twenty-five thousand, eight hundred and sixty-five dollars, and ninety-seven cents (\$25,865.97). Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-04-006

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that work began again in April. The nursing home unit is all hooked in and they took the liberty of the first components of the wet well at the pump station and got work done on that and got it set. Completed work and stored materials through this last period is \$793,585.64 or 64.5% of the project completed. The wet well fabricator has some other components ready and they are expecting delivery on those next week. They won't be able to put the top on yet because they don't have the aluminum hatches yet. They are still seeing that kind of delay. Regarding the N & S bore, last month they talked about a contact that they got at the railroad and Mr. Sawyers in getting through to them who gave them another name and number. He got through to them today and has a meeting with him a week from tomorrow on site. These are local people who deal with the tracks locally. That man was aware that we were over there working and told him that he figured he would hear from us at some point in time. He does have a pay request for the contractor this month to be signed and also has a change order asking for some additional days, no change in money, just time, with trying to work through these issues with the railroad and still get deliveries in. It is change order #3 that puts substantial completion out to July 25th and final payment to August 24th. Chairman Denison requested a motion to approve change order #3 as presented extending additional time for substantial completion to July 25th due to delays with the railroad bore and delivery of components. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-04-007

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that this project is complete and last time we talked about some changes that the Transportation Cabinet wanted to make. They got the change order ready, it was approved and sent on to the Transportation Cabinet, and they had the contractor go do the work. They haven't given the engineer an approved change order yet, but they had them go do the work anyway so it is complete. Hopefully, they will have that back in the next week or two and at the next meeting in May, they can submit all of the final invoices and that project will be done. Commissioner Tackett clarified that this is not costing us anything. Mr. Campoy confirmed that as correct and the Transportation Cabinet funds the whole thing.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that it has been about a month since Eric Ratliff at the fiscal court has submitted the environmental study to RD. They are waiting on them for feedback and they haven't said anything to him about it yet. They have been sitting there at about 90% complete and just need a little feedback to know if they need to make any final adjustments on this before they submit it to the DOW and KYTC for the encroachment permit. He spoke to Eric Ratliff and couple of days ago and he still hadn't heard anything from RD. It seems no matter where they are going or who they work for, they have a project over at Southern Water, and it is the same thing. It is through another agency, but they just don't respond.

2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that the contract was previously approved by the District and they have now received permission to move forward from the fiscal court. So, there was kick-off meeting today with the engineer and MWD to discuss the project goals and some of the individual components that will be in the project such as the master meters, telemetry, and all of that. Now they will go ahead and move forward with preparing the documents. Chairman Denison inquired if that was pending approval from Mr. Palmer. Mr. Caudill stated that yes, we have a couple of questions today that they will have to ask Mr. Palmer as to exactly what applies. They will go ahead and start getting those questions answered and move forward.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that there has been no change in status on either the Maynard Fork Water Line or the Brushy/Sycamore Water line projects. Maynard Fork is still waiting on RD to finish the environmental review.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that last month he mentioned that they were still working toward the last DOW permit to be issued for the stream construction work and they are hearing that the permit has been issued, they just didn't get copied on it. The last task left to complete on this project is to get the easements signed. He has been working with Mr. Vanover and he is working on finding a couple of missing property owners. They are also waiting for the funding to be in place.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-008

PROJECT DRAWS:

Chairman Denison inquired what the revised February draw is on this. Mrs. Hatfield stated that the February draw for February was incorrect. Mr. Campoy stated that he invoiced the full amount on that project for inspection services but because there was a change order on it, KYTC requires that you can only bill for 90% so they withdrew that invoice and lowered it by 10%. Next time when the paperwork gets done that he was speaking about earlier, then he can bill for the rest of it. Chairman Denison requested a motion to approve the Project Draws as presented with the revised draw for the Huddy DOT Project. Commissioner Tackett made the motion to approve the draws as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-009

PROJECT DRAWS:

HUDDY DOT WATER LINE RELOCATION

EDC	DOT Funds	\$ 6,921.90
\$6,921.90	Engineering/Inspection Services*	

***Revised February Draw**

RADIO READ METER REPLACEMENT PROJECT

Applied Industrial	RD Grant Funds	\$ 74,008.63
\$74,008.63	Materials	

PHELPS HYDROLOGY STUDY PROJECT

H2O Construction	KIA Grant Funds	\$ 118,800.00
\$118,800.00	Contract Construction	
EDC	KIA Grant Funds	\$ 6,955.00
\$6,955.00	Engineering Services	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that the ARPA funds, Mr. Caudill already gave them an update on it. On some other funding we are looking at, on Hazard Mitigation, we had a deadline of April 15th and submitted 7 projects through FEMA possibly trying to get funding to do this work which was 12 generators for various locations, relocate 12 booster pump stations above ground, replace 2 wastewater package plants which is Keene Village and Maple Lane, lagoon rehabilitation, possible moving the Belfry satellite office and replacing the one that has been flooded multiple times, a system wide study for I & I in the Belfry and South Williamson areas, and the Big Creek water line relocation to get that water line off of the creek banks and into the ditches in some areas. The only other funding available shortly will be the ARC funding that will come up in October. We will see where we are at that time to what we can pursue with that. One other item he is working on, Congressman Hal Rogers' representative Adam Rice called him to look at possibly getting some water into PawPaw. He met with Buchanan Public Service the other day and he has someone working on a project quote for that. He has also had the Judge call about this area as well.
- 2.) **Water Loss Update** –Mr. Sawyers stated that with the MWD form, it is 28.63% and the PSC form is 32%. Chairman Denison inquired from Mr. Taylor if he expected that to go down in April. Mr. Taylor stated that he told the board last month that he expected it to be down this month, but what he can't see is sales, and he has noticed that from January to March, we are actually going down in sales. What he sees is the system total and the barometer of what goes through the master meters out in the zones. We look pretty good out there as far as our totals...between 112,000,000 and 117,000,000 gallons a month. But out sales were 64M in January, 63M in February with a shorter month, and lower in March. That is what it is...it is our totals versus sales. He can't see sales until the middle of next month. He anticipated it actually being up a little bit for March over February, but it wasn't.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that they have already received their update in their packet.
- 4.) **KPDES Permit Renewal Update** – Mr. Sawyers stated that these are approximately 90% complete and approved.
- 5.) **FEMA – DR 4643 Update** – Mr. Sawyers stated that Ms. Olson is working with FEMA on the project and meeting their criteria. On May 4th she will have a deadline for the project list and will meet with FEMA at that time. Commissioner Tackett clarified that May 4th is the deadline for turning everything in for the January 1st flood. Mr. Sawyers stated it is not a deadline for the cost, just the project listing. Ms. Olson stated that they call it the "damage inventory" and we have a recovery scoping meeting on the 4th and that is when it has to be ready for them.

Mr. Sawyers stated that the rest of the monthly report is just standard information we hand out monthly and it is there for their review. Chairman Denison requested that Mr. Sawyers go through the report. Mr. Sawyers stated that for the month of March there were 135 meters changed out. 10 were stuck, 8 were damaged due to freezing, 0 tampered with, 0 for meter failure, 111 for testing as part of the meter testing program and 3 were changed to the new style of AMR meter. In the month of March, 13 accounts were found to be illegally connected to the system, with a total of 76,824 gallons lost and a total of \$3,348.12 in costs and fees assessed. In March, 2,113 payments were made in the office, 6,785 were processed through the mail, 859 were paid by the bank bill pay option, 4,381 payments were made by credit card or check over the internet, and 2,636 were paid over the phone, for a total of 16,774 payments processed in March. The District sold 61,923,210 gallons of water in March and the total billed for water in March was \$670,845.02. This is a 1.96% decrease over February. The District treated 8,291,975 gallons of sewage in March and billed \$173,661.69 which is a decrease of 1.58% over February. Total water and sewer revenue bill for March was \$884,506.71 which was a decrease of 1.89% over February. The customer count for water in March of 2020 was 16,474 customers; March of 2021 was 16,601 customers which was an increase of 127 overall or .77%; March of 2022 was 16,520 which was a decrease of 81 or .48%. Chairman Denison inquired what we attribute that to, even though it is still higher than March of 2020. Mr. Lowe stated that is usual for that time of year due to "snow birds" that leave and come back in the spring. Mr. Sawyers stated that it could be from the flooding also. He continued with the report by stating that for water customers in the month of March, there were 156 water customers disconnected due to non-payment. 112 were paid and reconnected and 44 were in final status as of the date this report was prepared. For sewer customers, there were 0 customers disconnected in March. There were 52 total bacteriological samples taken during the month of March, 21 special bacteriological samples and 2 fluoride samples. That is all for the Manager's Report.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-010

NEW BUSINESS

- 1.) Billing Procedures Discussion** - Commissioner Tackett stated that he had asked Ms. Olson to put this item on the agenda. He knows at one point in time he used to get his bill on a little post card and now we send out our bills in an envelope and the postage costs more to send the envelope than it did to send the post card. He knows that the postage rates are to go up four cents per letter soon and he just wanted to have a discussion about whether we should go back to post cards and would that be a savings from the letters we are sending out now. Knowing how our cash flow is, he just wanted to open the discussion and look at it and see if we could save money. Since that time, he has gotten several emails from Mr. Lowe and Ms. Olson stating their displeasure with the post card and had some valid points. Mr. Lowe stated that on pages 53 and 54 in your packets, he reached out to Champion Printing who prints our bills and mails them for us, and page 53 shows in blue the total estimated monthly cost with the new postage rates and to continue to send out the bills the way we currently do with no change. On the next page, it shows if they did post cards for us. So, the price difference is approximately \$1,100 per month in savings. The postage is cheaper. Chairman Denison inquired if that includes when we have to send out notices to the public. Mr. Lowe stated that it does not and if we do post cards...we know we have to sent out water quality reports once annually which is coming up in May, and currently they just insert those into the envelope with our bills and we don't pay any additional postage for that. If we do post cards, we would have to send out an additional mailing of those water quality reports and the postage alone

would be approximately \$7,700. Chairman Denison inquired if those were required to be sent out. Ms. Olson stated that yes, because of the size of our system, where we have over 10,000 customers in our system, we are required to send them out to everybody. We are also required to put a link online. There are additional good faith efforts as well. Mr. Lowe stated that in addition to that, if we have any TTHM violations, we are also required to send that out. We haven't had any in 5 quarters, but at one point we were doing those every quarter, and we don't know when that is going to come up and we will have to send those. Every time we have to send it out, if we are doing post cards, it will cost us about \$7,700 in postage. We also use that to send other notices, the Board's way of communicating with customers. We have had those printed and inserted into the bills at no additional charge. Post cards also limit our ability to put messages on the bills because of very limited space. Even the bills we use now are limited on how much space we have for messages, but it would be even less with a post card. If we went back to doing post cards in-house... Commissioner Tackett inquired if we did it in-house before. Mr. Lowe stated that we did do it in-house before, but we had to have special printers to do that because of the quantity of them...you are talking about 20,000 a month, plus our normal printing above that...plus the labor. At the time we were doing that in-house we had two more employees in the office. At a minimum we would have to add an additional employee. At \$10.00 an hour plus benefits, because you can't leave them with Manpower permanently, that is \$3,000 a month which includes benefits. He just doesn't see that there is going to be any savings. You still have to buy the materials from either Champion or another company, and according to their quote, if we buy the cards from them, or they print them for us, it is 17.5 cents per bill to buy the cards. The come pre-printed. Anything that was in blue we order printed on there. Anything on the back, is printed on there. So, all we print on there is the customer's information. Those are significantly more expensive than the paper that we print the bills on now. Chairman Denison inquired if there is a HIPPA issue involved with post cards. Mr. Lowe stated that he doesn't think there is any law that prohibits it, but in talking to the people that prints our bills now, they are SOCII compliant which means they are protecting your customer's information. If they were going to do post cards for us, they said our board would have to sign a waiver releasing them of any responsibility for any customer information that gets out. Commissioner Runyon stated that it seemed like the post cards would be easier to get lost in the mail. Mr. Lowe stated that was another thing. They would constantly easily get in between sales papers, magazines and go to the wrong people. It was a constant problem with people not receiving their bills. Mrs. Hatfield stated that also, with the bills we have now and the return envelopes we provide, it gives them more incentive to hurry up and get that payment right back out to us. Commissioner discussion ensued regarding the need for the return envelope. Mr. Lowe stated that it is an option. Removing that envelope from what we currently do...they charge us 4.8 cents per envelope. Commissioner Tackett stated that so a nickel times 20,000 a month would be a savings of about \$1,000 a month. Commissioner Tackett inquired if we see a benefit of getting them an envelope as opposed to getting one this long, or this long...Mr. Lowe stated that we have a machine that we send envelopes through to open them. So, that can be a problem if they are not exactly the same. Sometimes they don't open and they have to manually open those envelopes. Commissioner Tackett clarified that Chairman Denison heard Mr. Lowe say that the return envelopes that we send out cost a nickel so that is about \$1,000 a month. Chairman Denison stated that it is something we can look at. Ms. Olson stated that it is an incentive for the customer just to pop their payment in there and send it right back and quicker turnover. The question is, is it worth that. Commissioner Runyon inquired if it is smaller percentage of people that mail their payments back as opposed to another method of payment. She inquired if more people were paying online. Mr. Lowe stated that over 6,000 a month still mail them in. Commissioner Tackett stated that we are mailing out 20,000 and only 6,000 are coming back. Chairman Denison stated that he thinks we need to take a seriously look at eliminating the return envelopes. Commissioner Tackett stated that 70% of our customers are throwing them in the garbage. Mr. Lowe inquired if Ms. Olson knew how many payments were made in the drop box. Ms. Olson stated that it is not broken down that way, but it is included in the number of payments made in the office. That includes that walk-up window and the drop box payments. After further discussion, Chairman Denison stated that he thinks we need to eliminate the cost of the return envelopes. Mr. Lowe stated that he has seen statistics that it does speed up payment, but it is worth it for 30-40% of customers who are using the envelope. Ms. Olson stated that she thinks at the time the decision was made to do the return envelopes, we weren't really offering the online as much as the phone pay and it is a good point. Mr. Lowe stated that he thinks we actually started with online payments in 2008. We started our current billing procedures in 2010 but the number if people using the online option has increase dramatically since then. Commissioner Tackett stated that the online payments may even increase more if we quit giving the envelopes. Mr. Taylor stated that he has his set up through Community Trust as a monthly

payment. How does the office receive the payment from Community Trust. Mr. Lowe stated that Community Trust sends us an electronical file each day with anybody that paid the day before. But that is only bank that does that. They cover the cost to set it up because they didn't want to mail us a check. All of the other banks mail us a check and sometimes it takes 3 weeks for us to get them. Customers can get disconnected and they say "I have that set up through my bank", and we have to say we didn't get it, nor any notification of that, and we can't give you credit until we receive it. Ms. Olson stated that sometimes they will hold them until they get multiple payments in order to justify the postage. Chairman Denison stated that it is worth a try to go ahead do that. There is no reason we can't go back to it later. Mr. Lowe stated that he will check on that. They order stock of these envelopes so they will have it ready, so we will have to wait until they use that stock or purchase what they have on hand before stopping the return envelopes. This being a procedural, in-house management issue, a resolution is not need. The board agreed to stop including the return envelope in the bills when the current stock is utilized. Mr. Lowe stated that one other thing he wanted to mention about doing the post cards in-house, we would also have to buy another piece of equipment because those cards come in sheets of three and there is a machine that breaks those apart at the perforation. It would cost \$6,200 to purchase the machine. Chairman Denison stated that he thinks that is a mute point at this time and the decision has been made to save \$1,000 a month on not including the return envelopes with the bills.

COMMISSIONER COMMENTS

Commissioner Tackett stated that he wanted to recognize Mr. Lowe, Ms. Olson and Mrs. Hatfield who put some thought and took some time into putting this together. He stated that he appreciates that. Chairman Denison stated that it may not have been what they wanted to hear, but there is still a cost savings there that was discovered. Chairman Denison inquired if Mr. Sawyers wanted to make a statement regarding Mr. Varney. Mr. Sawyers stated that he suggested that he invited back as a guest next month and do something for him then in appreciation of his service. Commissioner Tackett stated that Mr. Varney has had hard time this last year. Mr. Sawyers stated that he has had a lot of sickness in his family and got flooded during the flood over there and had to relocate his business. He has had his hands full in the last year. He had made the comment that he felt as though he couldn't give his all or honor his commitment to the District like he wanted to. Chairman Denison stated that he has been a great board member.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-04-011

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**May 26th, 2022
05:00 PM**

ATTENDEES

Kevin Varney, Former Commissioner
Gary Slone, ANE
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

Chairman Denison stated that Kevin Varney is in attendance today and the Board would like to recognize him for his dedicated service to the Board over the years. He presented him with a framed certificate of appreciation and a card from the Board members. Mr. Varney thanked them and commented that it was very nice. He stated that he hates that he is leaving the Board under the circumstances that he is, but it got to the point on a person level that he had to eliminate some things in his life that took time and stress and unfortunately this was one that he had to let go. He has enjoyed the time that he has been able to serve and work and especially the people; the Board and everyone from Mountain Water that he probably would never have known otherwise. He stated that if there is ever anything that he can do for anyone to phone him or come by, as his door is always open. He thanked everyone again.

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Myrtle Runyon, Secretary of the Board of Commissioners, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, May 26th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Paul Chaney, Commissioner
Myrtle Runyon, Secretary

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES**AGENDA ITEM II**

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on April 28th, 2022, as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-001**FINANCIAL REPORT – MIKE SPEARS, CPA****AGENDA ITEM III**

Mr. Spears stated that cash in bank at the end of the month was \$239,868. Accounts receivable was \$1,048,281. Accounts Payable was \$239,565. Equity position at the end of the month is \$63,683,464. Revenue for the month was \$896,473. Utility operating expenses was \$1,105,472. The net income/net loss was \$242,480. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$208,999. Cash increased \$138,876 for the month. The current operating account balance is \$234,290. KIA and RD Reserves are fully funded, and the O & M Reserve balance is \$366,463. We are doing a sinking fund deposit for \$108,000 a month to pay the debt service. While he was here this week working on the audit, we have projected our debt service out to the end of the year to make sure we had enough in the sinking fund to cover it. We are going to be a little bit short because where that Regions Bank roll over went into January and we dumped...actually made another set of payments toward those old bonds, we are going to be about \$70,000 short. He told Mrs. Hatfield that starting next month through December, to add \$10,000 a month to that. He was panicking because after next month's payment, we will have about \$40,000 left and he thinks tonight we will have approval of the KIA payments. Commissioner Tackett stated that the fuel expense for April was up \$6,000 from previous months. Mr. Spears stated that was gas and diesel fuel for the vehicles. Mrs. Hatfield stated that was for the month of April and she will say that for the month of May, it was down about \$2,000 from that number. Mrs. Hatfield stated that we received the bill on April 1st for fuel purchased in the month of March. Mr. Spears stated that revenues were up to \$896,000 and is the highest month since last September. We will get into the \$900,000s here shortly. We got confounded with the flooding and the events that happened in the winter with low revenue months and it really drained us. Page 16 shows water purchases; \$39,000 to Williamson and \$57,000 to Pikeville which is close back down to the minimum. You can look at the months of expenses and see the flood event in those numbers. Electricity is showing \$120,000. He wishes that was lower, but we probably aren't going to see it much under that going forward. Everything else is in pretty good shape. We still had to spend about \$80,000 in R&M, but that is what we are spending. Everything else is pretty much what we expected with the budgeted amounts. After further discussion and review of the financial report's budget comparison numbers, Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-002

After discussion of the KIA bond payment list, Chairman Denison requested a motion to approve the payment of the KIA bond payments as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-003

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Denison inquired from Mr. Lowe if he had heard anything about when they were going to stop sending out the envelopes in the bills. Mr. Lowe stated that he contacted them after the April board meeting and they said they had approximately a month of envelopes in stock, so it should be in the next few weeks he would guess, if not sooner. Commissioner Tackett inquired what the Matewan Water and Sewer bill is for. Ms. Olson stated that we have a connection on the Matewan side of the county that we send sewer across to them and they treat it for us. She thinks it is at Buskirk. Commissioner Tackett inquired if we pass this on to the customer. Ms. Olson stated that she would say so. She is sure it was built in when the sewer tariff was written in the original rate. She is sure it was considered but she will check into that and make sure. After further review of the payables data and any other Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Tackett made the motion to approve the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-004

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for April were in the packets of information given to the Commissioners for the meeting. Chairman Denison commented that the amount was down considerably from last month. Mr. Lowe stated that it was and last month there were 85 separate adjustments, and he thinks there were 44 this month. So, it is pretty much back to where it was prior to last month. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of eleven thousand, four hundred and ninety-six dollars, and five cents (\$11,496.05). Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-005

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that work continued in May with components being brought in for the wet well at Billy Dotson lift station and has been brought up with the back filling around it. They are now at a point where completed work is at \$893,585.64 or 72.6% of the project. They made some progress on the N&S railway bore finally. The local people they made contact with met with District personnel and EDC personnel on May 6th. At the meeting, they reached some other people who had to provide us with a flagging agreement that we got filled out and submitted

back in. So, now we are looking at doing the bore on June 13th. We have been in contact with the railroad today and their flagging people today so they can be there when it is being done. Hopefully when he comes back next month, it will be completed. They continue to wait on delivery of the the hatch for the vault and the generator. The contractor said he thinks we can wrap up the project in July.

2. **Route 199 Huddy DOT Relocation Project** – Mr. Campoy stated that this project is complete. The Transportation Cabinet gave them the okay to submit the final invoices for engineering and construction, which they have done this month to Mrs. Hatfield. There is another project over there that EDC has done some preliminary work on for the Transportation Cabinet and that will be coming up on the update next month once they approve everything to move forward.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that they have been sitting at 90% complete waiting on RD's feedback on the environmental. They have been at that point for about 4 months. Mr. Campoy stated that he is in contact with Eric Ratliff with the fiscal court, and he is in contact with RD but they won't give him any feedback. He doesn't think they have returned his calls or anything. If they did, they say it is just under review. They can't really move forward until they get those comments back and know if they need to make any changes to suit them. Once that is done, they can submit to the DOW and the DOT because quite a bit of that work is on highway right of way. That is all he has at this time. He will have some pay requests that have to be signed to go to the Transportation Cabinet.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that representatives of the District and Bell Engineering met and identified some project goals and components. After that meeting, they brought up some good points and some minor revisions were made, including some oversized solar panels for 8 of the telemetry units and a solar transmitter associated with those. After all of that was compiled, the listing of the work that the District wanted to complete as part of the project was forwarded to representatives of Compass Municipal and the attorney they are working with, Sturgill, Turner, Baker and Maloney. The list was forwarded to them with an explanation that the District wanted to self-perform some of this work and bid out the portions that didn't lend itself to the District self-performing it. The basic reason here, is that they are assisting in administering the ARPA funds and we just want to make sure we aren't violating any ARPA guidelines. We have attempted to schedule a Zoom meeting with them several times to discuss this further, and have been unsuccessful in doing that, but he was able to get some answers from Mr. Palmer today over the phone on a few things. Commissioner Tackett clarified that they didn't answer the emails that were sent previously. Mr. Caudill stated that no; they have not responded to several that he has sent. He did get a call today and basically, they said it was okay to self-perform work with ARPA funds but you have to document that you are the best option. The easiest way to do that is just to put it out for bid and if nobody bids on it, then you are the best option; if you are less than the bidders, you are the best option. Supplementary conditions for the ARPA funds are basically the same as those with the Kentucky Infrastructure Authority. So, they won't be any different than what you are familiar with working with. Prevailing wages associated with the Davis Bacon Act do not apply to this project. They have been preparing plans and specifications for the portions that they knew the District would want to go ahead and bid, including the security fencing, the water tank rehabilitation, and the water storage tank installation. They will continue with that and go ahead and start putting together some stuff for the telemetry and the stuff that you want to self-perform. They are hoping to get a lot of this done withing the next month.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that there has been no change in status on either the Maynard Fork Water Line or the Brushy/Sycamore Water line projects. Maynard Fork is still waiting on RD to finish the environmental review.

2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill inquired if Ms. Olson wanted to talk about the assistance agreement. Ms. Olson stated that on page 34 of the packet, we received the grant assistance agreement from the Kentucky Infrastructure Authority. Eric Ratliff forwarded that to us this week. There is a resolution on page 45 and that needs to be considered and approved to move the project forward, and agreeing to accept the grant and move the project forward. It is their standard form. Chairman Denison read the resolution into the record which is included in the record of the meeting. He requested a motion to approve the resolution to accept the KIA grant funding as presented for the Brushy Fork/Sycamore Water Line Extension. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-006

Mr. Hill stated that he would request that the District go ahead and authorize them to advertise for bid in case they get the approval to move forward with the project in the next month or so. Ms. Olson inquired in his experience, once this agreement is submitted back to them, how long until the money is available. Mr. Hill stated that he is not sure how long this one will take. Chairman Denison requested a motion to authorize Summit Engineering to advertise for bids for the Brushy Fork/ Sycamore Water Line Extension Project. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-007

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-008

Commissioner Tackett inquired from Mr. Vanover or Mr. Hill regarding easements for the Brushy Fork project, if someone was working on that now. Mr. Hill stated that they have them all drafted and have made initial contact with all of the property owners. They will proceed with getting those signed. Commissioner Tackett stated that the update states that there is one property owner who cannot be identified and another that is in heirship. Mr. Hill stated that he will check the file and see if he has that information yet and if not, he will forward that on to Mr. Vanover and make sure they have that covered.

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Tackett made the motion to approve the draws as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-009

PROJECT DRAWS:

HUDDY DOT WATER LINE RELOCATION

H2O Construction	DOT Funds	\$ 17,835.60
\$17,835.60	Contract Construction	

RADIO READ METER REPLACEMENT PROJECT – RESIDUAL FUNDS

Electro-Quip	RD Grant Funds	\$ 19,474.53
\$19,474.53	SCADA Telemetry Equipment	
Electro-Quip	Local Funds	\$ 9,939.47
\$9,939.47	SCADA Telemetry Equipment	

PHELPS HYDROLOGY STUDY PROJECT

EDC	KIA Grant Funds	\$ 5,265.00
\$5,265.00	Engineering Services	
H2O Construction	KIA Grant Funds	\$ 90,000.00
\$90,000.00	Contract Construction	

MANAGER’S REPORT – Report by David Taylor, Operations Manager/Tammy Olson, Office/Compliance Manager

- 1.) **Funding Update** – Mr. Taylor stated that Mr. Sawyers has put together a proposal that starts on page 59 of your packet. That is for the surcharge. There are a couple of equipment items that we had put initially onto the ARPA, but because of the guidelines and stipulations on it with the equipment...this is related to the dozer and the side by side. You can only do an hourly rate, so if we put it on the surcharge, we can finance it to own. These are items we are going to be needing for a long time. Chairman Denison inquired if these were down as an hourly rate. Mr. Taylor stated that he didn't know if he amended that before he found out...he's got on a note that he wanted Steve Caudill and Mike Spears to review the financial aspect of doing both options. What you have in front of you is what he is wanting to submit to Salt River Engineering and we need a resolution, pending a final approval of the committee with Randy Tackett and Roy Sawyers (he has already signed off on it). Commissioner Tackett clarified this was not for the water loss project but for the capital improvement plant. Mr. Taylor stated that was correct. That is just to expedite it to get it to Salt River Engineering if the Board is good with what is there, we will submit it to them. Chairman Denison stated that this is very close to what they have looked at before. Mr. Taylor stated that it is and if there is any fine tune polishing that needs to be done, if Randy Tackett and Roy Sawyers sign off on the other 2/3rds, then we need a resolution to go ahead and let Salt River Engineering take it on up to the next level. Chairman Denison requested a motion to accept the proposed three-year capital improvement plan pending final approval by Commissioner Tackett, Mr. Taylor and Mr.

Sawyers. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-010

- 2.) **Water Loss Update** –Mr. Taylor stated that with the MWD form, it is 19% and the PSC form is 23.2%. We produced and purchased about 10M less and sold about 2M more. April is kind of one of those months like September and October where you don't have big temperature changes, so as we go into the summer months, the leaks will definitely increase. We started in January at 145M so this was 107M. That was from the problems we had in January to work ourselves down and this is pretty much where we were at in December. It took 3 to 4 months just to get us back on track just from a couple of bad weather events.

Mrs. Hatfield inquired if she could add some things to the report here. BB&T Bank has changed companies and they need a pledge agreement form signed authorizing her, Mr. Sawyers and two board members to make any changes to our two accounts we have with them. Mr. Spears said he thought that we probably needed to get the agreement signed and notarized. Chairman Denison requested a motion to authorize to sign the pledge agreement as required by BB&T Bank, now Truist Bank as presented. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-011

Mrs. Hatfield stated that also, Mr. Campoy has a draw that was left off the list for this meeting for engineering services for the DOT Huddy Project in the amount of \$2,482.78. Chairman Denison requested a motion to approve the EDC draw for the Huddy DOT Project in the amount of \$2,482.78 for engineering services that was left off the list. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-012

- 3.) **Daily Operations Update** – Ms. Olson stated that the operations summary is in the board's packet and begins on page 73. There is not a whole lot on there that has changed from last month. Most of what we are doing in the field is covered under water loss.

- 4.) **KPDES Permit Renewal Update** – Ms. Olson stated that we have received 3 final permits in the last few weeks. There are still 7 for wastewater treatment plans and 3 general permits that are still in DOW review and we expect to receive those in the next month or two. That is Synterra

Corporation who is completing those applications for us. We had some trouble with some of them because the DOW came back and asked for oil and grease samples for even the small package plants, which she doesn't think we have done in the past, just for the larger ones. So, we had to do some extra sampling to get those fully submitted but, we are in good shape now.

- 5.) **FEMA – DR 4643 Update** – Ms. Olson stated that this is from the flooding during this past January. We had a recovery scoping meeting here in the conference room this month with FEMA, Hazard Mitigation and various other departments. There were about 10 of them that showed up from across the region, country and state that showed up to the meeting to kick this one off. FEMA site inspectors will be here the first two weeks of June. Right now we are working on making sure that the list we have of incomplete work is correct and what they want to see. She is working with the field getting accurate GPS coordinates and so forth.
- 6.) **FEMA – DR 4595 Grant Assistance Agreement (Feb/March 2021 Flooding)** – Ms. Olson stated that this was the flood from February and March of last year. All of the documents are finished but what happens is that at the end of that when they process all of the claims across the state, they do an updated contract and it is in your packet starting on page 76 and she has a blank one for signature tonight. Basically, the original contract was an estimate for damages in the state of Kentucky for \$125M. This is the cost of the actual claims that they received and so they have modified the contract and any entity that made a claim has to sign a copy. Now it is \$117,710,897. Chairman Denison inquired whose signature is required. Ms. Olson stated that it asks for Mr. Sawyers who is listed as the point of contact, so we just need to authorize the District Manager to sign it. Chairman Denison requested a motion to authorize the District Manager to sign documents relating to FEMA DR 4595 grant assistance for the February and March 2021 flooding event. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-013

Ms. Olson stated that the rest of the monthly report is listed there in their packet and that completes the Manager's Report for this month. There is nothing that stands out as far as any anomalies in the report. Chairman Denison inquired about the meter battery failure listed and what their life expectancy is. Ms. Olson stated that they have a 15 to 20 year life span. There were 11 that were changed out in April. Mr. Taylor stated that the meter warranty is 100% covered up to the first 15 years and then is prorated for the next 10 years. Ms. Olson stated these were under warranty and we pulled them and sent them back for replacement. Chairman Denison made inquiries regarding the illegal connections and disconnect notices. Mr. Lowe explained that the bill is due 15 days from the mailing date. Five days after the due date, we add a late charge and send the disconnect notice. Then from that point, we wait a minimum of 12 days before we actually disconnect them. Chairman Denison clarified that is at least a full month turnaround. Mr. Lowe confirmed that as correct. Chairman Denison inquired if those were all done by mailings. Mr. Lowe confirmed that as correct. Commissioner Tackett inquired if that comes from this office or the people that do the billing. Mr. Lowe stated that it comes from the same people who do the billing. Chairman Denison stated that the reason he asked is that he got a call from someone and they claimed that they did not get the disconnect notice. Mr. Lowe stated that we do not have any requirement to make phone calls as far as with the PSC, but we do have an automated system that attempts to call the number listed on the account. Of course, if we don't have the correct number, they aren't going to get that call. Do we update those numbers on the account? Mr. Lowe stated that only if the customer calls us to update it. Mr. Taylor inquired how many characters we have on the post cards we used to send that we can put a note on. Mr. Lowe stated that on the current bill we have 2 lines that we can edit. It is a pretty small area. Ms. Olson stated that we need to just make it a policy in the office that

when the employees come into contact with customers, they update their information while they have them on the phone. We will have a meeting with employees and remind them to do that going forward. Commissioner Tackett inquired if we should put something on the bill which will get a small percentage of customers. Mr. Lowe stated that he is pretty sure that is on the bill already, to contact us to update any information on the account. He will check to be sure. Commissioner Tackett stated that he noticed that box on the top but he never saw that statement on there somewhere and how hard would it be to edit that box. Mr. Lowe stated that we have two really small lines that he can type in, other than the box for possible leak. There are four lines total that can be edited, and two of them are designated for things like "possible leak". Chairman Denison stated that maybe the printing company can put the update statement in bold print. Mr. Lowe stated that they could possibly do that and he would check on that as well.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-014

NEW BUSINESS

1.) Legal Issues

a. Executive Session

i. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion to convene into executive session in accordance with KRS 61.810 as listed on the agenda. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-015

Chairman Denison requested a motion to reconvene into regular session from executive session where items in accordance with KRS 61.810 were discussed. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-016

COMMISSIONER COMMENTS

Chairman Denison stated that we needed a motion to appoint Commissioner Tackett as the Acting Treasurer for this meeting and Commissioner Chaney as Vice Chairman for this meeting as well. Commissioner Runyon made the motion. Chairman Denison seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-05-017

Chairman Denison inquired if there were any further comments. Commissioner Tackett requested that Ms. Olson add to the June agenda to start a review of our insurance; to appoint a committee or whatever we need to do to start reviewing our insurance. Mrs. Hatfield stated our liability insurance comes up in August and the health insurance is in October. Commissioner Tackett stated that it would be good to go ahead and get something started on that.

Ms. Olson stated she wanted to mention that we submitted seven projects for Hazard Mitigation funding. We heard back this week that we got approved for two of them; the Belfry Maintenance Lot is one of them (consistently flooded and is behind the Belfry Court House), and we are hearing from Commissioner Booth that the Big Creek water line on the creek bank over there (doesn't have to be a flood, just high water) got approved to get it off the creek bank and into the ditch line. This will be a section of the problem area. There is a six mile stretch of problem area, and we couldn't do it all or it would have been too big of a project to submit. So, she thinks we submitted a mile or two of that and we are hearing from Commissioner Booth that he has seen the letter where we got approved. She hasn't seen the letter yet, but the other five projects were rejected; the generators and booster pump stations and things, but those two, she will be working with Eric Ratliff on getting their information in. Commissioner Tackett inquired if that was grant money. Ms. Olson stated that it is mitigation money which is free money...or on this one FEMA and state are funding 95% and we get 5% is all we have to pay on that. We are hoping to relocate that building out of the flood plain. Chairman Denison asked how much of project cost these were. Ms. Olson stated that she thinks we asked for \$75,000 to put a trailer at a new site and she couldn't remember how much for the Big Creek project. She thinks it was several hundred thousand for at least a mile of line to be relocated. Commissioner Tackett stated that every time he drives down Big Creek he sees that and thinks how he can see how we have so much trouble with that line. Ms. Olson stated that it is a fight every time it rains hard. Mr. Taylor stated that we counted the crossings in that six mile section and he wants to say it was in the 20s or 30s. Ms. Olson stated that the next step is to do what they call a "Benefit Cost Analysis". We have to rate at least a 1 and she is working with Eric Ratliff to get him the information he needs to submit that to FEMA. We will know in the next month or two on these.

Chairman Denison inquired if there were any further comments. Mr. Lowe stated that just for their information regarding the contact information on the bills. He was wrong, it is not on the bills. As far as those two lines, he has 28 characters in each of those two lines so he can fit "please call us to update your contact information" in that box. But if we have something else that we have to put in there, like during the winter we will put "please ensure your meter lid is secure to prevent freezing" or something like that, it will be bumped for that. Chairman Denison stated that he didn't think it had to be on every bill if we needed to put something on there. Mr. Taylor inquired about the scrolling on the web site. Mr. Kevin stated that he didn't think that worked any more. Ms. Olson stated that we can put it in the news feed on the web site where we put the boil water advisories and items like that.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-05-018

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

June 30th, 2022
05:00 PM

ATTENDEES

Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Billing/Financial Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Mitch Justice, the newest member of the Board of Commissioners, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, June 30th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Paul Chaney, Commissioner
Mitch Justice, Commissioner

Commissioner Myrtle Runyon was absent for this meeting due to illness.

Chairman Denison stated that the first order of business is to appoint an acting Treasurer and Secretary for this meeting. He nominated Commissioner Tackett to be the Acting Treasurer for today's meeting. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-001

Chairman Denison stated that an Acting Secretary needed to be appointed for this meeting in the absence of Commissioner Runyon. He nominated Commissioner Chaney for Acting Secretary for the meeting. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-002

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES

AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on May 26th, 2022, as presented. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-003

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that Regions Bank was drafting out of our sinking fund account, but we actually switched them back to the operating account. So, we are going to be transferring \$75,000 to the sinking fund after this month. We won't be transferring as much because their payment changes. It went up and then starts going back down in February. It drops like \$3,000 or something and it is hard, with it being in there, it has driven us crazy trying to keep track of that and at the times they pull it out. We projected that should get us through the end of the year with a \$30,000 or \$40,000 surplus. He addressed Commissioner Justice and stated that if he had any questions, to feel free to call him with any questions. Cash in bank at the end of the month was \$249,739. Accounts receivable was \$1,177,479. Plant in place was \$167,849,882. Accounts Payable was \$218,555. Equity position at the end of the month is \$69,361,066. Revenue for the month was \$928,511. Utility operating expenses was \$1,007,100. The net income/net loss was \$113,051. Included in that loss number is depreciation in the amount of \$336,340. Operating income was negative for the month in the amount of \$78,588 and is one of the lower losses we have had in any particular month. We have had some high ones because of all of the flooding and stuff that has rolled forward from that. Cash increased \$10,214 for the month. The current operating account balance is \$246,039. We have some things coming and we have to be careful until we get things leveled out. KIA and RD Reserves are fully funded, and the O & M Reserve balance is \$366,463. We are doing a sinking fund deposit for \$75,000 a month to pay the debt service. Back on pages 15 through 17 you will see the budgeted numbers versus the actual number. Commissioner Tackett inquired if we were still putting funds into the O & M fund. Mr. Spears stated that we are not. Chairman Denison clarified that the O & M Reserve is the one that we took \$50,000 out of. Mr. Spears confirmed that as correct. Chairman Denison inquired what he thinks the least that balance should be. If we are going to have additional expenses...Mr. Spears stated that he thinks we can utilize that money. He doesn't think there are very many restrictions because now we are back in a situation where we are going to have some RD reserves coming up and we are way over funded in that account, is why we haven't made any. Commissioner Tackett stated that we want to make sure we have enough in that account to

cover the biggest breakdown that we might have. He thinks David Taylor said once before, that it was like \$75,000 if we ever had one of the pumps go down at the water plant. We don't need to let it get below that. Mr. Spears stated that we also have a line of credit that we have nothing on and some financing options if we have to, but he doesn't think we are there yet. He knows the cash balance was lower a few months ago than we are used to seeing because of the flooding. He stated that revenue was \$928,511 which is total sales on page 15. If you look across there, it is the most recent 12-month history by month. December of 2021 is a catch month for our journal entries. It is the adjustments for the entire year. For rate purposes, we would have to back those out to get a good solid month and that would be no problem. Water purchases on page 16, we went back to the minimum on Pikeville and a little below average for Williamson which will show in the true up for the quarter. Electricity is low and he thinks it is in the timing of the consolidated bills and we will see that get caught up probably next month. He and Ms. Hatfield have been looking at health insurance, and last month we ended up with two (2) health insurances in the AP. One on May 1st and another on May 31st. He had her put that in the right month. If you look at April numbers, they are off about \$40,000 from what you had last month because of that. Repair and maintenance, which has been kind of eating our lunch, we can see that easier on page 3 because it groups them. Sewer maintenance this month was virtually nothing at about \$3,500. R & M for the water side was \$48,000 and we have been running \$75,000 to \$80,000 the last few months. A lot of it was because of the flood events. We know we are off a little bit on the electrical and we have no way of fixing that. They send consolidated bills that have a bunch of meters on them, and they don't always come out on the same day of the month. Other than that, everything with the financials looks good. He stated to Commissioner Justice that we will always carry a loss because of the depreciation number, which is a non-cash expense. After further discussion and review of the financial report's budget comparison numbers, Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-004

After discussion of the RD bond payment list presented due July 1st, 2022. Chairman Denison requested a motion to approve the payment of the RD bond payments as presented. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-005

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the payment of the bills as presented. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-006

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for May were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of sixteen thousand, six hundred and forty-six dollars, and ninety-nine cents (\$16,646.99). Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that work continued in June with all of the remaining components of the lift station being delivered and being actively installed, including the valve vault, valves, the components for that, the pumps and the generator. They are at a point where the total completed is at \$1,053,585.64 or 85.6% of the project. Norfolk Southern has moved forward at a snail's pace. He has been back and forth with them and their consultant called Rail-Pros. But at least they have people, who on occasion, will pick up the phone when you call or respond to an email. They sent another agreement called a Flagman and CM Agreement to the District for signature which was turned back in. That is a permit and two or three agreements that have been signed in order to get this bore done. They are at a point now that they are continuing to monitor their portal and trying to talk to people every chance they get. The contractor sent a message today, saying that they would like to schedule it for next week, and they are trying to get some feedback from the local N & S representative and one of the other reps that they have been able to contact. With all of that said, he can't say when they are going to provide that and the contract at this stage, through a couple of change orders, substantial completion is for July 25th, with 30 days later being ready for final payment. Because he can't tell what N & S is going to do, he is asking for the Board to approve another 60-day extension just so they can have it due to N & S delays. That would put the substantial completion date out to September 23rd with everything being wrapped by October 23rd. Chairman Denison requested a motion to approve the change order No. 4 to extend the time for the contract for the Phelps Hydrology Study for an additional 60 days, putting the substantial completion date at September 23rd, 2022. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-008

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that this project is the same place it has been for a while; waiting on Rural Development to approve the environmental report that was prepared by the fiscal court. They have had it for 12 weeks and Eric Ratliff shared an email from RD saying that they will get to it when they can and it is in the “que”. We just need feedback from them in order to finish the plans to be able to submit. They have to have that to release the funds as well.

2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that they did receive confirmation last Friday from Compass Municipal Advisors that they had everything that they needed for the project to move forward. Since then, they have advised that domestic preference or buy American stipulations would apply to the project. They will incorporate those into the specifications. They have completed the front-end bidding documents and are currently working on the technical specifications. Project plans are approximately 40-50% complete. As they have discussed previously, the project has been developed so that both contractors and the District can bid on portions of the project. They are having to do that in order to satisfy the ARPA requirements that for any work that the District self-performs, it is demonstrated that it is the best option. That is how they were told that ARPA would recognize that. Ms. Olson asked Mr. Caudill to clarify for Commissioner Justice what ARPA is. Mr. Caudill stated that ARPA is the American Rescue Recovery Act and is where the funds come from for this project. This is Covid money which came to the states to only be used for water and sewer projects. It was split up among the counties and cities based on population. Some of the work that the District has expressed an interest in self-performing is the booster pump station telemetry, the water storage tank telemetry, and the 2” zone meter installation. Some of the work for contractors would be security fencing at the water tanks and there are 22 of those, water storage tank rehabilitation at Poor Bottom and Left Fork of Blackberry, the hydroseeding and the water storage tank installation at Kendrick Fork and Greasy Creek. The anticipate finishing the project plans and specs based on the original scope that was outlined a couple of months ago and scheduling a review meeting with MWD prior to the next board meeting so they can go ahead and move forward with the project. Commissioner Tackett inquired if the plans were pretty much done. Are we waiting until we get everything done? Mr. Caudill stated that was the plan so that they can only bid it once and contractors can bid on whatever portions they want to. Chairman Denison stated that he thought the Palmer Engineering had said that we had to bid everything separate. Mr. Caudill stated that they did not tell him that but he would follow up with them and see.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that there has been no change in status on the Maynard Fork Water Line in the last 30 days. They are still waiting on an update from RD regarding the review status. Plans, specifications, and bidding documents are complete. The engineer is waiting on the release of funds from ARC in the amount of \$160,686.40. The total project amount is \$200,858 with an owner match of \$40,171.60.

2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that the Assistance Agreement has been returned to KIA for the \$1,616,674 in Cleaner Water Program grant funds. Funds must be obligated by December 31, 2024 and fully expended by December 3, 2026. The remaining \$708,827 will be ceremonially awarded by the Governor at a ceremony at the fiscal court room in July. All permit applications have been issued (KYTC, DOW Construction, DOW Stream Permit).

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent

Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-009

PROJECT DRAWS:

Mrs. Hatfield stated that there is a misprint on the draws. The draw for H2O Construction submitted by EDC for the Phelps Hydrology Study was incorrect and is to be changed to \$144,000.00. Chairman Denison requested a motion to approve the Project Draws as corrected. Commissioner Chaney made the motion to approve the draws as corrected. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-010

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 2,207.74
\$2,207.74	Engineering Services	

PHELPS HYDROLOGY STUDY PROJECT

EDC	KIA Grant Funds	\$ 8,450.00
\$8,450.00	Engineering Services	
H2O Construction	KIA Grant Funds	\$ 273,063.92
\$273,063.92	Contract Construction	\$144,000.00
\$144,000.00		

BELFRY SEWER PROJECT

Ovivo	Local Funds	\$ 17,721.00
\$17,721.00	Contract Construction	

MANAGER’S REPORT – Report by Roy Sawyers, District Manager (by phone), David Taylor, Operations Manager/Tammy Olson, Office/Compliance Manager

- 1.) **Funding Update** – Mr. Sawyers stated that the funding update is from the projects and he is sure that Mr. Caudill mentioned an update on the ARPA funds.

- 2.) **Water Loss Update** –Mr. Sawyers stated that the information for the water loss numbers is in the reports in the Board's packet.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary update is also in the Board's reports.
- 4.) **KPDES Permit Renewal Update** – Ms. Olson stated that all of the permits have been submitted except for the few that are due in 2023 and Synterra is working on those right now.
- 5.) **FEMA – DR 4643 Update** – Ms. Olson stated that the emergency work order project is complete and is in review for obligation of those funds, which ended up being a little less than \$5,000 is what FEMA would allow on those. We have site inspections for the incomplete work scheduled for July 12th and 14th. The completed work, she will be working with FEMA for the next two weeks to get that paperwork completed and those projects submitted.
- 6.) **Emergency 6" Gravity Sewer Project Bid – Appalachian Plaza** – Mr. Sawyers stated that we bid this project and received no bids. He contacted 8 different contractors and did not receive the first bid on it. Therefore, he contacted H2O construction and asked them to provide us with a quote and there are two pages in the board's packet that shows the estimate that he worked up and the quote from H2O. This District's estimated cost was \$62,750 plus your 10% contingency, which is \$6,275, which is \$69,025 and includes pavement replacement. H2O Construction's quote was \$57,750. If you deduct the contingency Mr. Sawyers added and the pavement he added, there is only about \$1,500 difference between his estimate and H2O's quote. He would like to recommend that the District approve that quote and approve H2O Construction to perform the work. The board is more than welcome to confirm that with legal counsel, that since no one bid on the project, we can negotiate the work to be done. Commissioner Tackett inquired why H2O didn't bid on the project. Mr. Sawyers stated that we turned this around fairly quick in about 7 days. Mr. Lockhart stated that he didn't get the email advising him about the bid, but one of his men did look at the project before the bid was due. He doesn't know if he just didn't have the time, or it was overlooked. Mr. Sawyers stated that he did text two or three people to make sure they received the emails and they said they did. That is the quote we got for \$57,750 and it is a little under what he had estimated. Commissioner Tackett confirmed that the quote does not include paving. Mr. Sawyers confirmed that as correct and stated that he estimates another \$3,500 is what he estimated for paving. He listed it as emergency because this area has major issues and needs fixed as soon as we can do it.
- 7.) **Annual Gravel/Hauling Bid** - Mr. Sawyers stated that we advertised that and received a couple of bids, but he considers them non-responsive. Neither bid anything on hauling sand or sandstone. One gave a range of numbers instead of a firm number. He spoke to a field person and Mr. Taylor, and they want to add a few more items on the bid sheet. At this time, he would recommend that the board reject the bids and set up a mandatory meeting to bid on this so that everyone is in the room and understands how to fill out this form. Chairman Denison inquired who the two were that bid on it. Mr. Sawyers stated that it was ACE Transport and Nichols Construction. Ms. Olson stated that the board would have to approve that, to reject and rebid. Commissioner Tackett clarified that these were the only two that bid. Ms. Olson stated that after it was published, she sent the email to several that have bid in the past and that have expressed interest in being on that bid list and they didn't submit. Either they didn't get the packet, just like H2O, or.... Chairman Denison inquired from Mr. Vanover if he had looked at the bids to make sure that we have the right to reject those bids, Mr. Vanover stated that he has seen the bids when he opened them but did not review them for compliance and probably should take a look at them. Chairman Denison suggested that the board table this until Mr. Vanover reviews it. Ms. Olson stated that she did a spreadsheet on that also and she will send that to Mr. Vanover to demonstrate that there really was no way to compare the two bids as received. Mr. Sawyers inquired if Mr. Vanover reviews those and deems it okay to go ahead and rebid those, can he do that or does he have to wait for another board meeting. Mr. Taylor stated that the current contract we have expires in the middle of July, so if we don't do this, we may have to extend the current one until August. Mr. Sawyers stated that if we have to wait until the next meeting, we can just continue using the contractor we are using. Chairman Denison stated

that they should give Mr. Vanover time to look at it and will make a decision at the next meeting. Mr. Taylor stated that what they talked about was certain materials at a flat rate per mile and not a range.

- 8.) Mailing Envelopes** – Mr. Sawyers stated that he thinks the Commissioner Tackett and Kevin Lowe have been discussing this item. Commissioner Tackett stated that in talking with Kevin about this issue, it will save about \$1,000 a month and only about 50% of our customers are taking advantage of the return envelopes so this last month was the first month without them being included in the bills. We have received many complaints about them not being in the bills. Chairman Denison suggested that these complaints will ease off after a month or two. Commissioner Tackett stated that he would think so. Chairman Denison stated that what they don't realize is that when we do the rate study, that is actually going to save some money for the customers. Mr. Lowe stated that it won't this time because we are using the last 12 months of expenses and it won't show on this one. Chairman Denison stated that it will be the next one we do. Commissioner Tackett stated that when we handle complaint calls, they should explain that it is saving the customer money...we send out X number of bills every month and 17,000 return envelopes and only 50% of the people were even using them. Explain to the people that way. He knows we are getting some that say "if you don't send me an envelope, I am not sending you a payment" but that is not going to work, and they will realize that. Chairman Denison stated that we will give it a month or two and see what transpires. The biggest issue that we are having is the issue with the different sizes of envelopes that are coming in. Mr. Lowe stated that we have a machine that we run envelopes through that slices the tops off of them, and when they are sending their own envelopes you get all sizes. So, they have to sort through all of those and put the same sizes together before they run them through the machine. Chairman Denison stated that obviously they are still getting their other jobs done. Mr. Lowe stated that they are, but they are pulling people who don't normally do that to help them. Mr. Lowe also stated that in April, the printing company notified us that they have been fronting the postage money for us to the post office for mailing our bills. They have an account with the post office, and they fund it before they take the bills to the post office. They bill us for it at the end of the month. They are now requesting that we prepay that because they are fronting it with their month and do not want to continue to do that. What they are asking...Mrs. Hatfield had a check in today's checks for what they billed us for May. We are already through June what they have already fronted for us, so they want that. They are starting July tomorrow, so they want that, and they want August's. Chairman Denison inquired how much money we are talking about. Mr. Lowe stated that if you exclude the check, she has already done for them for May, it is an extra \$16,500. Chairman Denison stated that it isn't really extra it is just prepayments. Mr. Lowe stated that is correct, just prepaying it and when we did the bills in-house, we had to do that with the post office ourselves...prepay the postage to them as well. Commissioner Tackett inquired if we have a contract with the billing company that states what we will do and what they will do. Mr. Lowe stated that he is sure we have the original contract from 2010 and he hasn't pulled that but he is pretty sure we were supposed to be prepaying it all along, but they were covering it for us. So, they are asking us to either prepay the postage or they are going to start charging us 6.5 cents per piece as interest. Commissioner Tackett stated that if we have a contract with them, we should update the contract to spell it out. Chairman Denison directed Mr. Lowe to send the contract to Mr. Vanover for review.

Mr. Sawyers stated that he did want to point out that in the month of May we had 8 accounts that were found to be illegally connected to the system for a total of 167,610 gallons lost and translates into \$4,308.84 in costs and fees assessed. He doesn't know what we can do to collect this money, and maybe we need to contact the PSC and find out what other districts are doing as far as getting their money because things are tight right now. That is all he has for the Manager's Report.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-11

Ms. Olson stated that we needed a resolution to approve to award the quote to H2O Construction for the Emergency 6" Sewer Project at Appalachian Plaza. Chairman Denison requested a motion to approve to award the project to H2O Construction as presented in the amount of \$57,750. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-12

Commissioner Tackett inquired if, when we send email notifications of bids like that, do we send them with read receipts to let us know if they even opened the emails. Ms. Olson stated that most of the time she does but doesn't think that she did this last time. Commissioner Tackett stated that he is concerned that we sent these notifications out to 8 didn't people and no one bid on it. Ms. Olson stated that we aren't required to notify them by email. The only thing we are required to do by law is to advertise it in the newspaper. It is up to them to see that and respond. We just find that we get a greater response normally, if we email it as a little bit of insurance to make sure people are aware of it in the newspaper.

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. Mr. Lowe stated that he spoke to Mrs. Hatfield and she said that she had the check in there for the \$16,500 for the postage. He thinks we can review the contract, but we need to at least go ahead and pay that and if we don't follow through with that, then we will use that postage eventually. Commissioner Tackett stated that we don't want that 6.5 cents added to each bill. Mr. Lowe stated that postage is set to increase July 10th and it will go up 6.5%. The most recent bill for postage was \$8,447 so it will be \$9,300 or \$9,400 after that date. Commissioner Tackett stated that we need to review the contract and clarify it to show what we are doing now.

Commissioner Tackett stated that regarding water loss for last month, there was a question about the amounts the field was flushing. He inquired from Mr. Taylor is that was all taken care of now and if the guys in the field were doing it wrong or....Mr. Taylor stated that he thinks we have a better system than what we had and we are getting close. If you do apples to apples from May of 2016 to now, the sales are relatively the same but we are now about 22,000,000 less on what we produced and purchased. We are trending in the right direction. The VFDs are working. We are replacing service lines from the main to the base and we are still finding leaks every night. He almost feels like we are almost on a plateau right now because we really need a boost in line replacement.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Absent
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-06-013

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

July 28th, 2022
05:00 PM

ATTENDEES

Shawn Hicks, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Chairman Denison led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, July 28th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner

Commissioners Randy Tackett and Mitch Justice were absent for this meeting.

Chairman Denison stated that the first order of business is to appoint an acting Treasurer and Secretary for this meeting. He nominated Commissioner Myrtle Runyon to be the Acting Treasurer for today's meeting. Commissioner Chaney made the motion. Chairman Denison seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-001

Chairman Denison nominated Commissioner Chaney for Acting Secretary for the meeting. Commissioner Runyon made the motion. Chairman Denison seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-002

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES

AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on June 30th, 2022, as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-003

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that our cash was down at the end of the month. We knew it was going to be down. The month of July may not be a whole lot better. We have had some larger expenditures that have come up in the last couple of months. Cash in bank at the end of the month was \$104,226. Accounts receivable was \$1,233,350. Plant in place was \$168,100,609. Accounts Payable was \$291,787.29. Equity position at the end of the month is \$69,167,420. Revenue for the month was \$915,495. Utility operating expenses was \$1,076,675. The net income/net loss was \$194,696. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$161,180. Cash decreased \$145,512 for the month. The current operating account balance is \$93,876. KIA and RD Reserves are fully funded, and the O & M Reserve balance is \$366,554. We are transferring our debt service money over tomorrow. Back on pages 15 through 17 you will see the budgeted numbers versus the actual number. Revenue, looking at the last 12 months, anytime we are over \$900,000 it is a good billing month for us. Back in December, it shows \$1,021,000, disregard that because it has all of the year end adjustments in it. July will be a three-payroll month. Chairman Denison inquired about the amount of FEMA reimbursements for the January flooding. Ms. Olson stated that we have three projects right now. Two of the completed work projects; one is \$74,325.92 and the other is \$40,608.95. The third project is to be completed work and she doesn't have an amount on that one yet. Site inspections were just done by FEMA in the last week or so. We are looking at about \$115,000 of what we know right now. They are both in review for obligation of funds. Everything has been turned in on them, and it just depends on how fast they can get the review done. We just got our last funds from last years' flooding in the last month or two. So, it may be sometime next year before they send us a check. Mr. Spears stated that water purchases from Williamson is \$40,966 and is on page 16 at the bottom. Purchases from Pikeville was \$59,298.98 which is a little above the minimum of \$55,160. There was an inquiry regarding this flood event affecting the water purchases for next month. Mr. Sawyers stated that it will affect us to some degree but the good news is that this self-strainer that we put in, with these muddy waters, normally we cannot produce and have to totally shut down and rely on Pikeville....right now we are producing 1,200-1,300 gallons per minute in that mess. Ms. Olson stated that David said that turbidity is over 900 which is like putting a spoon in a cup of coffee and it stands up. That strainer is keeping us being able to produce water, which we weren't able to do before. Mr. Spears stated that electrical expense is big culprit. On page 17, it shows \$166,928. We were at a low last month of \$96,000 so we were expecting some, but that number gets us up to an average of

\$130,000 so it is either a catch-up or something. Chairman Denison stated that it may be related to a fuel adjustment or something. Mr. Spears stated that all of the other numbers were pretty fair this month. R & M was down last month and we did have one negative number that shows up on R & M and he will explain that real quick. We capitalized some sewer taps out of inventory so that came out of inventory and had been put into R & M in the past. That is all he has for the financials. Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-004

Mr. Spears stated that we have project at South Williamson at the Appalachian Plaza with a cost estimate of \$57,750 from H2O Construction's bid. We need to decide where that money is coming from. Chairman Denison stated that he believes it needs to come out of the O & M account. Mr. Spears stated that we will need a resolution to that effect to utilize those funds. Also, the current flooding expenses, how are we going to fund that? Use the line of credit? He stated that any time we use the line of credit, we will get a project done, which this will be a FEMA project...Chairman Denison inquired how much damage is anticipated for this flood. Mr. Sawyers stated that he didn't have an estimate of damages at this time and will be assessing it in the next few days. Chairman Denison requested a motion to access the O & M Reserve account for \$57,750 to pay H2O Construction for the emergency sewer repairs at the Appalachian Plaza. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-005

PAYMENT OF BILLS

AGENDA ITEM IV

Chairman Denison inquired about when the contract expires for the stone hauling contract. Mr. Sawyers stated that it can be used to the end of the month. Chairman Denison inquired if the bids have been reviewed as of yet. Mr. Sawyers stated that Mr. Vanover and he discussed it and considered them non-responsive because they both left off an entire list of items on the bid and we put sandstone on this bid forms and one contractor put on there a range of mileage. They agreed that we can consider that non-responsive and rebid it. So, we rebid it so we could have it ready for today. There was a mandatory pre-bid meeting, and we had five contractors show up for that and ended up with 3 bids for one quadrant and 2 for the other quadrants. After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the payment of the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-006

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for June were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of five thousand, two hundred and eighty-nine dollars, and forty-two cents (\$5,289.42). Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-007

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Shawn Hicks, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Hicks stated that as of this month, the contractor is continuing to install the mechanical and electrical components, including the generator for the lift station, as well as the sewer lines and water lines. The site has been backfilled with stone installation complete. The total completed work and stored materials through the reporting period is \$1,167,585.64 or 94.9% of the project. The railroad bore at Billy Dotson Branch has been completed as of last week. The sewer lines have not been tied in and the contractor is shooting for mid to late August to complete the tie ins at the railroad bore.

Update by Bell Engineering/EDC –Stephen Caudill / Shawn Hicks

1. **Fishtrap Hydraulic Modification Project** – Mr. Hicks stated that this project is still in the stall mode and the plans are 90% complete. The environmental plan was complete by the Pike County Fiscal Court and submitted approximately 16 weeks ago. Contact with Eric Ratliff has been made and he says that project is still in limbo and once we get that approved, we can submit plans to the Division of Water and the highway department for approvals.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that the plans and specifications are being finalized for the project. The project has been divided into two different contracts; one that the District can perform the work itself, and one that contractors would be utilized to perform the work. Those will be bid out separately. Basically, the work for the District includes what he and MWD have discussed including BPS telemetry, water storage tank telemetry and zone meters. All other work would be organized into a contract that contractors could bid on. They have set it up such that you don't have to bid on everything. So, a fencing contractor could just bid on the fencing and that way, you won't have to pay the mark up for the prime for a subcontractor to do the work on things like that. They have spoken to Compass Municipal, and they have indicated that this approach meets the requirements of the ARPA funding. Based on some comments received from legal counsel and the entity performing the surcharge analysis, he and Mr. Sawyers met earlier today looking at some things because it may become necessary to switch a couple of items between the ARPA and the surcharge because of some thoughts that it may be difficult to get PSC to approve some of those items. So, we may wind up taking some things out of the surcharge and putting it in the ARPA funds project and vice versa. As soon as they get that worked out, they will go ahead and finalize plans and be ready to go.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that the good news this month is that the environmental review is getting some attention. They have provided some comments to the fiscal court and are telling them that they are nearing completion of that. They have also been advised to go ahead and resubmit plans and specs for the state engineer to review and at this point they are waiting on the letter of conditions and obligation of the funds. It does appear that they are focusing on our project finally. They have mentioned that they are waiting on a waiver to the Buy American rules and until they get that waiver it may interfere with the timing of the bid process. That may become a non-issue for us, but he wanted to make them aware of that.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that the additional \$708,000 in funds that we needed to be fully funded has been approved. We still can't predict when that funding will actually be available to draw but the project is fully funded now. As far as easements, there are two that they have identified necessary for the project, and he doesn't see any issues in getting those signed. They are working with the county on those right now.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-07-008

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-07-009

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 3,632.00
\$3,632.00	Engineering Services	

PHELPS HYDROLOGY STUDY PROJECT

EDC	KIA Grant Funds	\$ 6,045.00
\$6,045.00	Engineering Services	
H2O Construction	KIA Grant Funds	\$ 102,600.00
\$102,600.00	Contract Construction	

HUDDY DOT WATER LINE RELOCATION PROJECT

EDC	KDOT Funds	\$ 5,065.58
\$5,065.58	Engineering Services	

EMERGENCY 6" SEWER LINE REPLACEMENT – APPALACHIAN PLAZA

H2O Construction	Local Funds	\$ 57,750.00
\$57,750.00	Contract Construction	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that the funding update has been mentioned by the engineers. One thing he will point out is that Rural Development has been dragging their feet. We have had a complaint recently from a resident in Maynard Fork that they submitted to PSC with regards to the funding. We forwarded that on to the fiscal court and their staff.
- 2.) **Water Loss Update** –Mr. Sawyers stated that the water loss for the MWD form was 21.17% and the PSC form was 25.9%. Next month will probably be much worse due to the flooding.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary update is included in the Board's reports.
- 4.) **FEMA – DR 4643 Update** – Ms. Olson stated that it was the amounts she wanted to give the Board and that has been mentioned already previously in the meeting.
- 5.) **Annual Gravel/Hauling Re-Bid** - Mr. Sawyers stated that he and Jim Vanover re-bid the gravel/hauling services. He stated that he broke the bid out into the District's four quadrants and based it per mile and per ton for the items listed. He basically took the most northern part and the most southern part...the two farthest points away from one another and based it on the address of the company hauling it. He picked two points for each one and did a cost for the stone and the mileage and did an average between the two. In Pond Creek, the low bidder was Nichols Construction for all of the stone except for topsoil, fill material and sand which will be Ace Transport. Grapevine, on the average, Nichols Construction had all of the stone on that one, except for the topsoil, fill material and sand to DD&K. For Marrowbone, the stone will go to DD&K, as well as the topsoil, fill material and sand. For Shelby Valley, the same as Marrowbone. Ace Transport only bid in the Pond Creek area. Anytime the awarded contractor cannot respond in an appropriate amount of time, the second lowest bidder will be called. Chairman Denison requested a motion to approve to award the bids for the gravel/hauling services as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-010

- 6.) Commissioner Training** – Ms. Olson stated that page 46 and following, you will see a couple of handouts. The first is the PSC training. The closest to us will be in October if anyone wants to travel to get their 6 hours. That is at Carter Caves State Resort Park offered by the PSC. If returning Commissioners want to attend the KRWA Annual Conference, which is August 29-31, you can get 3 hours a day for two days and would have to go stay overnight to get the two days in. Mr. Sawyers clarified that the conference is in Lexington this year. Ms. Olson confirmed that as correct. Otherwise, December 7th and 8th is the only option, at this point for new Commissioners, which would be Commissioner Justice. He will either have to go down there or they also are offering a virtual session again this year. If you would like to do your hours online, that would be your opportunity to do so. Returning Commissioners would have to only attend one day to get your 6 hours. Commissioner Justice will have to do both days. The deadline for the December class is December 1st, so as long as you let her know this fall, we should be fine. Mr. Sawyers stated that if you want to attend the conference, you will need to give notice very soon, because those rooms fill up quickly. The conference usually has the vendors set up for sewer and water items. Ms. Olson stated that if anyway wants to attend the conference, she will need to know within the next 10 days or so because the hotel does book up really fast and we are just about a month out.

Mr. Sawyers stated that the standard items are listed on the summary and in their packets of information for their review.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-011

Mr. Sawyers stated that he will point out that he will be forwarding an email that he received from Gerald Wuetcher and Connie Allen on their opinion in regard to the surcharge. This is what Mr. Caudill was talking about earlier. They discussed it and may have to move some things around.

NEW BUSINESS

1. Executive Session
 - a. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison inquired from Mr. Vanover if they still needed an executive session. Mr. Vanover stated that they did not require one at this time.

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Absent

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-012

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

August 25th, 2022
05:00 PM

ATTENDEES

Barry Clark, Peoples Insurance
Tim Campoy, EDC
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, August 25th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner
Mitch Justice, Commissioner

Chairman Denison stated that the first order of business is to appoint a Treasurer and Secretary for Board of Commissioners going forward. He nominated Commissioner Myrtle Runyon to fill the role of Treasurer. Commissioner Tackett made the motion to appoint Commissioner Runyon as Treasurer of the Board of Commissioners. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-001

Chairman Denison then nominated Commissioner Paul Chaney to serve as the Secretary for the Board of Commissioners. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-002

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES **AGENDA ITEM II**

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on July 28th, 2022, as presented. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-003

FINANCIAL REPORT – MIKE SPEARS, CPA **AGENDA ITEM III**

Mr. Spears stated that Cash in bank at the end of the month was \$115,172. Accounts receivable was \$1,297,009. Plant in place was \$168,196,013. Accounts Payable was \$257,074.61. Equity position at the end of the month is \$68,476,936. This month was a 3 payroll month and 3 retirement payments, so it is about \$70,000 more. Otherwise, we would have been back to a fairly normal month. Revenue for the month was \$917,545. Utility operating expenses was \$1,216,872. The net income/net loss was \$332,945. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$299,326. Cash increased \$10,946 for the month. The current operating account balance is \$106,851. KIA and RD Reserves are fully funded, with the exception of about \$7,800 that needs to be put in for this year. They transferred \$57,750 into the debt service fund. Back on pages 15 through 18 you will see the budgeted numbers versus the actual number. Our labor costs are up about 50% from the previous month due to the extra payroll in the month. Water purchases on page 16, were \$40,458 to the City of Williamson, and \$59,017.26 to the City of Pikeville. Considering the flooding and events we have faced in July, that is really a pretty good number there. Mr. Spears stated that all of the other numbers were pretty fair this month. After further discussion of the financial report, Mr. Spears stated that he had another item to discuss. He knows we are pretty tight on cash right now. We have had already two flood events this year and have had to deal with road bores and such. We had an AEP project loan that has a balance of \$78,000 that needs to be either paid off or renewed for 2 years. Obviously, right now we are not in the shape to pull the money out to pay it off. Mrs. Hatfield stated that they have locked the interest rate and the payment will not change if we roll it over. Chairman Denison inquired what the rate is. Mrs. Hatfield stated that she believes it is about 3% and the payment is \$2,375. Chairman Denison requested a motion to roll that AEP loan over for two years as discussed. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye

Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-004

Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-07-005

Mr. Spears stated that we have Barry Clark with People's Insurance was here to discuss the renewal of the general liability policy. Mr. Clark stated that he is the representative for People's Insurance and that the District has had coverages with them since 2016, just prior to his tenure with them. Inside the presented packet are a couple of things he wanted to go over with the Board on the left hand side. The first sheet is the reply from their underwriter with Tokyo Marine who has had and still has the coverage. Behind that, for your records, are almost all of the companies that they reached out to and their replies. When he says "almost all", some of them did not give him an emailed reply back and some of the called. This is to give you an idea of where we shopped the business this year for the package plan and the reply that came back from them. So, there is an increase and from the time that People's has taken care of the package part, a substantial increase. They are seeing that throughout the market. He does have some further explanations to offer on that where that comes from. Last year, the expiring premium, including taxes, and this is on the right side which is your actual quote for this year that goes through the coverages for 2022-2023. But in 2021-2022, the premium with taxes was \$100,780.98. The new premium this year is \$116,505.01. As you can see, there is a substantial increase in the premium. He apologized for not having this in the packet but passed around a copy of the actual loss runs over the past 5 year period on the policy with Tokyo Marine. You can see in the total incurred in 2017-2018, there was \$37,686.18 of claims that were paid out. In 2018-2019 there was a substantial amount of claims that happened. The total claims for that year was \$265,931.50. In 2019-2020, it was a really good year for as much as we do, in that claims were \$9,093.96. We skipped the year of 2020-2021 because there was 0 claims paid out on the policy in that year. Last year there was \$13,058 in claims for a total over 5 years of \$325,770.52. That is on the package part. That is part of the increase, and the other major part is on the property values and replacement costs. We are seeing things on the auto side where we were able to replace a front fender and a door in an accident that is taking 6-8 months to get those in, so the companies are totaling them to get insureds back into vehicles. This, in turn, hits the claims harder. Thankfully we haven't had that happen with us, but there are lots of things in the industry that is driving those numbers. On the positive side as you look at your loss runs, once the 5 year period transacts and we are continued to be blessed to have the track record we are trending toward and that big claim falls off, some of these companies that are enlisted in this email are going to give us a much better quote. There are some that are in there in here that he wanted the Board to see that, on the email side you can see that there is a company that they got approval to write through just for Mountain Water District that is called Entities of America, and in their reply there was at least one company with them that came back with an indicator pricing of around \$135,000-\$140,000, so he knew they were not going to be competitive. He also had the same happen with Governmental Risk Insurance who has quoted on it every year that he has been here, and they also came back with an indication of \$135,000-\$140,000 for the premium. As he went back and looked at the record, when the insurance was written back in 2016, it was with KACO and the premium was just over \$130,000 at that point, but we have seen a tick of an increase on it the last couple of years and this year being the largest one. He wanted the Board to see all of the places that they had shopped the coverage. Including the current carrier, we went to nine other companies and requested quotes. This is the only firm quote, with your current carrier, that was going to be competitive. Chairman Denison inquired what the expiration date of the current policy. Mr. Clark stated that it expires on August 31st. Commissioner Tackett stated that only gives them 3 days to talk about it, which isn't really what they wanted. Mr. Sawyers inquired if Travelers was one that they contacted. Mr.

Clark confirmed that it was. Mr. Sawyers inquired if they responded. Mr. Clark stated that they declined due to the entire list of claims with the sewer and the water. Mr. Clark listed off the companies that they reached out to. After further discussion regarding the time frame of beginning the process earlier for getting quotes, Chairman Denison requested a motion to accept the quote from Tokyo Marine pending confirmation from Chairman Denison and Commissioner Tackett prior to the last day of August. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-006

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Tackett made the motion to approve the payment of the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-007

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for July were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of seven thousand, seven hundred and seventy-seven dollars, and forty-one cents (\$7,777.41). Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-008

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that work progressed on the lift station in August, as the contractor continued to install all mechanical and electrical components. Once this work is completed and the electrical inspector has approved the work, the power drop application can be submitted to Kentucky Power. The security fence will be installed when all other work is complete. The Norfolk Southern railway bore at Billy Dotson Branch is now completed and the sewer line is

tied into the station. They now estimate that the project will be completed by the end of September if the power drop is provided by Kentucky Power in a timely manner. The total completed work and materials stored through the month is \$1,216,000 or 98.85% of project completion.

Update by Bell Engineering/EDC –Stephen Caudill / Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that the project plans are 90% complete and the environmental plan was completed by the fiscal court and submitted about 5 months ago. Recent discussions between Eric Ratliff and RD indicate that the project approval is still stalled. Once approved, the design plans may be submitted to the KDOW and the encroachment permit can be submitted to the KYTC.

2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that the plans and specifications are being finalized for the project. The project has been divided into two different contracts; one that the District can perform the work itself, and one that contractors would be utilized to perform the work. Those will be bid out separately. The plans and specifications for the work that the District will perform will be complete and ready for review and bidding with the next 3 weeks. The work includes BPS telemetry, water storage tank telemetry and 2" zone meter installation. They are waiting the final determination as to whether some items will be switched between ARPA and surcharge funding before completing plans and specifications for the work that the contractors will perform. He requested that the Board approve them to bid the ARPA funds work pending review by MWD staff, legal counsel, and the engineer. Chairman Denison requested a motion to that effect. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-009

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that there is not environmental review update for this month. He is waiting on the Letter of Conditions and obligation of funds which will follow the environmental approval and the State Engineer's approval of the plans and specifications.

2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that the additional \$708,000 in funds that we needed to be fully funded has been approved. The necessary permits and easements have been secured for the project and they are waiting on notification that the funds have been released before advertising for bids.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-010

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion to approve the draws as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-011

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 2,712.00
\$2,712.00	Engineering Services	

PHELPS HYDROLOGY STUDY PROJECT

EDC	KIA Grant Funds	\$ 2,567.50
\$2,567.50	Engineering Services	
H2O Construction	KIA Grant Funds	\$ 43,572.92
\$43,572.92	Contract Construction	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that the funding update has been mentioned by the engineers.
- 2.) **Water Loss Update** –Mr. Sawyers stated that the water loss for the MWD form was 22.09% and the PSC form was 25.1%. Considering the flooding we had at the end of the month of July, our staff did an amazing job containing the water loss due to the event.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary update is included in the Board's reports.

- 4.) **FEMA – DR 4643 Update** – Ms. Olson stated that she continues to work with FEMA regarding requests for information and submittal of all projects for obligation of funds.
- 5.) **FEMA – DR 4663 Update** – Ms. Olson stated that they are in the process of finalizing the damage inventory for this disaster and have been assigned a KYEM representative and a FEMA PDMG to work on the project.
- 6.) **Advertisement for Bid – Flood Repair/Replacement** – Mr. Sawyers stated that he sent the invitation to bid for the flood repairs out to eight different contractors but did not receive one bid for the work. He is currently negotiating with contractors since the advertisement requirement has been met per procurement laws.
- 7.) **Annual Horizontal Drilling Bid** – Mr. Sawyers stated that bids for the annual horizontal drilling contract are due to be accepted on August 30th at 2:00 pm. He requested approval from the Board to authorize him to accept lowest bidder pending his and legal counsel's review of the bids. Chairman Denison requested a motion to authorize to award the annual horizontal drilling bid to the low bidder pending review and acceptance by the District Manager and legal counsel. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-012

- 8.) **KYTC/EDC Contract** – Mr. Sawyers stated that we received this contract from KYTC and he thinks they just want an up to date contract for their files. Mr. Campoy stated that Dave Skeens had contacted him and is for the KYTC projects that they pay for but the contract is between EDC and the District. Ms. Olson stated that there is a copy of that in their packet starting on page 45 and it has been sent to legal counsel for review. Mr. Campoy stated that it is their standard contract. Chairman Denison requested a motion to approve the contract as submitted and approved by legal counsel. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Chairman Denison abstained from the voting on this matter. Commissioner voting as follows:

Commissioner Denison	Abstained
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-013

- 9.) **KY 811** – Mr. Sawyers stated that we were forcefully pushed into participating in KY811 by the Department of Highways. He has sent some letters out and pointed some things out to them, and they have met with Kentucky Rural Water Association and this whole thing of participating with 811 has been dropped. His question is if the Board wanted to continue their association with KY811 or cancel the membership. Ms. Olson stated that we have to give 30 days notice to pull out of it. Chairman Denison inquired what the annual cost is to participate. Ms. Olson stated that there is not an annual cost. They charge us for \$1.50 for every emailed ticket to complete. We get dozens up to a hundred or more a month. A lot of them are nuisance tickets for things that are not in our areas or AEP is putting in a pole. Before we went in to 811, we were our own call center which the law allows us to do. They call our office and we locate our facilities. If we do pull out, we will correspond with the major companies and let them know that we will be doing the locations

ourselves again and provide them with the number to call going forward, just as it was before. We provided that service to our customers long before we were forced to participate in 811's call center service. Chairman Denison requested a motion to cancel the membership in KY811 and return to an in-house call service for location requests and to give Ky811 thirty-day notice of same. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-014

10.)Kimper DOT Relocation Project – Engineering Selection – Mr. Sawyers stated that it has been requested by Dave Skeens from KYTC for the Board to select an engineer for the Kimper DOT Relocation Project. I will be a pretty good sized project in the area of the cookie factory and Kimper school. It is what they call an HSIP project. He doesn't know the cost of the project at this time but he thinks it is a pretty good size project. Chairman Denison inquired if we needed to do an RFQ on the project. Mr. Sawyers stated that if it is under \$500,000 the Board can just choose a firm for it. He stated that he would check with Dave Skeens on the cost of the project and they could schedule a special called meeting, or they can approve him to award the contract pending the RFQ process if it is necessary for selection of an engineer. Chairman Denison stated that they can schedule a zoom meeting pending the receipt of the information of project cost from the KYTC.

11.)General Policy Issues Discussion –

- a. **Update Travel Expense Policy** – Mr. Sawyers stated that this issue has come up due to the cost of inflation and he would suggest, due to current cash flow issues, this item should be tabled for the time being. Mrs. Hatfield stated that the policy has not been updated in over 20 years and the current rate is \$15 per ½ day and \$30 for full day of meals expense for travel. Chairman Denison stated that we need to research what the current policy is with the rest of the state before proceeding. This item was tabled for future discussion.
- b. **Overtime compensation during a declared disaster** – Mr. Sawyers stated that this is for salary personnel. As an example, salary state employees, when they have a declared FEMA disaster, they allow them to pay their staff overtime and they get reimbursed through FEMA. He would like to pass a resolution stating that during a declared event by the Governor that involves FEMA reimbursement, to all our salary staff to be paid overtime in the field. Chairman Denison requested a motion to that effect. Commissioner Runyon made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-015

Mr. Sawyers stated that the standard items are listed on the summary and in their packets of information for their review. Before he completes the Manager's Report, he wants to give David Taylor the floor for just a minute to update the Board of the flooding event.

Mr. Taylor stated that it started the night of the rains. A little after 2 am we lost the tank on Shelby Gap. We had access to telemetry as the rains started in and he looked at the radar and seen the line of storms coming in and we knew we were going to be in for it for that night. At that point, we were watching tanks and watching for them to drop out. Elkhorn went from having 17 feet to 0 within 20 minutes. So, we knew the main line was washed out. We were able to get to the pump station and cut off the valve and save some of the storage we had back behind. Elkhorn is already gone at this point. About 4 am we lost Robinson Creek. We couldn't get in to Penny Road as it was already covered over at that time. We went around Virgie and came back to it and shut it off just beyond Little Robinson at Carl Burke and took a chance that it was going past that. That shut off Penny Road and going down towards Jonancy, but the access to those places was not available. But it was going past and we were able to save our storage in Robinson Creek. As it got day light, we saw a couple of the main lines...Dorton Creek had washed out, Coleman Lane above the Dorton intersection, a 2" line was coming out of the bank there, and then about noon Douglas tank dropped out. He was looking for that crossing to go out anyway and it was the crossing at the old bank at the intersection of US 23 and Robinson Creek on the Shelby Valley side. We were able to isolate that with minimum outages and keep storage in Douglas. After that, it was a matter of finding what we cut off and went zone to zone, starting at Douglas, around the clock with a six to eighteen night that would rollover to the guys during the day. Basically, they would find where the problems were...for instance, that would open a section from Carl Burke down to Long Fork and put the machine on and see every bit of it was still going up that way. So, you valve everything back going to where the machine was, find the biggest chunk that you could and then start walking with the ground amplifier, because creeks are still up and loud and everybody is out of water, so it is not like somebody can call and tell us they don't have water, so you had to find them yourself. Because of the nature of the water, these are wide open service lines that are broken in two in the creek, which means that they are screaming on the other side of the road. That is the advantage we had of finding them so quick is because they were making such a loud noise. As we marked them, the day guys would come in and fix them. It was basically a rolling effort to kind of get everything back on valve to valve and once they worked Douglas, they went to Dorton. They didn't have the storage to go into Elkhorn at that time, so they went to Long Fork of Virgie, and once they built up enough storage at Elkhorn, they went back there and staged everything down. They had approximately 1,700 connections out at one point and by the seventh day they were down to the last 5 connections. An explanation of why Elkhorn was so long is because from Shelby Gap to Elkhorn City, that is all downhill, and the crossing that went out was on the city limits at the very end. When it went out, it depleted the tank and also the line going to it, which is about 200,000 gallons of water in the line itself and 150,000 gallons in the tank. The pump that we have only pumps about 100 gallons per minute which only gives you a surplus of 30 or 40. That is why it had to build and build before we could take it down because Shelby Valley is so scarce on capacity. Given the nature of what they had to work with, it tallied out to about 10 main lines wash out. The ones he mentioned plus Long Fork of Virgie at Petty Fork and the one at Jonancy, which was a 6" main. So, that is what had happened on Robinson Creek. What happened on Elkhorn was actually Owls Branch, the main drag on Route 805 had come unbaled and he doesn't know when the washout happened on the 4" on Fish Pond. That is one that kind of depleted the line and got us that way. Basically, he wanted to give them an idea of how they were able to do that and he has coordinated just about every natural disaster since 2004 and he can say this one was probably the most strategic and surgical and best executed recovery we have ever done. We were able to keep everyone congested with the crews fixing the leaks as we went. He really wants to commend the staff on what was done because it was really phenomenal work and he can't explain how insurmountable it seemed on the first day and what they were going to have to deal with. If you have told him then that we would have everything back on in a week, he would have said no way. We are in for it for a long time. Commissioner Justice stated that he appreciated the updates that were sent out through email and he was watching those pretty closely and was pretty impressed with how fast you were able to get some of those places restored, considering what you had to deal with. Ms. Olson stated that is considering the first day or two after the flooding event we can't even access anything until the water recedes, so days 3 to 7 was probably when the most was done. She has to say, that as many disasters that she has worked on, if you look at the PSC water loss number with the size of this disaster, and we kept it at 25% that is phenomenal. That is an absolute testament to David Taylor and his skill and knowledge of the system and how to valve things off and turn things off so that we don't lose more of the system and what we are buying and what we are making and if we kept it at that number for the scale of what we saw over there, it is just amazing. Commissioner Justice stated that he saw an update where all of these places were out and then just a few hours later he got another one, and went back and reread it twice because he

didn't think he was reading it right because it looked like 2/3rds were already restored. Ms. Olson stated that there wasn't one time during that week that David didn't have crews working round the clock. Mr. Taylor stated that it ended up being about 60 miles surveyed by the leak detection crew and were able to narrow down to sections that we could walk and find leaks. Each walker averaged about an hour per mile and you have a headphone set and you are walking and clicking. In this case, because of the nature of the rain and high waters, we were able to deduce it to creek crossings. So, instead of wasting a lot of time on houses on the same side of the road, they were targeting the suspects across the creek and walking the main in front of the house and when we found it, we'd mark it, they'd come and cut it off and temporary it and all in all, 60 miles surveyed, 10 of those were main lines 2" and larger and about 45 or so service lines hanging in the creek that are temporary. That is what we were trying to do with contractors to help us out and get those done before winter because we haven't even completely recovered from the January rains at Belfry. We still have some temporary lines there as well. If we don't get to those before a good hard freeze of 3 or 4 days, its going to be tough again. Commissioner Tackett inquired if those are going to be bores under the creek. Mr. Taylor stated that most of those are typical in that they go under the road, through the creek and over to the house across the creek. The way we have been replacing them is that we use our grice cable and pull the line under the road and encase it with a 2" PE and trench it and concrete it to keep it down under the water. Then, even if the line gets exposed, at least the 2" PE will keep it from getting beat to death by rocks and debris and hooked and pulled out. A lot of the leaks we fix on normal creek crossings, they have rubbed against rock for so long that they are leaking because of that. That is just a summary of how we did it and if you see any of our employees, give them a thumbs up, and he just wanted to commend their hard work.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-016

NEW BUSINESS

1. Executive Session
 - a. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion to convene executive session to discuss the District's litigation strategy with regard to current and potential litigation and the District's purchased water contracts pursuant to KRS 61.810. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-08-017

Chairman Denison requested a motion to reconvene into regular session from executive session. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-08-018

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's regular meeting. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.
Resolution 22-08-019

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

September 29th, 2022
05:00 PM

ATTENDEES

Don Wallen, Wallen, Puckett & Anderson
Shawn Hicks, EDC
Tom Jones, Bell Engineering
Mike Mullins, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, October 29th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner
Mitch Justice, Commissioner

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on August 25th, 2022, as presented. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Presentation of 2021 Audit – Don Wallen, Wallen, Puckett & Anderson

Mt. Wallen stated that he is available for any questions after the meeting and he will hit a few highlights and be brief. He stated that he would be glad to come back to another meeting or answer any questions over the phone. He stated that the report was a clean opinion, unmodified, which means they found no problems with it. In addition to their regular audit step, they are also required to determine the District's adherence to compliance with laws and regulations set up by the Federal Government, the office of Management Budget. They have a supplement that they have to look at and they have check those laws to make sure that they are followed. They found no violations of those requirements. Consequently, when you look at the report, in the back, you will find a section called "reported findings on your federal and financial assistance". They had no findings so there is nothing there that is of any concern. Financially speaking, to give a quick summary, the focus of good financial health for most organizations like this and most government organizations also, if look at financial net position which is simply your total assets and subtract your total liabilities. That has been the focus of the last 15 years or more. Before that, they always looked at your general fund to see if it was increasing and more and more they have gone away from that. Now we just look at how many assets do we have that we can pull on if we need to. The total for the District improved this year by \$3,206,000. Your net position is \$70,000,000. Simply put, you have got \$70,000,000 more in assets that you have got in liabilities; not all necessarily liquid, but you've got the ability to put from that if you have to to operate. Your revenues increased by \$322,000 and the one area he wants to point out that he is sure they are aware of and the general public may not be, is that you refinanced \$5,992,000 and saved \$356,000 in interest expense. That was a good savings and you did it just in the nick of time. If you had waited much longer you might have cost yourself that much. So, that was a really good move. Another thing he wanted to point out is the liability that is always on the books for pensions and other post employee benefits. That is something that always sticks in his craw. He doesn't like it. We are required, and the previous auditor did the correct thing, it is always on here. They are required to either increase or decrease it. The odds are that this organization will never have to pay that liability. That is a liability of the state of Kentucky and yet, the AICPA requires that we put it on each individual balance sheet. But again, the odds are, you should never have to pay that. If it hadn't been for that, your net position would have been like \$77,000,000. We have \$7,000,000 worth of liability on there that we are not going to pay but we have to carry it. During the year, you reduced your bonds outstanding by \$171,000 and reduced your leases of long term notes payments by a net of \$587,000. You borrowed another \$345,000, so your net reduction was over \$900,000 that you paid off during the year. Other than that, he really doesn't really like to stand up there and point out anything bad, but he doesn't have anything to stand up there and point out that was bad. The next few years will be a challenge, not just for the District, but for everybody in government who operates a proprietary...it is going to Chairman Denison stated that we currently have a rate study going on, and our plan is to have that done every 3 years. Mr. Wallen stated that operations this last year resulted in about \$1.2M deficit, so he can see that you do probably need to do that. Of course, the general public wouldn't agree with what he just said, but obviously you can't continue if you are going to always have losses. You have to have increases. He only has one suggestion and it is not anything serious, but he would like to suggest that a little more of the amount that is budgeted for miscellaneous be put into repairs. Which you have to have a place to park your reserves and that is fine. No one can predict what your repairs are going to be, he just thought he would mention it because it looked like we could move more over to repairs and out of miscellaneous, but again that is just something he noticed by reviewing the budget. He stated that he would like to thank Mr. Spears and Carrie Hatfield. His people said that everything they needed, they got very efficiently and quickly and didn't have to wait for anything. They were very cooperative and gave them everything they needed. He thanked the Board for allowing the, to work for the District, and again, stated that if they have any questions he will come back or answer over the phone, whichever they prefer. Commissioner Tackett clarified that this was as of December 31st of last year. Mr. Wallen confirmed that as correct and stated that Mr. Spears' office will be submitting the government report through the internet and they will send an email to him that it has been submitted and the we are done. Chairman Denison inquired if there were any questions. There being none, he thanked Mr. Wallen for his report and requested a motion to accept and approve the official audit for year ending December 31, 2021 as

presented by Mr. Don Wallen. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-002

Vehicle #163 – Mr. Spears stated that this is a loan that's two years is expiring and has a balance of \$27,527.80 and currently paying an interest rate of 3.25% that they are keeping at that rate. Considering the flood events and cash flow we have, he recommends rolling it into another two year note. Chairman Denison inquired if it was the first time. Mr. Spears stated that it was. Chairman Denison requested a motion to rollover the loan for vehicle #163 for another two year term note with Community Trust Bank. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-003

Mr. Spears stated that Cash in bank at the end of the month was \$125,100.23. Accounts receivable was \$1,356,261. Plant in place was \$168,423,483. Accounts Payable was \$232,366. Equity position at the end of the month is \$68,946,396. If you look back at last month's financials, we made all of these entries for June 30 of 2021 and June 30 of 2022 and it won't carry forward exactly because we had to do all of that for the rate study. She got everything yesterday for that. Revenue for the month was \$910,918. Utility operating expenses was \$1,085,116. The net income/net loss was \$207,141. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$174,198 which also has the depreciation number in it. Cash increased \$36,803 for the month. The current operating account balance is \$113,360. KIA and RD Reserves are fully funded. They transferring the necessary funds into the debt service fund. Back on pages 15 through 18 you will see the budgeted numbers versus the actual number. Revenue was \$910,000. If you look at June 30, you see that \$1,172,000, that is an entry he was telling them about. You can disregard that month. Water purchases on page 16, were \$37,174 to the City of Williamson, and \$68,792 to the City of Pikeville and he would say that is flood related. Electric bill is up to \$126,732. It could be timing but also could be from the flood as well. Other than, everything looks within range of where it should be. Chairman Denison requested a motion to approve the financial report for the previous month as presented. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-004

Mr. Spears stated that given the cash flow situation because of the flooding, and getting into the heart of these rate expenses with Connie Allen and Gerald Weutcher and his, the last time we pulled from a line of credit and at the end of the rate study, we went to Community Trust Bank and got a loan and financed it for

ten years. Chairman Denison stated that he doesn't know if we are going to have a choice. Mr. Spears stated that the costs for the rate study can mount up. It will be spread out some, but you are going to have the bulk of her filing now and then testimony and responses in the spring. Commissioner Tackett inquired if the line of credit would be the place to go or something else. Mr. Spears stated that he would recommend the line of credit because you can capture, roll it into it, because what they make us do is take those expenditures and amortize them for 3 years once we are done with the rate study. That gives you a way to capture the entire cost. Chairman Denison requested a motion to authorize activating access to the line of credit for the rate study costs that are ongoing. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-005

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the payment of the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-006

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for August were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of fifteen thousand, twenty-four dollars, and twenty-seven cents (\$15,024.27). Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-007

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Shawn Hicks, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Hicks stated that as of September, the contractor has installed all of the mechanical and electrical components, the electrical inspector has approved the work, and

the power drop application has been submitted to Kentucky Power. Mountain Water District has received Kentucky Power's invoice and is processing it for payment. Upon completion of the power drop, the lift station will be tested and then once the operation meets the project requirements, the old lift station will be taken out of service. Once the new lift station is put into service the security fencing will be installed and that will complete the work. We are currently at 99.4% of project completion and the completed work materials stored cost is \$1,222,200.

Update by Bell Engineering/EDC –Tom Jones/Shawn Hicks

1. **Fishtrap Hydraulic Modification Project** – Mr. Hicks stated that the project plans are approximately 90% complete. The environmental plan was completed by the fiscal court and submitted approximately 6 months ago. We finally received notice on September 6th that it was approved by RD. The engineer is currently awaiting the letter of conditions from RD in order for the funds to be released. Once the funds are released, the design plans will be submitted to the KDOW and the highway department.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Jones stated that the project has been divided into two portions; one portion that the District can perform and the second is what you have to have the contractor do. The intention is to bid these two sections separately. The bidding documents for the portion the District intends to perform are complete and have been submitted to the District for review. The work includes telemetry for the booster pump stations and water storage tanks and zone metering installation. They are waiting for final determination as to whether some items will be switched between ARPA and surcharge funding before completing the contract documents for the work that the contractors will perform. Once that is determined, the portion of the project the contractors will perform contract documents can be completed in about a week. District personnel and Bell Engineering personnel have a meeting scheduled for October 4th to review bid documents.

Update by Mike Mullins, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Mullins stated that the RD waiver of the BABA (Build America-Buy America) has been approved and the project is exempt from this requirement. The environmental documents have been approved by the Kentucky State Environmental Coordinator and is awaiting the final signature by the program director for the Community Programs. He got a text from Mike today that the letter of conditions has been signed, so all we need now is for the state engineering to sign off on it before we can go to bid.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Mullins stated the necessary permits and easements are in place and they are waiting on notification that the funds have been release before going to bid. Ms. Olson inquired if Mike had indicated that he expected the state engineer's approval within the next 30 days. Mr. Sawyers stated that the Judge received the letter of conditions this week and was waiting on Julie Anderson to approve the final drawings. He told the Judge that he needs to tell Julie to speed it up because once we sign the documents we are way ahead of her. Ms. Olson stated that she just didn't know if they needed to approve the engineer to advertise for bids in case the approval came down before the next meeting. Mr. Mullins stated that he didn't know for sure how long it will take and he can ask Mike Hill. The decision was made to wait until the next meeting on that. Mr. Sawyers stated that if we have to, we can always do a special called meeting and do it then.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-008

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-009

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 5,537.00
\$5,537.00	Engineering Services	

PHELPS HYDROLOGY STUDY PROJECT

AEP	KIA Grant Funds	\$ 5,101.83
\$5,101.83	Power Drop	
H2O Construction	KIA Grant Funds	\$ 5,580.00
\$5,580.00	Contract Construction	

MANAGER’S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that the funding update has been mentioned by the engineers but they did have a meeting this week in regards to the Clean Water Act funding that Chairman Denison and Vice Chairman Tackett attended, as well as himself. It was round 2 of the funding and the District was able to receive for the one project we submitted, \$1,775,710. Also, the county had requested water line extension project be performed for Peach Orchard and that project is \$313,000 total. However, the District does have in place an account set aside for fiscal court water line funds and right now the balance is \$72,279.95. That will be taken off of the \$313,000 and there is still \$150,552 of partial funding available so by the time we add that together we should have a little over \$200,000 to add to the existing project and amend it with something else. We out something together to eliminate repetitive leaks and constant problems. One of the ones we picked out was from Pike Centra hill down to the intersection at Walmart, down that way. We have ductile iron pipe in there and it has issues. We had a problem last year, the fire department came in there and hammered the line getting water and after that, we had to make three repairs in one day and several more over the next few weeks. It basically supplies all of the schools up there, the storage tank and the businesses down through there down to the intersection with US 23. We picked several other sites also such as the stretch coming off of Dorton Hill before you get to the Citgo that has issues. Another spot is from the mouth of Smith Fork up to Lowe Gap branch that as issues,

as well as at Marrowbone from Big Branch to Bowling Fork. All of those are areas that we have repetitive leaks and problems with, and we are going to replace those as part of this project to help the District there. In these areas, especially the one coming off of Pike Central, that is 100% of water purchased from Pikeville. So, all of those repairs and problems we were having, we having to pay Pikeville for that water.

- 2.) **Water Loss Update** –Mr. Sawyers stated that the water loss for the MWD form was 25.62 and the PSC form was 32.2%. This does include the water loss from the flooding event.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary update is included in the Board's reports.
- 4.) **FEMA – DR 4643 Update** – Ms. Olson stated that this is the January 1st flooding. The last project she is working on with FEMA is the work to be completed. There are about 10 sites there that need lines covered and they have already been inspected. We are still looking at probably next year before we see those funds.
- 5.) **FEMA – DR 4663 Update** – Ms. Olson stated that this the July 27th and following flood. We are just getting started and Mr. Taylor and his crew have been working to get a complete list. The field guys have been in the field walking and driving the lines and finding everything we can, so that list is pretty much done. We did receive the application from the Governor's fund where they are trying to front counties, utilities, and schools money to make repairs until we receive FEMA funds. That application is in process between the financial part with Mr. Spears and Mrs. Hatfield and once we get a complete list of everything and get a good estimated cost, we will be able to submit that as well. Commissioner Tackett inquired if there would be a chance that we add the January flood event to that as well. Ms. Olson stated that she has read the legislation and this is only for the July event. Part of the legislation even refers to the Western Kentucky damage from the tornados that they had. That was actually the original reason for the fund and they have just tacked this disaster on to that account. Anything that we do request from them, when we do get FEMA money, it will have to go right back to the state to reimburse them. She is going to need help from Mr. Spears to determine how much we are going to ask for and we don't over estimate what we are going to get back, because if we do, we will have to pay back the difference. There is a deadline in the legislation that it has to be paid back by July 1 of 2024 so we have less than 2 years to repay it to the state once we get it. David Taylor's original estimate was around \$750,000 based on road bores and contractor usage and what has to be done. We are just now getting started with permanent repairs.
- 6.) **Flood Repair/Replacement Project Update** – Mr. Sawyers stated that this item was included in item 5.
- 7.) **Kimper DOT Relocation Project – Engineer Selection** – Mr. Sawyers stated that he had a conversation with Dave Skeens with KDOT and tried to throw the RFQ back on the state since it is their money and we would give them a list of engineers, but he didn't get anywhere with it. So we will have to do an RFQ because this project is estimated at \$1M+ and is the Kimper Relocation project that starts around Kimper school up toward the turn toward Grapevine. With the RFQ, the Board can select a certain number to review it or he can bring everyone in to review it. You can have the whole entire board to score or they can select a committee. He would like to recommend that they involve KDOT to review the RFQ. Dave Skeens comment to him was that he would be glad to do the review process. Chairman Denison stated that he would appoint Roy, David and Commissioner Tackett and a KDOT representative. Chairman Denison requested a motion to authorize to Advertise and process an RFQ for the Kimper DOT Relocation Project. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-010

8.) General Policy Issue Discussion – Travel Expenses – This item was tabled for this meeting.

9.) Health Insurance Renewal – Mr. Sawyers stated that he was going to hand this item over to Mrs. Hatfield and Commissioner Runyon. Mrs. Hatfield distributed renewal information with regard to the health and dental insurance plans. The current policy expires October 31st. Typically they like to have it selected by the middle of the month so that they have time to do paperwork and changes and anything like that done. They met with the different companies and basically, you can see on the first page, the email. At first, Anthem came with a 19% increase due to claims and loss ratio. They got quotes from Humana and United Healthcare as well, and they were not even competitive with the 19% original increase from Anthem. They ended up working with Anthem and they came down to an 11.5% increase from the current plan but also, if we took their dental with Anthem, they would change the net increase to 10%. They checked around with local dentists to see what they thought of this program and they said that it is pretty much the same and actually one that said it was a little better. So, for the savings of 1.5% for the dental, she thinks it would be the wise thing to do. We currently have vision with them already and it isn't up for renewal. The packet outlines the comparison between the current plan and the renewal plan with Anthem. After review of the plan, Chairman Denison requested a motion to approve the renewal core quote for Anthem Blue Cross/Blue Shield for the employee health and dental plan. Commissioner Justice made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-011

10.) Cyber Security Insurance Renewal – Mrs. Hatfield stated that we will need to table this item until the next meeting.

Mr. Sawyers stated that the standard items are listed on the summary and in their packets of information for their review.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-012

NEW BUSINESS

1. Executive Session

- a. Pursuant to KRS 61.810 (1)(c) to discuss the District’s litigation strategy with regard to current and potential litigation and the District’s purchased water contracts.

Chairman Denison requested a motion to convene executive session to discuss the District’s litigation strategy with regard to current and potential litigation and the District’s purchased water contracts pursuant to KRS 61.810. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-013

Chairman Denison requested a motion to reconvene into regular session from executive session. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-014

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today’s regular meeting. Commissioner Chaney made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-09-015

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

**October 17th, 2022
05:00 PM**

ATTENDEES

Russ Cassady, AEP
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Mr. Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER

The Mountain Water District Board of Commissioners' Special Meeting was held on Monday, October 17th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Treasurer
Paul Chaney, Secretary
Mitch Justice, Commissioner

AGENDA ITEM #1

REVIEW AND APPROVAL OF RATE STUDY DOCUMENTS

Mr. Sawyers distributed copies of the plan for employee compensation related to the rate study. He stated this is a proposed pay rate increase that we are looking at trying to put into place once the Public Service Commission approves it. On the first page you will see the first section is annual hourly rate percentages at 10.86% which is 38 employees currently. The annual salary rate; you have 17 salary employees at 4.88%, and the Manpower temps are 12 employees at 8.33%. That gives you an average of annual rate percentage increase of 8.02%. The next item is the annual hourly rate increase is \$214,313.86. The annual salary rate increase is \$67,416.05. The Manpower annual hourly rate increase is \$42,332.16. This is a total annual rate increased cost of \$324,062.07. The monthly hourly rate increase was \$17,859.49. The monthly salary rate increase was \$5,618.00. The Manpower hourly rate increase is \$3,527.68. This is a monthly total increase of \$27,005.17. The bottom section is what the employees are that in what departments and we took this off of the general ledger and is an estimated cost to the best of our ability. The rate study expert will be the one to finalize that cost per customer number. The water customer count for the \$246,851.64 is 16,556, which ended up being \$1.24 per customer. On the sewer customer count for the \$77,210.43 is 2,334, which was \$2.76 per customer. If you combine the two, depending on how she does the study and what they approve, that would be 18,890 customers for a total of \$324,062.07 for a total of \$1.43 per customer. As you know right now, with the way inflation is and other items, the current inflation rate is 8.2% and he saw another article by the joint committee where the average home is losing over \$600 per month because of inflation. The next item is Kentucky Rural Water Association's benefit's survey. This is the most

recent one they have. Our category falls in the section for over 5,000 connections. You will see what other District's cover... 100% on health insurance, 86% on life insurance, 100% retirement, 100% vacation, 100% sick leave, and 35% incentive pay. The third page is an average salary range for certain positions and some of our positions fall within these categories for you to review. The last page is Pike County Fiscal Court's pay scale. He has some benefit numbers from them. He emailed this the other day for review to give you an idea of what we are looking at. One of the things he did not put in here is the amount of employees we have been losing, or the turnover. So far this year through September, we have lost 18 employees which is an average of 2 a month. Reasons are due to our salary structure is not high enough, we are losing them to competitors, we are losing to the Fiscal Court, we are losing them to the State, one of them to the City. We are not able to compete with other governmental entities. It makes it difficult when you spend a lot of time training somebody, invested PPE, uniforms, boots and all of these different things that you invest and it is just a waste of money because you are losing them so fast. What we are trying to do is be more competitive with other pay scales that other entities have. Commissioner Justice stated that definitely we want our employees to be able to live a good, healthy life. They are our neighbors, friends and customers. He inquired when the last time was they received a raise. Mr. Sawyers stated the first of January but it wasn't a large amount. Maybe 2 or 3 percent but it was probably even less than that because of covid. Chairman Denison stated that we have to have the cash flow to be able to get our wages up and that would be included in our rate study. So this is part of that hoping that the PSC would approve this prior to it going into effect because we don't have the cash to do it right now. Mr. Sawyers stated that just to give you an idea, a starting laborer comes in at \$12 an hour. This would bump that to \$14. We would leave the Temp service at \$13 unless they come on board. Chairman Denison clarified that it shows 67 employees on here, so when we talk about adding additional crews at some point in time, how we will cover those additional employees at that time. Mr. Sawyers stated that those items are covered under the surcharge application when we ask for staff, equipment and vehicles and those items. Then we would have to look beyond that as far as keeping them permanent. Chairman Denison stated that if we have a rate study done every 3 years, that should cover that issue. Commissioner Justice inquired that there are some on the list that look like they are doing the same job for different salaries and is he looking at that correctly? Mr. Olson stated that it is because they have been here longer. Commissioner Justice stated that pay is based on longevity and how long people have been here and he is all for that. Mr. Sawyers stated that is something we need to sit down and look at. Do you give a higher pay scale to someone who is already in a high pay scale range or do you look at additional vacation time, personal time, etc. Commissioner Justice stated that it needs to benefit the employees and give them more reason not to leave and go someplace else. Mr. Spears stated that a lot of the clients that he has are facing the same thing. A lot of the employees, if they get a lot of vacation, they are not going to a job that gives 1 or 2 weeks. Those benefits like that do help. Commissioner Justice stated that if we are training employees for other companies basically, because they are leaving once we get them trained; we have to find some incentive to make sure they want to stay with us. Chairman Denison requested a motion for approval of the resolution as presented to approve proposed employee compensation rates pending Public Service Commission approval. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-001

AGENDA ITEM #2

EXECUTIVE SESSION

- **Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's Wholesale Water Purchase Contracts.**

Chairman Denison requested a motion to approve to convene into executive session pursuant to KRS 61.810 (1)(c) to discuss items as listed on the agenda. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-002

Chairman Denison requested a motion to reconvene into regular session from executive session. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-003

Chairman Denison stated that we have an issue with the City of Pikeville and their proposed contract. We had requested a reduction in the required purchase minimum from 28M to 15M and they counter offered 20M with an increase in the rates. We are willing to accept that pending receipt and approval of acceptable documents from the City of Pikeville. Chairman Denison requested a motion to approve the amended contract with the City of Pikeville for wholesale water purchases pending receipt and approval of acceptable documents from the City. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-004

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-005

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

October 27th, 2022
05:00 PM

ATTENDEES

Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Chairman Denison led the assembly in the Pledge of Allegiance.

PRAYER

Commissioner Mitch Justice led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Thursday, October 27th, 2022, at 5:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner
Mitch Justice, Commissioner

Commissioner Randy Tackett was absent for this meeting.

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the regular meeting held on September 29th, 2022, as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-006

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that Cash in bank at the end of the month was \$125,359. Accounts receivable was \$1,359,930. Plant in place was \$168,534,708. Accounts Payable was \$283,781. Equity position at the end of the month is \$68,705,833. Revenue for the month was \$911,693. Utility operating expenses was \$1,126,700. The net income/net loss was \$248,404. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$215,006 which also has the depreciation number in it. Cash increased \$706 for the month. The current operating account balance is \$121,914. KIA and RD Reserves are fully funded. They are transferring the necessary funds into the debt service fund. Back on pages 15 through 18 you will see the budgeted numbers versus the actual numbers. Items that stick out are Pikeville purchases of \$60,325 for September and Williamson was \$43,485. This is not as high as we have seen in the past on some months. Electric was \$159,000 and we have had two low months. About every 3rd month we will have a big bill and then two lower bills. He expects next month to be back in the \$120,000 to \$130,000 range. On page 16 we have a general liability expense on there. Everything looks within range of where it should be. Chairman Denison requested a motion to approve the financial report for the month of September as presented. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-007

- **Engagement Letter for Audit – Wallen, Puckett & Anderson** – Chairman Denison requested a motion to approve the engagement letter for Wallen, Puckett & Anderson for the 2022 annual audit as presented. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-008**PAYMENT OF BILLS****AGENDA ITEM IV**

Mrs. Hatfield stated that there were a few that she held back from paying this time until the remaining cash flow was deposited, and the City of Pikeville has not officially billed us yet. They have changed out their billing program and Ms. Olson called this week and did get reading information and we are under the minimum, so the bill should be the minimum at \$55,000, but we are waiting until we get a bill to enter that for payment. After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the payment of the bills as presented. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-009

CUSTOMER ADJUSTMENTS AGENDA ITEM V

Copies of the customer adjustments for September were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of fourteen thousand, five hundred and eighty-six dollars, and seventy-five cents (\$14,586.75). Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-010

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that since he sent in his report, Mrs. Hatfield has informed him that she got the money in to write the check out to AEP, which she has done, and has been in contact with someone there getting further instructions as to where it needs to go so, they can get us in line with the power drop at the lift station. Once that lift station gets power, the contractor will be back on it to test everything and make sure everything is running properly. The last couple of things to be done after that will be to take the old station out of service and tie the lines together around it and put the fence up. Who knows when the power company is going to do the power drop, and he got to thinking on the way over here that he needs to request to extend the contract out to the end of the year, as it is the end of November right now. Chairman Denison requested a motion to extend the contract for H2O Construction on the Phelps Hydrology Study to the end of the year. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-011

Update by Bell Engineering/EDC –Stephen Caudill/Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that the project plans are approximately 90% complete. They are still waiting for RD to issue their letter of conditions to release the funding for the project.
2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that the project has been divided into two portions; one portion that the District can perform and the second is what you have to have the contractor do. The intention is to bid these two sections separately although the bids will be opened on the same day. The bidding documents for the portion the District intends to perform are

complete. The work includes telemetry for the booster pump stations and water storage tanks and 2" zone metering installation. They received final determination on Tuesday evening concerning what items will be in the contractor's portion of the contract, and included is the water storage tank road maintenance, hydroseeding of disturbed areas, security fencing, painting of the interior and exterior of multiple skid tanks, and installation of Kendrick Fork and Right Fork Greasy Creek water storage tanks. They should finish that bid document this week. They worked with Mr. Sawyers yesterday to set up bid opening dates. Both projects will be sent to Lynn Imaging for bid distribution next week and they will advertise in the local paper on November 8th, and the bids will be opened on November 28th.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that he saw an email from RD this week that they are beginning to work through the check list. The only thing he is aware of that we are waiting on is for the state engineer to finish the review of the plans and specifications.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that this project is ready to go, and they are just waiting for the Cleaner Water funds to become available in order for them to bid the project.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-012

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Chaney made the motion to approve the draws as presented. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-013

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 5,255.50
\$5,255.50	Engineering Services	

RATE STUDY

Stoll, Keenon & Ogden	CTB- LOC Funds	\$ 806.58
\$806.58	Legal Services	
Michael Spears	CTB-LOC Funds	\$ 4,491.00
\$4,491.00	Financial Services	
Michael Spears	CTB-LOC Funds	\$ 6,137.00
\$6,137.00	Financial Services	

MANAGER’S REPORT – Report by David Taylor, Operations Manager

- 1.) **Funding Update** – Mr. Taylor stated that there is really not more to add, other than what the engineers have already went over.
- 2.) **Water Loss Update** –Mr. Taylor stated that the water loss for September using the MWD form was 21.86% and the PSC form was 23.7%.
- 3.) **Daily Operations Update** – Mr. Taylor stated that the Daily Operations Summary update is included in the Board’s reports.
- 4.) **FEMA Project Update (DR 4643; DR 4663)** - Mr. Taylor stated that after July when the waters receded, we had a little over 100 jobs of individual service lines and we have whittled that down to 30 after today and are about 70% complete on the Shelby Valley recovery project and we lack about 7 jobs over on the Pond Creek side from the January flooding. Ms. Olson stated that that was all she was going to say is that crews have been making good progress on the Shelby Valley side and have started to schedule some for Pond Creek so we can get that one completely submitted as well. FEMA sent their contract, and we did one of these for the January flooding as well. When they get all of their claims in and everybody files their RPA, they go in and get a better idea of the total cost of the disaster will be. Page 54 is the first page of the FEMA contract that was sent and their contract amount for the July flooding is \$650,000,000 for the state of Kentucky and they have to have one of these on file for every claimant. She did send it to Mr. Vanover, and he has reviewed it and stated that it was their standard contract. There is nothing we can do to change it and in order to be eligible for reimbursement, we have to execute and send it back. She requested approval for that once it is reviewed by the board. Chairman Denison requested a motion to approve the Commonwealth of Kentucky contract with FEMA for the DR 4663 disaster as presented. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-014

- 5.) **Kimper DOT Relocation Project – Engineer Selection** – Mr. Taylor stated that the committee comprised of Mr. Sawyers, himself and Commissioner Tackett selected through a point system that Environmental Design Consultants would be the engineer for this project based on the committee’s scoring. Chairman Denison requested a motion to approve EDC as the engineer for the Kimper

DOT Relocation Project per recommendation from the selection committee. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Abstained
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-015

6.) General Policy Issue Discussion – Travel Expenses – Mr. Taylor stated that this issue would be tabled at this time.

7.) Cyber Security Insurance Renewal – Mrs. Hatfield stated that the Cyber Insurance is coming up for renewal on November 17th. The current insurance company that we have has given us a renewal quote of \$18,784 for the year, which is about \$11,469 more than last year's premium. This is not just due to us directly; it is an issue for everyone. Peoples Insurance is having problems with getting a lot of his client's insurance coverage at all. They completed multiple cyber insurance applications with their IT department and most refused to give us a quote. We have been hit two different times in the past and even though we have done all of this extra add on things in the last year or so to get our security tighter and with all of the servers and the back-ups that we now are providing, they still don't want to give us a quote. The only other one that quoted wanted over \$40,000 a year. However, our current insurance carrier will not give us coverage at all unless we do the second authentication for email. Our IT people are on it right now and are saying that we will have it by November 17th. Chairman Denison requested a motion to approve the Cyber Insurance renewal as presented. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-016

8.) Worker's Compensation Insurance Renewal – Mrs. Hatfield stated that the worker's comp insurance renewal was basically the same thing. Our EMOD was now 1.99 with the loss runs. Most insurance companies don't want to insure anyone that is over a 1.25. We have had some incidents in the past that have put us up to 1.99 and she asked what the worst was that his clients have, and he said 1.99; we are the worst he has had. With that being said, if we stay with the current provider, it will go up an additional \$9,441 per year. The quote is for \$69,096. Mrs. Hatfield stated that we have to do a down payment for \$13,819 and installments after that. After further discussion, Chairman Denison requested a motion to approve the renewal quote as present for the worker's compensation insurance. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-017

9.) Schedule of Meetings for November and December, 2022 – Ms. Olson stated that we always review to see if those dates need to be changed because of Thanksgiving and Christmas. She and Mrs. Hatfield have reviewed the calendar and recommend Tuesday, November 29th at 5:00 pm and Wednesday, December 21st at 3:00 pm for the next two meetings. The board agreed to these dates and times.

10.) Approval of Holiday Gift Cards and Holiday Meals – Chairman Denison requested a motion to approve the \$25 Thanksgiving and Christmas holiday gift cards and meals for employees as requested. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-018

11.) Approval of Amended Water Purchase Contract - Chairman Denison stated that a copy of the amended contract with the City of Pikeville for wholesale purchased water is in the packet. The only thing that changed was a reduction of the purchase minimum required from 28M to 20M, and with that reduction the cost would be \$2.26 per 1,000 gallons. Ms. Olson inquired about purchase point J on page 86, if that was a valid purchase point. Mr. Taylor stated he has never been inside that pump station but that is a point of possible purchase. Ms. Olson stated that she had never seen it on the bill and wasn't sure what it was. So, if we ever need to purchase through that meter, it would be added to the bill. Chairman Denison requested a motion to approve the amended water purchase contract with the City of Pikeville. Commissioner Chaney made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-019

Ms. Olson stated that the standard items are listed on the summary and in their packets of information for their review.

Chairman Denison requested a motion to accept the Manager's Report as presented. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-020

NEW BUSINESS

- 1. Executive Session
 - a. Pursuant to KRS 61.810 (1)(c) to discuss the District’s litigation strategy with regard to current and potential litigation and the District’s purchased water contracts.

Chairman Denison inquired if an executive session was needed for this meeting. Mr. Vanover stated that it was not needed at this time.

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today’s regular meeting. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-10-021

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

November 30th, 2022
03:00 PM

ATTENDEES

Russ Cassady, Appalachian News Express
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Hill, Summit Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
David Taylor, Operations Manager
Tammy Olson, Office/Compliance Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Commissioner Tackett led the assembly in the Pledge of Allegiance.

PRAYER

Roy Sawyers, District Manager, led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, November 30th, 2022, at 3:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Randy Tackett, Vice Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner
Mitch Justice, Commissioner

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on October 17th, 2022, and the regular meeting held on October 27th, 2022, as presented. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-001

FINANCIAL REPORT – MIKE SPEARS, CPA

AGENDA ITEM III

Mr. Spears stated that Cash in bank at the end of the month was \$159,177. Accounts receivable was \$1,302,130. Plant in place was \$168,632,364. Accounts Payable was \$393,162. Equity position at the end of the month is \$68,421,057. Revenue for the month was \$869,962. Utility operating expenses was \$1,129,464. The net income/net loss was \$292,911. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$259,902 which also has the depreciation number in it. Cash increased \$33,818 for the month. The current operating account balance is \$157,515. KIA and RD Reserves are fully funded. The O & M reserve account is \$308,887. We had a short fall in our sinking fund transfers of about one payment and basically what happened was that in January of last year they took out a payment on us that we were expecting to be in the consolidated loan to be finished. So, we will be making payments of \$88,500 for November and December. You have a payment today for KIA coming out of there, and then we have RD payment coming out in January and they typically take it out somewhere between the 9th and the 30th so it needs to be funded prior to that date. Chairman Denison inquired what do we owe the funding in the RD reserves. Mr. Spears stated that there are two ways of looking at it and he doesn't have the numbers in front of him but can give them as soon as he gets back to his office. We leave in there to fully fund, we have \$870,000 or so. If we leave the money in there to fully fund the two new bonds, which is the Radio Read and the Belfry Project, we would need to leave about \$400,000 in that account. We would still be fully funded in that. He needs to look at what Connie Allen was talking about and see if there is any restriction on that debt service coverage, but he thinks that would be a different calculation anyway. That is the financials, and he has a couple of other items to discuss. He went over the analysis from page 15 of the financials. He stated that we know we are heading into the lower usage months. Chairman Denison inquired if they think that November will be similar to November of 2021. Mr. Spears stated that is typically what they look at the Budget Meeting. It is not that anything did anything wrong, but you can be a day off on the readings and it makes a difference. Mr. Lowe stated that we try to hit it at 30 days, but it is always between 28 and 32 days per reading cycle. Mr. Spears stated that for purchased water, Williamson was \$36,035 and Pikeville's was the minimum of \$55,160. Commissioner Tackett inquired if we had the true number of gallons purchased. Ms. Olson stated that it was 18,843,000 gallons for October which is way under the minimum. Mr. Spears stated that electric bills were back down near our average. On the bottom of page 17, second line up, there was \$17,000 for R & M and most of that is not flood related. Our vehicle R & M was \$16,902 versus \$6,000 the previous month. That was a transmission work on the dump truck. Our general R & R was up to \$75,000 from \$35,000 the previous month. The big driver in that was Kendrick Paving for blacktop repair at several locations. After looking at parts, road bores and contractors on the flood event, we have spent about \$230,000 so far. Mrs. Hatfield stated that she has been told that there are still five more bores out that need to be done for main line repairs. Kirby Bowling is supposed to be getting her an estimate this week. Mr. Spears confirmed that those are flood related. Ms. Olson confirmed that as correct. Mr. Sawyers stated that one of the locations is there off of Penny Road where there is a big piece of equipment driving up the middle of the creek and it crushed our line. The equipment is about 60,000 pounds. We are billing them for the damages. Mr. Sawyers stated that we may need to follow-up and send a letter to the state from legal counsel and request them to stop tearing out our lines. Mr. Spears stated that in saying that, there are a lot of bills that have come in...and that is \$237,000 is through the bills she has keyed in so far since the 11th or 12th of November. We aren't expecting any other major bills for flooding. Mrs. Hatfield stated, not that she is aware of, however, that number does not include items taken off of the shelf. Chairman Denison inquired how much we are still owed from FEMA on the Belfry side. Ms. Olson stated that she believes the total is about \$130,000 but she hasn't been able to submit the permanent work yet because it isn't done. We still have about 7 sites left to do. Chairman Denison stated that we are over \$400,000 that the District has been out without any assistance. Mr. Spears stated that we have two options; hit the line of credit to supplement the O & M and try to relieve some of the pressure on the cash flow, and around \$200,000 gets us close. He stated that Ms. Olson and he has been going through the state funding application and have a couple of questions for Nee Jackson and hopefully she can submit to them an application with the state. Chairman Denison inquired what percentage they would reimburse. Mr. Spears stated that we originally thought it might be 66% but that is only on lost revenue which we cannot prove. It would be insignificant with our water line being out for 5 days. He doesn't see anywhere in there that it says a percentage and Ms. Olson may try to ask for \$260,000 or \$270,000. We don't want to ask for 100% because if FEMA balks on something, we

have to pay the state back those funds. There is a blurb on there that says to focus on things that aren't FEMA reimbursable but with what we are doing, there is really not anything that is not FEMA reimbursable. So, we have a few questions for the FEMA director for the county and emergency management services to get some clarification, but once we get to talk to him, he thinks that application can be put together pretty quick. Chairman Denison clarified that it is his suggestion that we take the \$208,887 from the O & M fund and move it to the Operating account. That was confirmed as correct. Chairman Denison requested a motion to transfer \$208,887 from the O & M fund to the Operating account. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-002

After further discussion, Chairman Denison requested a motion to approve the financial report for the month of October as presented. Commissioner Chaney made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-003

- **Approval of KIA Bond Payments** – Chairman Denison requested a motion to approve the payment of the KIA Bond Payments due December 1st, 2022. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-004

Mr. Spears requested a budget committee be formed for the development of the 2023 budget. Chairman Denison requested a motion to appoint Commissioners Runyon and Tackett to the budget committee. Commissioner Chaney made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-005

- **Approval of Rollover for Notes for Vehicles 164, 165, & 166** – Chairman Denison requested a motion to approve to rollover the notes for vehicles 164, 165 & 166 as presented, with the same fixed rate of interest. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-006

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Chaney made the motion to approve the payment of the bills as presented. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-007

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for October were in the packets of information given to the Commissioners for the meeting. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of fifteen thousand, one hundred and seventy-eight dollars, and thirty-eight cents (\$15,178.38). Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-008

CONSTRUCTION REPORT

AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

1. **Phelps Hydrology Study** - Mr. Campoy stated that they received word from the power company on November 11th that they received the money sent in by the District for the power drop at the new lift station. As of this morning when he checked, the power still had not been dropped. Mr. Sawyers stated that he had made a phone call with regards to that, and they anticipate that it will be done the end of this week or first of next week. Mr. Campoy stated that once that is in, they will hook it up and go through their check list and make sure everything is okay. Once that is done, they will

take the old station out of service. The way this project started predates this current board. There was money that was obtained for a job over at Majestic and we couldn't get enough people interested in wanting sewer service over there. The money was then transferred to this Phelps project to work on the problems we were having over there. There was a study done over there and there were about 5 projects identified and this money took care of the first two projects identified. There were at least 3 others that were laid out as potential jobs if you had enough money to do them and currently, where you are with money, you may have enough to decide which one of the remaining jobs is most important. There may be enough money there to start engineering work or something, but not to do any construction. He really doesn't know how much money is left in there right now but can find out. The money was kept in the area of the original project funding.

2. **Kimper DOT Relocation Project** – Mr. Campoy stated that they had done some preliminary work this month trying to get some base mapping together on the job and getting plans from the Transportation Cabinet. They have to work on construction and engineering estimates for them that they have to submit to them for approval through their process. They are currently expecting Dave Skeens to schedule a meeting with the utilities, EDC, and representatives of the Transportation Cabinet. He emailed Mr. Campoy last week and said that in a couple of weeks, to be expecting them to schedule the meeting.

Update by Bell Engineering/EDC –Stephen Caudill/Tim Campoy

1. **Fishtrap Hydraulic Modification Project** – Mr. Campoy stated that the project plans remain at approximately 90% complete. The letter of conditions is ready for signature as presented in the agreement. Mt. Caudill stated that they have continued to answer questions from RD as they were received. They have approved the environmental document, but they are still awaiting the authorization to move forward and the deliver of the letter of conditions. After the report was prepared, RD did deliver the letter of conditions for the project, and it is ARC funds in the amount of \$670,597. Mr. Sawyers stated that he has spoken to Sharon Hall at PCFC, and they are waiting on the state director to sign off on the project. Mr. Caudill stated that the letter of conditions is the standard letter of conditions and basically, we need the District to go ahead to pass a resolution to approve those standard conditions and accept the grant award of \$670,597. There are also several documents for signature in the letter of conditions. Ms. Olson stated that on page 46 of their packet is the resolution that came with the letter of conditions, and she included it for their review, and she has the entire packet of the letter of conditions for signature. We do have it under Mr. Sawyers' name, and we do have a resolution that was passed previously giving him authorization to sign documents for this project. There are some pages that Commissioner Chaney will need to sign in his role as Secretary. Chairman Denison read the resolution aloud and is included in the official record of the meeting at the office of Mountain Water District for reference. Chairman Denison requested a motion to approve the resolution as presented and accept the ARC funds in the amount of \$670,597. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-009

2. **Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated that the project has been divided into two portions; one portion that the District can perform and the second is what you have to have the contractor do. The work was split up so that we could maximize the number of bids from contractors that we could get, because of this is not the typical work that contractors would do. They also

allowed contractors to bid on any individual item and didn't have to bid on everything in the contract. Both contracts for the project were advertised for bids on November 8th and were opened at 1:00 pm on November 28th at Mr. Vanover's office. What he handed out were the results of the bid openings for the referenced contracts. These basically combine both contracts; what the District was looking to self-perform and what the contractors were being utilized for. They have been mathematically checked and tabulated and the results are as follows: the first 3 items contain the cellular telemetry for the 22 tank and pump station sites and Mountain Water District was the low bidder. The second item was radio telemetry which involves Micro-Comm Equipment. The first item was cellular and is being used on the smaller skid tanks that don't service many people because it isn't quite as reliable. The radio telemetry is more reliable and is being used on the larger facilities. The master meters for 22 total sites is the third item and the Mountain Water District also submitted on that. We did not receive any other bids than the District's bids on those three items. That totaled \$638,946.60 which was the District's bid. After he and Mr. Sawyers had a conversation yesterday, he asked him to ask Compass Municipal, because of the optics of the District both bidding on the project and awarding it to itself, even though that is what Compass had asked us to do; Mr. Sawyers asked him to obtain a letter from Compass stating that everything was followed according to their direction. He requested that from Mr. Palmer yesterday and he asked for some documentation such as the tear sheet, affidavit of publication, and also Mountain Water District's bid, and he said he would have the attorney prepare said letter. They had hoped to receive that by 3:00 pm today but do not have it as of yet. His recommendation would be that the award to Mountain Water District be contingent upon the receipt of that legal document from Compass. Chairman Denison clarified that this project was for \$1.3M. Mr. Caudill confirmed that as correct. He stated that the next item was dozer work and perform maintenance at 22 of the tank sites. This was basically to go in and redo the roads and some of the tank sites. Commissioner Tackett inquired if there were any specifications about how they were to construct the roads and what shape they were to leave them in. Mr. Caudill stated that basically they will be under our direction and paid by the hour. There is four hours allotted per site and there are specifications in their concerning the road and how they are to leave it, what is considered acceptable and what is not. Commissioner Tackett clarified that it included proper drainage, ditch lines and everything along those lines. Mr. Caudill confirmed that as correct. Chairman Denison stated that there was a substantial difference in the bids for that work which is concerning. Mr. Caudill stated that ATS was the other bidder for that work. DD&K Construction was the low bidder in the amount of \$91,520 and ATS submitted a bid for \$228,800. Mr. Sawyers stated that his estimate was based on \$140 per hour and DD&K bid it at \$130 which was pretty close. He got that number from other contractors for what they charge for this kind of work. The other contractor is a subsidiary of Bizzack or something. The next item provides security fencing for 22 tank sites. Hamilton Fence Company did submit a bid which had an error in it. He adjusted it based on the how the bid documents required it to be on unit price which gave a price of \$216,400.80. However, in talking to them, he believes that the District could probably get that at a little lower price. They misunderstood something in the bid documents, so that affected their bid. Should the Board choose to award to then, he would say that the \$216,400.80 is a top...not to exceed cost and allow him and Mr. Sawyers to renegotiate with them. As for those with no bids received, according to the Model Procurement Code, once they have been bid and no bids received, that can be negotiated with contractors after the bid process is complete. Mr. Vanover stated that bid was also late. The bids were supposed to be in by 1:00 and they walked it in at 1:15 pm. The other factor was that were no other bids for that item. Mr. Caudill stated that nobody else was harmed or affected or they would not have opened it. The other item was hydroseeding coming up behind after the dozer work is done and reseeding all of the areas. That bid was from E & E Construction in the amount of \$57,200. There were not bids received on the last four items. After further discussion, Chairman Denison requested a motion to approve the award of contracts with low bidders as presented pending receipt of the letter from Compass Municipal's legal counsel, authorization to negotiate with Hamilton Fencing Company with MWD Legal Counsel approval and authorization for Mr. Sawyers and Mr. Caudill to negotiate with contractors for all items, including the final four items that received no bids. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-0010

Discussion also included the mention that that owner of the property where the tank sits at Kendrick Fork has requested that we leave the tank for his purposes. MWD legal counsel, Jim Vanover, is to draft a waiver or release for the property owner to sign regarding this issue to relieve the District of any liability in leaving the tank on his property for his use.

Mr. Caudill stated that after the other items were negotiated, they will bring those back to the board for review and approval.

Mr. Campoy stated that to answer the question from earlier about how much funding remains for the Phelps Hydrology Study Project, it will be approximately \$230,000. You will have some money but not enough to do any of the projects. If you felt like you were going to be able to get some money, you could get ahead and award an engineering contract to start that with that money. Mr. Sawyers stated that there may be some upgrades that we could do at the Phelps plant, like upgrading the computer system over for SCADA. Mr. Campoy stated that it would be keeping it in the area and the sewer system as intended. That will be investigated further before a decision can be made on that.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – Mr. Hill stated that there has been no change in the status of this project over the last thirty days. There have been several emails to RD asking for status updates and any information they have but haven't gotten a response from them at this point.
2. **Brushy Fork/Sycamore Water Line Extension** – Mr. Hill stated that this project is ready to go, and they are just waiting for the Cleaner Water funds to become available in order for them to bid the project.

Mr. Sawyers stated that he has spoken with Sharon Hall at the fiscal court, and she said most of these projects are waiting on the State Director to sign.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Tackett made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-011

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Chaney made the motion to approve the draws as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-012

PROJECT DRAWS:

WATER LOSS REDUCTION PLAN

Bell Engineering	ARPA Funds	\$ 7,659.17
\$7,659.17	Engineering Services	

RATE STUDY

Salt River Engineering	CTB- LOC Funds	\$ 26,500.00
\$26,500.00	COSS Development	

Michael Spears	CTB-LOC Funds	\$ 3,210.00
\$3,210.00	Financial Services	

HUDDY DOT RELOCATION PROJECT / FINAL DRAW

EDC	DOT Funds	\$ 2,483.68
\$2,483.68	Engineering Services	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that there is really not more to add, other than what the engineers have already went over. There are not any further grant opportunities and unless the board is interested in proceeding with loans, that is all we have at this time.

- 2.) **Water Loss Update** –Mr. Sawyers stated that the water loss for October using the MWD form was 16.86% and the PSC form was 22.9%. Chairman Denison inquired that if our water loss volume stays constant and we have a low water usage month, how did Mr. Taylor get that down to 22.9%. Mr. Taylor stated that our system total was the lowest in October that it has been since he has been here. Chairman Denison inquired if that was due to.... Mr. Taylor stated that as he has said before, the leak detection is like a big game of whack-a-mole, and they have been playing at super speed for the last 3 months and have gained ahead where they are a little over a million (1.2M) gallons less than what we were in 2016 daily. That is almost 30M gallons per months that we are less than what we were 5 years ago. We only purchased 40M gallons and our production was relatively the same, so he is firmly satisfied with where they are at this point and will be again for November. He wouldn't doubt that some of the lines that they had temporarily from the flood probably had some small leaks on them that you couldn't hear from the road or on the base because of the length of them, but as far as the Shelby Valley area itself, it is relatively the same. Most of their concentration in the last 3 months has been in Pond Creek and they have gotten it cut down so much that they have been able to expand Pond Creek's Williamson water into the Sidney area which was able to minimize the purchased water from the other side. For November purchased water, he is anticipating 18.7M from Pikeville and 20.5M from Williamson. Mr. Sawyers stated that the biggest change, if you look at page 57, the biggest change he sees is Indian Hills as far as usage. Mr. Taylor stated that he and Ms. Olson have spoken briefly about our water quality and by maximizing our production water, we were able to come in again, for the second year in a row, under our MCLs for the Disinfection Byproducts. Commissioner Tackett stated that he has cut our water usage down from Pikeville from 28M-30M per month down to about 18M-19M per month. What percentage of that cut is coming from our produced water versus purchased water from Williamson? Mr. Taylor

stated that purchased water from Williamson increased about 1/2M to 1M gallon, so it is mostly coming from our produced water. But production hasn't changed that much at the plant, so anything that you cut down out in the system, you are able to push your own water out.

- 3.) Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary was not included in the reports this month due to no major changes because of flood repairs.
- 4.) FEMA Project Update (DR 4643; DR 4663)** - Mr. Sawyers stated that he will hand these items over to Ms. Olson who is coordinating the effort with FEMA as far as submission of paperwork, etc. Ms. Olson stated that on Disaster KY4643, which is the Pond Creek side of the county, we still have about 7 sites that are being scheduled for completion. Once that is done, she will be able to submit that last project for reimbursement. All of the other projects that she has submitted are with the CRC right now for review for obligation of funding. The only other major part of the Pond Creek side is the Belfry Lot relocation, which is mitigation, where that trailer over there has been flooding multiple times. We are trying to find some property outside of the flood plain and within a reasonable amount of money so that we can relocate and put a trailer on. Commissioner Tackett inquired how far away from where the trailer is located now, are we considering. Ms. Olson stated that we would like to stay within 10 miles. We don't want to go too far up a hollow. We can't do Belfry proper because just about all of that is within the flood plain. Mr. Sawyers stated that he is waiting on a realtor for Norfolk and Southern to call him back about any property they may have. Commissioner Tackett stated that Massey did some surface mining in the area somewhere near Belfry school. Mr. Sawyers stated that is up Peg's Branch and where our current wastewater plant is located. We are looking into expanding the footprint of that property as well. Ms. Olson stated that there are mineral rights under that property that makes it expensive to purchase and she is not really sure that we can go there. Mr. Sawyers stated that there is another tract there near the library and he is thinking of calling Mr. Keene about that property as well. Ms. Olson stated that FEMA will be funding this as a mitigation project. They pay 75% and we have to pay 12% or 13%. Mr. Sawyers stated that he spoke to Kevin Varney, and he said he contacted Mike Blackburn as well. He said Mike has been doing some work with Norfolk and Southern in the area with regard to leases and may know of something. Commissioner Tackett stated that he will look into any property that Lexington Coal may have in the area as well. Ms. Olson stated that as long as it is out of the flood plain, she would like to hear about it. Commissioner Tackett inquired the size of the property needed. Ms. Olson stated that she and Mr. Sawyers had discussed it and was thinking about maybe a 100' X 150'. Mr. Sawyers stated he was thinking about 1/3 of an acre would be plenty. Ms. Olson stated that we are looking at a trailer that is about a 12 X 26 or a 10 X 30. It is small, with one bathroom in it. Commissioner Tackett inquired if we could move the trailer that we have. Ms. Olson stated that we cannot because the floor and ceiling is ruined and everything underneath it is gone and that is why we are replacing it. Commissioner Tackett also mentioned a piece of property that was across from the concrete plant at Turkey Creek that we can look in to. Ms. Olson stated that this is the big hold up on this disaster. With regards to disaster 4663, the July flooding in the Shelby Valley and Elkhorn Creek areas, she is still working with her PDMG, Chayla Bryant. She had a meeting with her this morning working on gathering backup documentation right now. She has to get all of the time sheets and invoices, everything to submit to them for summaries in order to get obligation. We have until December 12th to get our final inventory to them. Once that date passes, she doesn't think we can add any more sites even if we find any. Right now, there is a big push to make sure we don't have anything outstanding that is not on the list.
- 5.) Approval to Update Rates to Reflect Wholesale Water Purchase Contract Rate** – Mr. Sawyers stated that we had legal counsel, Gerald Weutcher, provide the District with a resolution that is on page 58 which is a pass through to the public in regard to the wholesale contract. He also sent a letter on behalf of the District reflecting what the board wanted in regard to the contract. Mr. Vanover has reviewed the contract as well. After time was given for the board to review the letter and the resolution, Chairman Denison inquired what the historical period used was to determine the rate. Ms. Olson stated that he looked at data from October 1 of 2021 to September 30 of 2022 to calculate the factor of 8 cents per 1,000 gallons. Jim Vanover stated that the resolution of for the purpose of pass-through. Chairman Denison clarified that it is basically saying that we want this to take effect as of December 1st. Mr. Vanover confirmed that as correct and stated that the statutory period is 30 days, but you can file a request that it be shortened to 21 so the city did that, and we filed a letter saying that it was our preference as well. So, if they went with the 21 days, it would be

effective December 1st, but if they don't, the 30-day period would be December 11th before the rates would increase. The 3rd option under the resolution is that the PSC doesn't approve the agreement. Chairman Denison stated that it also leaves us separate from Southern Water's contract with the City of Pikeville. Mr. Vanover confirmed that as correct as well. Chairman Denison requested a motion to approve the resolution regarding the Wholesale Rate pass-through as presented and for the pass-through rate to take effect on the soonest date allowed by the Public Service Commission. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-013

6.) Rate Study Update – Mr. Sawyers stated that this issue would be tabled at this time and discussed at the next meeting of the board.

7.) Authorization to Engage Gerald Weutcher as Legal Counsel for Case 2022-00363 – Electronic Investigation into Compliance with Excavator Locate Requests Pursuant to KRS 367.4909 and KRS 367.4917(7)– Mr. Sawyers stated that as they know, we had been participating in the Ky 811 program and are now doing locates in-house. The PSC has come up with a case and asking for information regards to 811, not just us but statewide, all systems. They want us to send in some data with regards to the number of locations and those type of things. We are asking the board to approve Gerald Weutcher as our legal counsel for this. It should be something simple to submit on our behalf. Chairman Denison requested a motion to approve to engage Gerald Weutcher to act on behalf of the District with regards to the PSC Case 2022-00363 as requested. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-014

8.) Approval of Grant Assistance Agreement – Capital Infrastructure Replacement Project (Ky Cleaner Water Program Funding) – Mr. Sawyers stated that we have received the Assistance Agreement for the Clean Water Act Program which is a combination of funding from ARPA and Covid funds. Commissioner Tackett, Chairman Denison and he met at the fiscal court, along with the City of Pikeville and the City of Elkhorn with regards to this funding. The District was awarded roughly \$1.9M for infrastructure (water main replacement). Areas involved in that would be Pike Central (Town Mountain down into Pike Central and replacing everything going toward Walmart). Other areas would be Big Branch of Marrowbone, Dorton Hill, and Smith Fork. These are areas that are to be re-laid with new line that are having repetitive leaks and issues. We need a resolution approving the Assistance Agreement for that project. Chairman Denison requested a motion to approve the assistance agreement and the resolution approving the funding for this project as presented and authorize Mr. Sawyers to sign documents necessary for the project. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye

Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-015

Mr. Sawyers stated that the standard items are listed on the summary and in their packets of information for their review.

NEW BUSINESS

1. Executive Session

- a. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion to convene into executive session to discuss items as listed on the agenda. Commissioner Tackett made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-016

Chairman Denison requested a motion to reconvene into regular session. Commissioner Tackett made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-017

COMMISSIONER COMMENTS

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-11-018

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

December 21st, 2022
03:00 PM

ATTENDEES

Russ Cassady, Appalachian News Express
Tim Campoy, EDC
Stephen Caudill, Bell Engineering
Mike Spears, Spears Management, CPA
Jim Vanover, Vanover, Hall, & Bartley
Roy Sawyers, District Manager
David Taylor, Operations Manager
Kevin Lowe, Office/Billing Manager
Carrie Hatfield, Chief Financial Officer

PLEDGE OF ALLEGIANCE

Chairman Denison led the assembly in the Pledge of Allegiance.

PRAYER

Commissioner Mitch Justice led the assembly in an opening prayer.

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, December 21st, 2022, at 3:00 PM.

Commissioners present for the meeting were as follows:

Johnny Denison, Chairman
Myrtle Runyon, Secretary
Paul Chaney, Commissioner
Mitch Justice, Commissioner

Commissioner Randy Tackett was absent for this meeting.

VISITORS

Chairman Denison inquired if there were any visitors for today's meeting. There were none.

APPROVAL OF MINUTES AGENDA ITEM II

After review of the minutes, Chairman Denison requested a motion to approve the minutes of the special meeting held on November 30th, 2022 as presented. Commissioner Runyon made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-001

FINANCIAL REPORT – MIKE SPEARS, CPA**AGENDA ITEM III**

Mr. Spears stated that Cash in bank at the end of the month was \$99,909. Accounts receivable was \$1,385,355. Accounts Payable was \$373,575. Equity position at the end of the month is \$68,162,488. Revenue for the month was \$895,356. Utility operating expenses was \$1,126,994. The net income/net loss was \$264,344. Included in that loss number is depreciation in the amount of \$335,997. Operating income was negative for the month in the amount of \$231,637. Cash decreased \$59,268 for the month. The current operating account balance is \$14,694 as of November 30th. We made a transfer at the end of the month which shows on page 5. It was money that would have come out that Friday and was already transferred out the operating account. Also included in that amount was the eighty some thousand dollar entry transfer of \$89,500 to the debt service account. KIA and RD Reserves are fully funded with \$862,951 and \$871,398 in those accounts respectively. The O & M reserve account is \$100,000 since we took some of that out to help cover some of the flooding repair expenses. We transferred \$89,500 to the debt service account to make sure there was enough to pay the debt service due January 1st. There was an invoice for \$10,500 for Manpower which was for October that didn't come in time and was received later. That is part of why the expense for Manpower is up. Chemicals are up but they are only ordered every three or four months. Staring on page 15, you will see that our revenue was up \$30,000 over the previous month. We thought lasts month was a bit low and a day in the billing cycle can swing that \$30,000 easy. Chairman Denison stated that it was a low water usage month anyway. Mr. Spears stated that water purchases from the City of Williamson was \$39,670 and from the City of Pikeville was the minimum amount. Mr. Taylor stated that we purchased just under 20,000,000 from Pikeville. January bill should be around \$46,500 depending on what the last 11 days of this month are but we are on pace to be right at 20,000,000. Mr. Spears stated that we had rate study expenses this month of \$27,202 which was cumulative and will come out of the line of credit. Everything else kind of went back to where it was the previous month. What we saw last month was some of the flood expenses still coming in. He has been working on the budget for the last 12 rolling budget on the last 12 rolling months prior to this month, we had spent \$958,000 in the R & M account, which is higher than normal. We always leave \$1,000,000 to \$1,200,000 in the budget. When working on this current budget, there won't be any excess this time. On page 19, for 11 months actual, we had \$9,937,000 actual billings and our budget was \$9,708,000. We were \$229,000 over budget for the year. Page 21 shows total operating expenses, we were underbudget. We budgeted \$11,918,000 and our actual amount was \$11,617,000. To the budget last year, we are good...under on our expenses and over on our revenue. Johnny's question when he mentioned it before was where did that money go. We dealt with two floods during the year and that was the reason. Looking at this he would have expected us to be in better shape than we are, and another piece is that Regens Bank where they accelerated those payments on us after we did the budget. Chairman Denison inquired if Ms. Olson had submitted an application for FEMA reimbursement from the state. Mr. Spears stated that they worked on that last month before the board meeting, so he is sure she has. She was waiting on an invoice from Carrie. Chairman Denison stated that we spent around \$300,000 on the flood. Hopefully the state will advance us the funds. Mr. Spears stated that they were supposed to expedite those first flood funds but we can't ever count on that. Chairman Denison stated that maybe the state will agree to that. Mr. Spears stated that other than this, he would like the Board to pass a resolution that once the budget committee has finalized the budget, to allow him to put the budget in the DLG website and if he has to amend it, he can at that time. The deadline is January 15th. They have a budget committee meeting tonight after this meeting and will probably have one more. He has all of the numbers now that he has the cash flow statement and everything but just doesn't have it grouped. Chairman Denison requested a motion authorizing the final approval of the budget committee of Commissioner Runyon and Commissioner Tackett, and authorization for Mr. Spears to file the final report with the Department of Local Government and to the Pike County Fiscal Court, upon the budget committee's approval of the final budget. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-002

After further discussion, Chairman Denison requested a motion to approve the financial report for the month of November as presented. Commissioner Chaney made the motion. Commissioner Justice seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-003

- **Approval of RD Bond Payments** – After review of the RD bond payment schedule, Chairman Denison requested a motion to approve the payment of the RD Bond Payments due January 1st, 2023. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-004

PAYMENT OF BILLS

AGENDA ITEM IV

After review of the payables data and any Commissioner questions answered, Chairman Denison requested a motion to approve the payment of the bills as presented. Commissioner Justice made the motion to approve the payment of the bills as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-005

CUSTOMER ADJUSTMENTS

AGENDA ITEM V

Copies of the customer adjustments for November were in the packets of information given to the Commissioners for the meeting. Mr. Lowe stated that the number of adjustments was slightly over the average but if you look at the last couple of Novembers, it is pretty much on par with those. Commissioner Justice stated that he has a close relative on this list and will abstain from voting on this item. After review and discussion, Chairman Denison requested a motion to approve the customer adjustments as presented in the amount of eleven thousand, six hundred and ninety-nine dollars, and ninety-one cents (\$11,699.91). Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent

Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Abstained

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-006

CONSTRUCTION REPORT AGENDA ITEM VI

Update by Tim Campoy, Environmental Design Consultants.

- 1. Phelps Hydrology Study** - Mr. Campoy stated that the power company completed the power drop on December 8th. The contractor's electrician was over there last week working and has since gotten sick with the flu or something and they expect him back out next week to finish getting all of the wiring done. Once that is done, they will test it and we will be ready to jump around the old pump station and take it out of service. He requested approval for an additional payment for acquiring the additional property for the new pump station with was not a part of the original contract. They ended up having to survey it twice and they are just trying to recover some costs there. Mr. Sawyers stated that he knew that they put a lot of time into acquiring the property. They met with the property owner multiple times and completed surveys on the property. This is an additional \$5,000 charged to the project for this extra work.
- 2. Kimper DOT Relocation Project** – Mr. Campoy stated that they are still working on getting the base mapping together. They can't do much on this project until the Transportation Cabinet gives them more information and has their kickoff meeting. Hopefully in the next week or two that will happen.

Chairman Denison requested a motion to approve the additional \$5,000 payment to EDC for work beyond the original scope of work for the Phelps Hydrology Study Project. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-007

Update by Bell Engineering/EDC –Stephen Caudill/Tim Campoy

- 1. Fishtrap Hydraulic Modification Project** – Mr. Caudill stated that the board passed quite a few items related to the letter of conditions received from RD for the funds. Since that time, they have continued to review that document to make sure that all of the requirements included in the letter of conditions are being met. Yesterday they received the project check list from Rural Development with all of the other requirements and they are starting to work through those items and that list. Yesterday RD also said they are now far enough along with their work that we can go ahead and submit the project to the Division of Water.
- 2. Water Loss Reduction Plan, Phase 1** – Mr. Caudill stated last month the board passed some resolutions that were pending the legal opinion of Compass Municipal's legal advisor; one being if

the District could go ahead and self-perform the work, and the other being that the portions of the project that we did not receive bids on, could we negotiate with some contractors on that. We spent almost the entire month getting that, but it has been received as of yesterday. Basically, it said that the District could perform the work for contract 1 and for the District to negotiate on items where no bids were received, as long as all the rules were followed. They have prepared contracts for those who submitted bids and he will forward them to Jim Vanover for review before they send them out to the contractors. The District should be able to start its work and we should be able to get contracts under way for all of the contractors who were the low bidders and he will get with Roy and they will try to negotiate for the items that we did not receive any bids for. Chairman Denison inquired if Mr. Vanover felt comfortable with the letter. Mr. Vanover stated that as he told them before, for what it says it is fine, but it is kind of like the “devil is in the details” and there is not a lot of details in there, it is more generalities but they have gone ahead and said that the District could go ahead and proceed with the work under contract 1.

Update by Mike Hill, Summit Engineering:

1. **Maynard Fork Water Line Extension** – In the absence of Mr. Hill, Mr. Sawyers gave his updates for these projects. He has stated that he is waiting for RD to sign off on it. He probably will want to review this and do a timeline and send out a letter and see if we can something done faster. We have been trying to get water to Maynard for over 2 years and it is a shame when you have a little old lady over there in her 80's or 90's carrying water.
2. **Brushy Fork/Sycamore Water Line Extension** – The funding Memorandum of Agreement was signed at the October board meeting and the engineer is waiting on final approval/signature from the KIA Director in order to advertise the project for bid.

Chairman Denison requested a motion to accept the engineering reports as presented. Commissioner Justice made the motion. Commissioner Runyon seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-008

PROJECT DRAWS:

Chairman Denison requested a motion to approve the Project Draws as presented. Commissioner Runyon made the motion to approve the draws as presented. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-009

PROJECT DRAWS:**WATER LOSS REDUCTION PLAN**

Bell Engineering	ARPA Funds	\$ 22,495.91
\$22,495.91	Engineering Services	

RATE STUDY

Stoll, Keenon & Ogden	CTB- LOC Funds	\$ 1,505.35
\$1,505.35	COSS Development	
Michael Spears	CTB-LOC Funds	\$ 702.00
\$702.00	Financial Services	

PHELPS HYDROLOGY STUDY AND UPGRADES PROJECT

EDC	KIA Funds	\$ 5,000.00
\$5,000.00	Engineering Services	

MANAGER'S REPORT – Report by Roy Sawyers, District Manager

- 1.) **Funding Update** – Mr. Sawyers stated that we have discussed these items such as ARPA funds that Mr. Caudill discussed and the only other item he could bring up would be the clean water funds and they are working on getting the finalized mapping for Sharon Hall at the fiscal court. He will get up with her and see with the amount of money that it is, we will have to do an RFP or RFQ for an engineer to do that project and see when we need to get that started. He will contact her for that.
- 2.) **Water Loss Update** –Mr. Sawyers stated that the water loss for November using the MWD form was 20.98% and the PSC form was 22.1%. That is a pretty good number and we have been holding that. We have amended the contract agreement with Pikeville. Mr. Taylor stated that we are just in a really good direction with it right now. Mr. Sawyers stated that is pending the weather situation and is going to be nasty. Mr. Taylor already has staff prepared for that in the field.
- 3.) **Daily Operations Update** – Mr. Sawyers stated that the Daily Operations Summary doesn't really have a lot of changes.
- 4.) **FEMA Project Update (DR 4643; DR 4663)** - Mr. Sawyers stated that we have completed all of the service line replacements and still have a few locations for main lines to replace and that will complete all of those. Mr. Taylor stated that there are 8 or 9 locations on the main lines in the Belfry area to complete. Mr. Sawyers stated that regarding the relocation of the satellite office for Belfry, he has met with Rick Keene with Keene Mining and he represents Tierney Land Company, and we are looking at a piece of property that is adjacent to the sewer plant at Belfry. We looked at purchasing it the first time around when we did the project, but since we had to do valued engineering and came up short on funds, they did not buy that additional tract of property. He doesn't expect to hear anything from them until the new year because of the holidays.
- 5.) **Rate Study Update** – Chairman Denison stated that he had spoken to Mr. Weutcher and Connie Allen and it is not completely finalized and the plan is to have it submitted in January. Mr. Sawyers stated that we had filed an extension until the 30th but he didn't know if it would be ready sooner than that. Chairman Denison stated that he doesn't think so.

6.) **HB 8 – Sales Tax Changes for Utilities** – Mr. Sawyers stated that he will let Mr. Lowe address this item. Mr. Lowe stated that there is a new law regarding charging sales tax. One of the things that came up was that if the service was in the landlord's name, could the renter sign the form to have the tax waived. Himself, Melissa Wright and Tammy Olson attended a webinar yesterday presented by Kentucky Rural Water and they said that if it is in the landlord's name, there is going to be sales tax charged. He stated that he called the Department of Revenue this morning to confirm that with them and they gave him the same response. If it is in the landlord's name, we are to charge sales tax. Chairman Denison stated that he wondered why the instructions said that the tenant would have to sign the form and the landlord couldn't fill it out. Mr. Lowe stated that one of things they said in the webinar, even though the Department of Revenue did not tell him this, is that while technically that would be legal, if the tenant moves out and neither the tenant or landlord informs us, and a year goes by with a new tenant in there and we get audited, Mountain Water District would be responsible for that tax that wasn't paid for that year. They said that they would not recommend it. The Department of Revenue didn't even mention that. Chairman Denison stated that if it was an Air B & B he could see that being a major issue and he guesses it is up to us how to institute that. Like he said, if somebody moves out and we are not informed and we don't have a new form signed, we are responsible for the sales tax. Mr. Lowe confirmed that as correct and it would be for the whole time the new tenant was in there. Chairman Denison stated that he wondered if there was any way to place the responsibility for the tax on the landlord if they don't notify us of a tenant change. Mr. Sawyers stated that the service just needs to be in the tenant's name and not the landlord's. Chairman Denison stated that Mr. Lowe is saying that if the tenant moves out and we are not notified, and there is not a new form signed, and we get audited, we have to pay the sales tax and we don't have any repercussions. He stated that he means, that we have repercussions that we can't address. He was wondering if there was some way to shift that back over to the landlord. Mr. Spears inquired how many multi-units we have. Mr. Lowe stated that we aren't even talking about those yet, but we have hundreds of those. We pay about \$6,000 in sales tax on those a month. Mr. Vanover stated that the form seems to indicate that if the account is in the name of the tenant and it is the tenant's primary residence, there is no sales tax on it. Mr. Lowe stated that is correct if it is in the name of the tenant. Chairman Denison stated that the problem is, when the utilities are still in the name of the landlord. Mr. Sawyers stated that they will need to be moved over into the tenant's name to be sales tax exempt. Mr. Spears inquired if the multi-users are in the name of the tenant, it is a moot point anyway. They should have gotten the residential exemption anyway. Mr. Lowe confirmed that and stated that the issue is when it is in the landlord's name. Mr. Spears stated that can we not tell the landlord that if they don't notify us, we will bill them. Mr. Lowe stated that is the question; can we legally bill the landlord for that sales tax? Chairman Denison stated that if we could shift that responsibility back to the landlord, then he doesn't see a problem with it. The question is can we do that if we change our tariff. Chairman Denison confirmed that this will take affect as of January 1st. Mr. Lowe stated that is correct, for water sold after January 1st, so it would be February when we start billing it. Chairman Denison suggested that we come up with some ideas and see if we can alleviate some sales tax. Mr. Vanover asked Mr. Lowe to contact him and they can discuss it.

Mr. Sawyers stated that was all for the Manager's Report.

Chairman Denison requested a motion to approve the Manager's Report as presented. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-010

NEW BUSINESS

1. Executive Session

- a. Pursuant to KRS 61.810 (1)(c) to discuss the District's litigation strategy with regard to current and potential litigation and the District's contracts.

Chairman Denison requested a motion to convene into executive session to discuss items as listed on the agenda. Commissioner Runyon made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-011

Chairman Denison requested a motion to reconvene into regular session. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-012**COMMISSIONER COMMENTS**

Chairman Denison inquired if there were any further comments. There were none.

ADJOURN MEETING

Chairman Denison requested a motion to adjourn today's special meeting. Commissioner Justice made the motion. Commissioner Chaney seconded the motion. Commissioner voting as follows:

Commissioner Denison	Aye
Commissioner Tackett	Absent
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

Upon Commissioner voting, the motion was carried and passed.

Resolution 22-12-013

Year	Commissioner	Salary
2019	Michael Blackburn	\$6,000.00
	Kelsey Friend	\$6,000.00
	Eddie Hurley	\$6,000.00
	Kevin Varney	\$6,000.00
	Johnny Denison	\$2,103.00
2020	Michael Blackburn	\$6,000.00
	Kelsey Friend	\$6,000.00
	Randy Tackett	\$3,500.00
	Kevin Varney	\$6,000.00
	Johnny Denison	\$6,000.00
2021	Randy Tackett	\$6,000.00
	Kevin Varney	\$6,000.00
	Johnny Denison	\$6,000.00
	Kelsey Friend	\$3,500.00
	Myrtle Runyon	\$3,600.00
	Paul Chaney	\$1,700.00
2022	Randy Tackett	\$6,000.00
	Johnny Denison	\$6,000.00
	Kevin Varney	\$2,000.00
	Myrtle Runyon	\$6,000.00
	Paul Chaney	\$6,000.00
	Gerald Justice	\$2,700.00
2023 (As of May 31)	Randy Tackett	\$2,500.00
	Johnny Denison	\$2,500.00
	Myrtle Runyon	\$2,500.00
	Paul Chaney	\$2,500.00
	Gerald Justice	\$2,500.00

*This Certificate of Attendance
is Being Presented to
Randy Tackett
Upon Completion of*

12 Hours

of Water Training Instruction at the

*Kentucky Public Service Commission
2022 Water Training Seminar*

October 3-4, 2022

Kentucky Public Service Commission

Signed this 10th day of October, 2022



*Kent Chambliss, Chairman
Kentucky Public Service Commission*



*This Certificate of Attendance
is Being Presented to
Paul Chaney
Upon Completion of
6 Hours*

*of Water Training Instruction at the
Kentucky Public Service Commission
2022 Water Training Seminar*

October 3-4, 2022

Kentucky Public Service Commission

Signed this 10th day of October, 2022



*Kent Chandler, Chairman
Kentucky Public Service Commission*



*This Certificate of Attendance
is Being Presented to
Myrtle Runyon
Upon Completion of
6 Hours*

*of Water Training Instruction at the
Kentucky Public Service Commission
2022 Water Training Seminar*

October 3-4, 2022

Kentucky Public Service Commission

Signed this 10th day of October, 2022



*Kent Chandler, Chairman
Kentucky Public Service Commission*



*This Certificate of Attendance
is Being Presented to
Mitch Justice
Upon Completion of*

12 Hours

of Water Training Instruction at the

*Kentucky Public Service Commission
2022 Water Training Seminar*

October 3-4, 2022

Kentucky Public Service Commission

Signed this 10th day of October, 2022



*Kent Chambliss, Chairman
Kentucky Public Service Commission*



*This Certificate of Attendance
is Being Presented to
Johnny Denison
Upon Completion of
6 Hours*

*of Water Training Instruction at the
Kentucky Public Service Commission
2022 Water Training Seminar*

October 3-4, 2022

Kentucky Public Service Commission

Signed this 10th day of October, 2022



*Kent Chandler, Chairman
Kentucky Public Service Commission*



*This Certificate of Attendance
is Being Presented to*

Johnny Denison

Upon Completion of

6 Hours

of Water Training Instruction at the

Kentucky Public Service Commission

2021 Water Training Seminar

December 8-9, 2021

Kentucky Public Service Commission

Signed this 10th day of February, 2022



Kent Chandler, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to
Kevin Varney
Upon Completion of*

6 Hours

of Water Training Instruction at the

*Kentucky Public Service Commission
2021 Water Training Seminar*

December 8-9, 2021

Kentucky Public Service Commission

Signed this 10th day of February, 2022



Kent Chandler, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to*

*Myrtle Runyon
Upon Completion of*

12 Hours

of Water Training Instruction at the

*Kentucky Public Service Commission
2021 Water Training Seminar*

July 13-14, 2021

Kentucky Public Service Commission

Signed this 10th day of February, 2022



Kent Chandler, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to*

Paul Chaney

Upon Completion of

12 Hours


of Water Training Instruction at the

*Kentucky Public Service Commission
2021 Water Training Seminar*

December 8-9, 2021

Kentucky Public Service Commission

Signed this 10th day of February, 2022



Kent Chandler, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to
Randy Tackett
Upon Completion of*

12 Hours

of Water Training Instruction at the

*Kentucky Public Service Commission
2021 Water Training Seminar*

December 8-9, 2021

Kentucky Public Service Commission

Signed this 10th day of February, 2022



Kent Chandler, Chairman

Kentucky Public Service Commission

This Certificate of Attendance
is Being Presented to

Johnny Denison

Upon Completion of

6 Hours

of Water Training Instruction via the

**Kentucky Public Service Commission
2020 Water Training Seminar**

October 20, 2020

Signed this 28th day of January, 2021



Michael Schmitt, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to*

Kelsey Friend III

Upon Completion of

6 Hours

of Water Training Instruction via the

*Kentucky Public Service Commission
2020 Water Training Seminar*

October 20, 2020

Signed this 28th day of January, 2021



Michael Schmitt, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to*

Michael Blackburn

Upon Completion of

6 Hours

of Water Training Instruction via the

*Kentucky Public Service Commission
2020 Water Training Seminar*

October 20, 2020

Signed this 28th day of January, 2021



Michael Schmitt, Chairman

Kentucky Public Service Commission

*This Certificate of Attendance
is Being Presented to*

Randy Tackett

Upon Completion of

6 Hours

of Water Training Instruction via the

*Kentucky Public Service Commission
2020 Water Training Seminar*

December 8-9, 2020

Signed this 28th day of January, 2021



Michael Schmitt, Chairman

Kentucky Public Service Commission

This is to acknowledge that

Kevin Varney

of

Mountain Water District

earned 6 hours of continuing education credit
for viewing the webinar,

2020 Water District Commissioner Training,

offered through

Kentucky Rural Water Association

on

August 27, 2020

PSC Case #2020-00212

Please retain this acknowledgement as a record of your attendance.



*This Certificate of Attendance
is Being Presented to*

Michael Blackburn

Upon Completion of

6 Hours

of Water Training Instruction at the

Kentucky Public Service Commission

2018 Water Training Seminar

December 4-5, 2018

Public Service Commission, Frankfort, KY

Signed this 20th day of December, 2018



Michael Schmitt, Chairman

Kentucky Public Service Commission

This is to acknowledge that

Kevin Varney

of

Mountain Water District

attended training offered during

Kentucky Rural Water Association's 40th Annual Conference

on

August 26-28, 2019

at the

**Hyatt Regency Hotel and Lexington Convention Center
Lexington, Kentucky**

and

earned **6 hours** of continuing education credit
for Water District Commissioners.

PSC Case #2019-00249

Please retain this acknowledgement as a record of your attendance.



Kentucky Rural Water Association

1151 Old Porter pike ♦ Bowling Green, KY 42103 ♦ P: 270.843.2291 ♦ F: 270.796.8623 ♦ www.krwa.org

*This Certificate of Attendance
is Being Presented to*

Kevin Varney

Upon Completion of

12 Hours

of Water Training Instruction at the

Kentucky Public Service Commission

2017 Water Training Seminar

December 12 & 13, 2017

Public Service Commission, Frankfort, KY

Signed this 15th day of December, 2017



Michael Schmitt, Chairman

Kentucky Public Service Commission

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

AUGUST 24, 2022

ORD. NO. 08.24.22.006

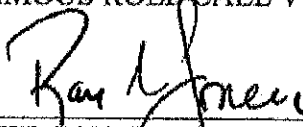
IN RE: AUTHORIZATION OF THE SALARY RATE FOR MOUNTAIN WATER
DISTRICT BOARD MEMBERS

Upon motion by Commissioner Ronnie Robertson and second by Commissioner Jason Tackett, THE PIKE COUNTY FISCAL COURT HEREBY AUTHORIZES the salary rate for the Mountain Water District Board members as set out in KRS 74.020 (6).

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronnie Robertson	Yes
Commissioner Jason Tackett	Yes
Commissioner Brian Booth	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.



PIKE COUNTY FISCAL COURT BY AND THROUGH
JUDGE/EXECUTIVE RAY S. JONES, II

ATTEST:



FISCAL COURT CLERK

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

AUGUST 9, 2022

ORD. NO. 08.09.22.006

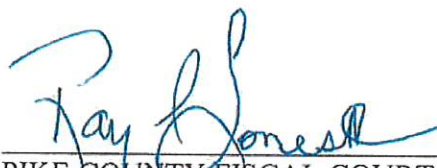
IN RE: APPROVAL OF APPOINTMENTS TO THE MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS

Upon motion by Judge/Executive Ray S. Jones, II and second by Commissioner Brian Booth, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the re-appointment of Randy Tackett and Myrtle Runyon to the Mountain Water District Board of Commissioners with their terms expiring on July 31, 2026.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronnie Robertson	Yes
Commissioner Jason Tackett	Yes
Commissioner Brian Booth	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.



PIKE COUNTY FISCAL COURT BY AND THROUGH
JUDGE/EXECUTIVE RAY S. JONES, II

ATTEST:


FISCAL COURT CLERK

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

June 18, 2019

ORD. NO. 06.18.19.001

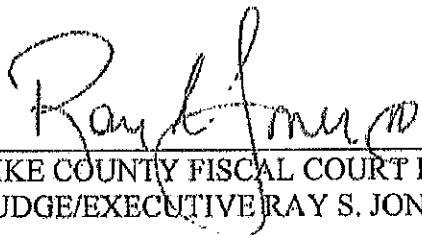
IN RE: APPROVAL OF APPOINTMENT TO THE MOUNTAIN WATER DISTRICT
BOARD OF DIRECTORS

Upon motion by Judge/Executive Ray S. Jones, II and second by Commissioner Jason Tackett, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the appointment of Johnny Dennison, CPA to the Mountain Water District Board of Directors for a four-year term commencing August 1, 2019 to replace Johnny Tackett.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronnie Robertson	Yes
Commissioner Jason Tackett	Yes
Commissioner Brian Booth	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.



 PIKE COUNTY FISCAL COURT BY AND THROUGH
 JUDGE/EXECUTIVE RAY S. JONES, II

ATTEST:


 FISCAL COURT CLERK

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

JUNE 14, 2022

ORD. NO. 06.14.22.002

IN RE: APPROVAL OF APPOINTMENT TO THE MOUNTAIN WATER BOARD

Upon motion by Judge/Executive Ray S. Jones, II and second by Commissioner Brian Booth, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the appointment of Gerald Mitchell Justice to the Mountain Water Board to fill the unexpired term of Kevin Varney ending July 31, 2025.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronnie Robertson	Yes
Commissioner Jason Tackett	Yes
Commissioner Brian Booth	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

PIKE COUNTY FISCAL COURT BY AND THROUGH
JUDGE/EXECUTIVE RAY S. JONES, II

ATTEST:

FISCAL COURT CLERK

**ORDER
OF THE
PIKE COUNTY FISCAL COURT**

JULY 27, 2021

ORD. NO. 07.27.21.001


IN RE: APPROVAL OF AN APPOINTMENT TO THE MOUNTAIN WATER
DISTRICT BOARD

Upon motion by Judge/Executive Ray S. Jones, II and second by Commissioner Ronnie Robertson, THE PIKE COUNTY FISCAL COURT HEREBY APPROVES the appointment of Paul Chaney to the Mountain Water District Board for a four-year term beginning on August 1, 2021 and ending July 31, 2025.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronnie Robertson	Yes
Commissioner Jason Tackett	Yes
Commissioner Brian Booth	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.



 PIKE COUNTY FISCAL COURT BY AND THROUGH
 JUDGE/EXECUTIVE, RAY S. JONES, II

ATTEST:


 FISCAL COURT CLERK

MOUNTAIN WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00367**

Question No. 2

Responding Witness: Carrie Hatfield

Q-2. Provide a copy of the most recent invoice received for all insurance policies provided to employees.

A-2. See Attachment 2-2.

Anthem Blue Cross and Blue Shield
PO BOX 4445
ATLANTA, GA 30302



KY 700C

*****MIXED AADC 250
1137 2 MB 0.531
MOUNTAIN WATER DISTRICT
C/O CARRIE HATFIELD
PO BOX 3157
PIKEVILLE KY 41502-3157

7

Invoice Number : 001591933H

Billing Entity No.: W26979V002

Prior Bill Amount	\$	43,299.89
Amount Paid		43,299.89 -
Prior Balance Due	\$	0.00
Eligibility Adjustment Subtotal		0.00
Manual Adjustment Subtotal		0.00
Membership Detail Subtotal		45,022.69
Total Amount Due	\$	45,022.69

00108055900

Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans of Kentucky, Inc. Independent licensee of the Blue Cross and Blue Shield Association. ANTHEM is a registered trademark of Anthem Insurance Companies, Inc.

WGBLG001 COMB 20230517901 J812
20230516 00:43:43 Env 11:13:71 1 of 8 B 4

Please Detach And Return This Portion With Your Payment

MOUNTAIN WATER DISTRICT
C/O CARRIE HATFIELD
PO BOX 3157
PIKEVILLE, KY 41502

KY Bill Ent No. : W26979V002
Invoice Number 001591933H
Billing Period: 06-01-23 To 07-01-23
Date Billed: 05-17-23
Total Due: \$45,022.69

Enter Amount Paid _ _ _ _ _

Make Check Payable To :

	BILL	MBS		
SYS DESK	ENTITY	NUMBER	Due Date	
2	3109	W26979V002	KYK00000	06-01-23 6454

Anthem Blue Cross and Blue Shield
P.O. BOX 645438
CINCINNATI, OH 45264-5438

1119001W26979V002000000000700000001591933H2023060100000000045022695

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 1
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159

Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

00202080200

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
W26979DC01 DEN ESS CHOICE COMPLETE			CBR		
Offered By :Anthem Blue Cross and Blue Shield					
S	0	0.00	0.00	0.00	19.30
2P	0	0.00	0.00	0.00	38.90
S+DEP	0	0.00	0.00	0.00	43.60
FAM	0	0.00	0.00	0.00	68.66
S+DEPS	0	0.00	0.00	0.00	43.60
Total	0	0.00	0.00	0.00	
W26979DC02 DEN ESS CHOICE COMPLETE			CBR		
Offered By :Anthem Blue Cross and Blue Shield					
S	0	0.00	0.00	0.00	22.12
2P	0	0.00	0.00	0.00	44.23
S+DEP	0	0.00	0.00	0.00	51.75

WGBLG001 COMB 20230517B01 J812
20230516 004343 Env [1, 137] 2 of 8 B-4

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 2
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159

Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
FAM	0	0.00	0.00	0.00	81.68
S+DEPS	0	0.00	0.00	0.00	51.75
Total	0	0.00	0.00	0.00	

W26979D001 DEN ESS CHOICE COMPLETE ACT

Offered By :Anthem Blue Cross and Blue Shield

S	17	328.10	0.00	328.10	19.30
2P	6	233.40	0.00	233.40	38.90
S+DEP	0	0.00	0.00	0.00	43.60
FAM	6	411.96	0.00	411.96	68.66
S+DEPS	1	43.60	0.00	43.60	43.60
Total	30	1,017.06	0.00	1,017.06	

W26979D002 DEN ESS CHOICE COMPLETE ACT

Offered By :Anthem Blue Cross and Blue Shield

S	14	309.68	0.00	309.68	22.12
2P	4	176.92	0.00	176.92	44.23
S+DEP	0	0.00	0.00	0.00	51.75

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. : 001591933H
Billing Entity No. : W26979V002	Page No. : 3
Group Contact : CARRIE HATFIELD	
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109 Telephone : (888) 290-9159
Billing Period: FROM 06-01-23 TO 07-01-23	
Date Billed: 05-17-23	
Payment Due Date: 06-01-23	

002080545500

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
FAM	4	326.72	0.00	326.72	81.68
S+DEPS	2	103.50	0.00	103.50	51.75
Total	24	916.82	0.00	916.82	

W26979MC03 ANTHEM BLUE ACCESS PPO CBR

Offered By :Anthem Blue Cross and Blue Shield

S	0	0.00	0.00	0.00	594.80
2P	0	0.00	0.00	0.00	1,308.56
S+DEP	0	0.00	0.00	0.00	1,130.12
FAM	0	0.00	0.00	0.00	1,903.35
S+DEPS	0	0.00	0.00	0.00	1,130.12
Total	0	0.00	0.00	0.00	

W26979MC04 ANTHEM BLUE ACCESS PPO CBR

Offered By :Anthem Blue Cross and Blue Shield

S	0	0.00	0.00	0.00	643.40
2P	0	0.00	0.00	0.00	1,415.49
S+DEP	0	0.00	0.00	0.00	1,222.46

WGBLG001 COMB 20230517801 J812
20230516 004343 Etw 11 1371 3 of 8 B 4

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. : 001591933H
Billing Entity No. : W26979V002	Page No. : 4
Group Contact : CARRIE HATFIELD	
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109 Telephone : (888) 290-9159
Billing Period: FROM 06-01-23 TO 07-01-23	
Date Billed: 05-17-23	
Payment Due Date: 06-01-23	

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
FAM	0	0.00	0.00	0.00	2,058.89
S+DEPS	0	0.00	0.00	0.00	1,222.46
Total	0	0.00	0.00	0.00	

W26979M003 ANTHEM BLUE ACCESS PPO ACT

Offered By :Anthem Blue Cross and Blue Shield

S	21	12,490.80	0.00	12,490.80	594.80
2P	2	2,617.12	0.00	2,617.12	1,308.56
S+DEP	0	0.00	0.00	0.00	1,130.12
FAM	0	0.00	0.00	0.00	1,903.35
S+DEPS	0	0.00	0.00	0.00	1,130.12
Total	23	15,107.92	0.00	15,107.92	

W26979M004 ANTHEM BLUE ACCESS PPO ACT

Offered By :Anthem Blue Cross and Blue Shield

S	17	10,937.80	0.00	10,937.80	643.40
2P	3	4,246.47	0.00	4,246.47	1,415.49
S+DEP	2	2,444.92	0.00	2,444.92	1,222.46

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. : 001591933H
Billing Entity No. : W26979V002	Page No. : 5
Group Contact : CARRIE HATFIELD	
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109 Telephone : (888) 290-9159
Billing Period: FROM 06-01-23 TO 07-01-23	
Date Billed: 05-17-23	
Payment Due Date: 06-01-23	

004343080400

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
FAM	3	6,176.67	0.00	6,176.67	2,058.89
S+DEPS	3	3,667.38	0.00	3,667.38	1,222.46
Total	28	27,473.24	0.00	27,473.24	

W26979VC02 BLUE VIEW VOLUNTARY CBR
Offered By :Anthem Blue Cross and Blue Shield

S	0	0.00	0.00	0.00	6.39
2P	0	0.00	0.00	0.00	11.18
S+DEP	0	0.00	0.00	0.00	12.14
FAM	0	0.00	0.00	0.00	18.53
S+DEPS	0	0.00	0.00	0.00	12.14
Total	0	0.00	0.00	0.00	

W26979V002 BLUE VIEW VOLUNTARY ACT
Offered By :Anthem Blue Cross and Blue Shield

S	30	191.70	0.00	191.70	6.39
2P	9	100.62	0.00	100.62	11.18
S+DEP	2	24.28	0.00	24.28	12.14

WGBLG001 COMB 20230517B01 JB12
ENCLOSURE

PRODUCT SUMMARY



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. : 001591933H
Billing Entity No. : W26979V002	Page No. : 6
Group Contact : CARRIE HATFIELD	
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109 Telephone : (888) 290-9159

Billing Period:	FROM 06-01-23 TO 07-01-23
Date Billed:	05-17-23
Payment Due Date:	06-01-23

Group/Product Contract Type	Count	Current Charges	Retro	Total	Billing Rate
FAM	9	166.77	0.00	166.77	18.53
S+DEPS	2	24.28	0.00	24.28	12.14
Total	52	507.65	0.00	507.65	
Subtotal/All Products		45,022.69	0.00	45,022.69	

LEGEND

- S = SUBSCRIBER ONLY, 2P = TWO PARTY CONTRACT
- FAM = FAMILY CONTRACT, DEP = ONE DEPENDENT
- DEPS = TWO OR MORE DEPENDENTS
- S+DEP = SUBSCRIBER + 1 DEPENDENT (NO SPOUSE)
- S+DEPS = SUBSCRIBER + 2 OR MORE DEPENDENTS (NO SPOUSE)



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 7
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159
 Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
199M54385			[REDACTED]		W26979D001	A	X001	2P	2	38.90
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	2P	2	11.18
453W12096			[REDACTED]		W26979D002	A	X001	S	1	22.12
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	S	1	6.39
044W13256			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
884W09984		B	[REDACTED]		W26979D002	A	X001	2P	2	44.23
					W26979M003	A	HXUH	2P	2	1308.56
					W26979V002	A	VVIS	2P	2	11.18
040M70297			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39

Group Number identifies the Product and Carrier

001591933H

WGBLG001 COMB 20230517B01 JB12



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. :	001591933H
Billing Entity No. : W26979V002	Page No. :	8
Group Contact : CARRIE HATFIELD		
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Premium Specialist : CENTRAL RGN CC	Desk No. : 3109	Telephone : (888) 290-9159
<hr/>		
Billing Period:	FROM 06-01-23 TO 07-01-23	
Date Billed:	05-17-23	
Payment Due Date:	06-01-23	

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
473W15131			[REDACTED]		W26979D002	A	X001	S	1	22.12
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	S	1	6.39
615M99664			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	S	1	6.39
173W13725			[REDACTED]		W26979D001	A	X001	FAM	3	68.66
173W13725			[REDACTED]		W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	FAM	3	18.53
145W10232			[REDACTED]		W26979M003	A	HXUH	S	1	594.80
224W08941			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
762W09892			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
624W07641			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
217W02710			[REDACTED]		W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
589W02709			[REDACTED]		W26979D001	A	X001	S	1	19.30

Group Number identifies the Product and Carrier



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 9
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159
 Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
608W13391					W26979M004	A	HXUH	S	1	643.40
					W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
707W16250					W26979D002	A	X001	S	1	22.12
687W09984					W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
					W26979V002	A	VVIS	S	1	6.39
746W15909					W26979D002	A	X001	S	1	22.12
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	S	1	6.39
582W12391					W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
572M66173					W26979D002	A	X001	S+DEPS	3	51.75
					W26979M004	A	HXUH	S+DEPS	3	1222.46
					W26979V002	A	VVIS	S+DEPS	3	12.14
604M56203					W26979D001	A	X001	S	1	19.30
					W26979M004	A	HXUH	S	1	643.40
					W26979V002	A	VVIS	S	1	6.39
					Subtotal for the Department #			54		42,219.78
304M62951					W26979D002	A	X001	FAM	3	81.68
					W26979M004	A	HXUH	S	1	643.40
304M62951 0001					W26979V002	A	VVIS	2P	2	11.18

Group Number identifies the Product and Carrier

004373090000

WGBLG001 COMB 20230517B01 J812



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. :	001591933H
Billing Entity No. : W26979V002	Page No. :	10
Group Contact : CARRIE HATFIELD		
<hr/>		
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109	Telephone : (888) 290-9159
<hr/>		
Billing Period:	FROM 06-01-23 TO 07-01-23	
Date Billed:	05-17-23	
Payment Due Date:	06-01-23	
<hr/>		

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
388M57921	0001		██████████		W26979D001	A	X001	S	1	19.30
	0001		██████████		W26979M003	A	HXUH	S	1	594.80
	0001		██████████		W26979V002	A	VVIS	S	1	6.39
007M54317			██████████		W26979D001	A	X001	2P	2	38.90
			██████████		W26979M003	A	HXUH	S	1	594.80
007M54317	0001		██████████		W26979V002	A	VVIS	2P	2	11.18
878M56430			██████████		W26979D001	A	X001	S	1	19.30
			██████████		W26979M003	A	HXUH	S	1	594.80
878M56430	0001		██████████		W26979V002	A	VVIS	S	1	6.39
265M56415			██████████		W26979D001	A	X001	2P	2	38.90
			██████████		W26979M004	A	HXUH	2P	2	1415.49
265M56415	0001		██████████		W26979V002	A	VVIS	2P	2	11.18
903M56544			██████████		W26979D002	A	X001	S	1	22.12
			██████████		W26979M003	A	HXUH	S	1	594.80
903M56544	0001		██████████		W26979V002	A	VVIS	FAM	4	18.53
352M64272			██████████		W26979D002	A	X001	2P	2	44.23
			██████████		W26979M004	A	HXUH	S	1	643.40
352M64272	0001		██████████		W26979V002	A	VVIS	S	1	6.39
270M61928			██████████		W26979D001	A	X001	2P	2	38.90
			██████████		W26979M003	A	HXUH	2P	2	1308.56
270M61928	0001		██████████		W26979V002	A	VVIS	2P	2	11.18
141M58194			██████████		W26979D002	A	X001	S	1	22.12
			██████████		W26979M004	A	HXUH	S	1	643.40

Group Number Identifies the Product and Carrier

BILLING DETAIL



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 11
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159

Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
141M58194	0001				W26979V002	A	VVIS	S	1	6.39
176M60287					W26979D002	A	X001	S	1	22.12
					W26979M003	A	HXUH	S	1	594.80
176M60287	0001				W26979V002	A	VVIS	S	1	6.39
796M56211					W26979D002	A	X001	FAM	3	81.68
					W26979M004	A	HXUH	S	1	643.40
796M56211	0001				W26979V002	A	VVIS	S	1	6.39
228M56174					W26979D002	A	X001	S	1	22.12
					W26979M003	A	HXUH	S	1	594.80
228M56174	0001				W26979V002	A	VVIS	S	1	6.39
807M58932					W26979D001	A	X001	S+DEPS	3	43.60
					W26979M004	A	HXUH	S+DEPS	3	1222.46
807M58932	0001				W26979V002	A	VVIS	S+DEPS	3	12.14
337M62951					W26979D002	A	X001	FAM	5	81.68
					W26979M004	A	HXUH	FAM	5	2058.89
337M62951	0001				W26979V002	A	VVIS	FAM	5	18.53
251M56424					W26979D001	A	X001	FAM	3	68.66
					W26979M004	A	HXUH	S+DEP	2	1222.46
251M56424	0001				W26979V002	A	VVIS	S+DEP	2	12.14
800M93437					W26979D001	A	X001	S	1	19.30
					W26979M003	A	HXUH	S	1	594.80
800M93437	0001				W26979V002	A	VVIS	S	1	6.39
535M56352					W26979D002	A	X001	S	1	22.12

Group Number identifies the Product and Carrier

0003080700

WICBL001 COMB 20230517801 JB12
 20230516 004243 Fnu 11 13717 of R R 4

BILLING DETAIL



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. : 001591933H
Billing Entity No. : W26979V002	Page No. : 12
Group Contact : CARRIE HATFIELD	
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109 Telephone : (888) 290-9159
Billing Period: FROM 06-01-23 TO 07-01-23	
Date Billed: 05-17-23	
Payment Due Date: 06-01-23	

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
					W26979M004	A	HXUH	2P	2	1415.49
535M56352	0001				W26979V002	A	VVIS	S	1	6.39
698M54868					W26979D001	A	X001	2P	2	38.90
					W26979M004	A	HXUH	2P	2	1415.49
698M54868	0001				W26979V002	A	VVIS	2P	2	11.18
223M56590					W26979D002	A	X001	S	1	22.12
					W26979M004	A	HXUH	S	1	643.40
223M56590	0001				W26979V002	A	VVIS	S	1	6.39
457M70206	0001				W26979V002	A	VVIS	FAM	3	18.53
510M86725					W26979D002	A	X001	S	1	22.12
510M86725	0001				W26979V002	A	VVIS	S	1	6.39
098M63305					W26979D002	A	X001	FAM	3	81.68
					W26979M004	A	HXUH	S+DEP	2	1222.46
098M63305	0001				W26979V002	A	VVIS	S+DEP	2	12.14
676M56252					W26979D002	A	X001	S	1	22.12
					W26979M004	A	HXUH	S	1	643.40
676M56252	0001				W26979V002	A	VVIS	S	1	6.39
801M93437					W26979D002	A	X001	2P	2	44.23
801M93437	0001				W26979V002	A	VVIS	2P	2	11.18
727M56527					W26979D001	A	X001	FAM	3	68.66
					W26979M004	A	HXUH	S	1	643.40
727M56527	0001				W26979V002	A	VVIS	S	1	6.39
991M86746					W26979D001	A	X001	FAM	3	68.66

Group Number identifies the Product and Carrier



Billing Entity Name : MOUNTAIN WATER DISTRICT	Invoice No. :	001591933H
Billing Entity No. : W26979V002	Page No. :	13
Group Contact : CARRIE HATFIELD		
Premium Specialist : CENTRAL RGN CC	Desk No. : 3109	Telephone : (888) 290-9159
Billing Period:	FROM 06-01-23 TO 07-01-23	
Date Billed:	05-17-23	
Payment Due Date:	06-01-23	

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.
991M86746	0001		[REDACTED]		W26979V002	A	VVIS	FAM	3	18.53
179M59378			[REDACTED]		W26979D001	A	X001	FAM	4	68.66
179M59378	0001		[REDACTED]		W26979M004	A	HXUH	S+DEPS	3	1222.46
	0001		[REDACTED]		W26979V002	A	VVIS	FAM	4	18.53
500M86725			[REDACTED]		W26979D001	A	X001	2P	2	38.90
			[REDACTED]		W26979M004	A	HXUH	FAM	3	2058.89
500M86725	0001		[REDACTED]		W26979V002	A	VVIS	FAM	3	18.53
294M57855			[REDACTED]		W26979D002	A	X001	2P	2	44.23
			[REDACTED]		W26979M003	A	HXUH	S	1	594.80
294M57855	0001		[REDACTED]		W26979V002	A	VVIS	2P	2	11.18
327M66406			[REDACTED]		W26979D001	A	X001	S	1	19.30
			[REDACTED]		W26979M003	A	HXUH	S	1	594.80
327M66406	0001		[REDACTED]		W26979V002	A	VVIS	S	1	6.39
484M56209			[REDACTED]		W26979D001	A	X001	FAM	3	68.66
			[REDACTED]		W26979M004	A	HXUH	FAM	3	2058.89
484M56209	0001		[REDACTED]		W26979V002	A	VVIS	FAM	3	18.53
985M54295			[REDACTED]		W26979D002	A	X001	S+DEPS	3	51.75
			[REDACTED]		W26979M003	A	HXUH	S	1	594.80
985M54295	0001		[REDACTED]		W26979V002	A	VVIS	FAM	4	18.53
501M86725			[REDACTED]		W26979D001	A	X001	S	1	19.30
			[REDACTED]		W26979M004	A	HXUH	S	1	643.40
501M86725	0001		[REDACTED]		W26979V002	A	VVIS	S	1	6.39
114M56412			[REDACTED]		W26979D002	A	X001	S	1	22.12

Group Number Identifies the Product and Carrier

004343080000

WGBLG001 COMB 20230517B01 J812



Billing Entity Name : MOUNTAIN WATER DISTRICT Invoice No. : 001591933H
 Billing Entity No. : W26979V002 Page No. : 14
 Group Contact : CARRIE HATFIELD
 Premium Specialist : CENTRAL RGN CC Desk No. : 3109 Telephone : (888) 290-9159

Billing Period: FROM 06-01-23 TO 07-01-23
 Date Billed: 05-17-23
 Payment Due Date: 06-01-23

MEMBERSHIP DETAIL

ID No.	Dept. No.	Emp. No.	Subscriber Name	COBRA End Date	Group No./ Suffix	Grp. Type	Prod. Type	Cont. Type	No. Cvd	Prem. Amt.	
					W26979M004	A	HXUH	S	1	643.40	
114M56412	0001				W26979V002	A	VVIS	S	1	6.39	
113M61328					W26979D002	A	X001	S	1	22.12	
113M61328	0001				W26979M003	A	HXUH	S	1	594.80	
	0001				W26979V002	A	VVIS	S	1	6.39	
Subtotal for the Department # 0001								35		2,802.91	
Total Subscribers	89	Membership detail Subtotal									45,022.69
Total Amount Due										45,022.69	

Group Number identifies the Product and Carrier



Mutual of Omaha
Mutual of Omaha Plaza
Omaha, NE 68175

PERSONAL & CONFIDENTIAL
MOUNTAIN WATER DISTRICT
CARRIE HATFIELD
PO BOX 3157
PIKEVILLE KY 41502

Group ID: G000BYTN
Bill Group ID: 0001
Due Date: 06/01/2023
Nashville Group Office

BILLING TIP

Make sure to include the **premium remittance slip** if mailing in your payment.

This leads to quicker premium processing and more accurate billing.

DETACH HERE AND RETURN THIS SLIP WITH YOUR PAYMENT

Billing Statement

Premium Remittance Slip

Invoice Number: 001535067303

Please make check or money order payable to Mutual of Omaha. Return this premium remittance with your payment to ensure proper credit.



MOUNTAIN WATER DISTRICT
CARRIE HATFIELD
PO BOX 3157
PIKEVILLE KY 41502

Group ID: G000BYTN
Bill Group ID: 0001
Due Date: 06/01/2023
Nashville Group Office

•••••
MUTUAL OF OMAHA
PAYMENT PROCESSING CENTER
PO BOX 2147
OMAHA NE 68103-2147

TOTAL AMOUNT DUE: \$ 2,806.27



126680 G000BYTN00018 9999999990 00002806271

Group ID: G000BYTN
Bill Group ID: 0001
Invoice Number: 001535067303
Nashville Group Office

Due Date: 06/01/2023
Billing Date: 05/17/2023
Coverage Period From: 06/01/2023
Through: 06/30/2023

ACCOUNT SUMMARY

05/01/2023	PREVIOUS TOTAL DUE	2,844.71	
05/09/2023	PAYMENT	-2,844.71	
	OUTSTANDING BALANCE AS OF 05/17/2023		0.00
	CURRENT PREMIUM DUE		2,806.27
	TOTAL DUE		\$ 2,806.27

PLEASE PAY THIS AMOUNT

PLEASE NOTE:

Our Employer Access portal allows you to easily find the functions you need to efficiently administer employee benefits. Through our portal, you can calculate your premiums, add new employees, view or request reports, access specific plan documents and pay your premium online. To register, visit www.mutualofomaha.com. Click sign-in, select Plan Administrator, then follow the process to create an account.

NOTICE: Your group policy(ies) will terminate if premium is not paid by the end of the grace period shown in your policy. If you elect not to pay premiums and allow coverage to terminate, please notify your covered employee/members immediately of the date when the group contract will terminate. We will not be liable for claims for losses incurred after such date (unless otherwise provided in the contract). If your employees/members are paying part of the premium and you continue to collect from them beyond the termination date, you may be solely liable for claims incurred after the policy termination date with respect to which contributions were collected. Information regarding your responsibilities in the event of termination due to nonpayment of premium, including a sample notice form for distribution to covered employees/members, can be found at www.mutualofomaha.com/forms or by calling your dedicated service team at the number listed below.

Have a question for us? Contact your dedicated service team at 1-800-769-7159 between 8:00 a.m. and 8:00 p.m. ET. For your convenience, information may be sent via email to Nashville.Service@mutualofomaha.com or faxed to 402-997-1992.

Only pay the premium for your group as billed. Adjustments for additions, changes and terminations will be reflected in a subsequent billing.

Please do not include correspondence or enrollment updates with premium payments.



DO NOT RETURN THIS PAGE

Group ID: G000BYTN
 Bill Group ID: 0001
 Invoice Number: 001535067303
 Nashville Group Office

Due Date: 06/01/2023
 Billing Date: 05/17/2023
 Coverage Period From: 06/01/2023
 Through: 06/30/2023

ACCOUNT DETAIL

PLAN	PARTICIPANT/ FAMILY INDICATOR	CURRENT NUMBER OF PARTICIPANTS	VOLUME	CURRENT	ADJUSTMENT	NET
Life	Participant	61	3,191,000	465.89		465.89
AD&D	Participant	61	3,191,000	111.72		111.72
Life Vol EE	Participant	27	2,310,000	732.46		732.46
Life Vol Sp	Spouse	22	725,000	200.58		200.58
Life Vol Dep	Dependent	20	200,000	40.00		40.00
AD&D Vol EE	Participant	27	2,310,000	69.30		69.30
AD&D Vol Sp	Spouse	22	725,000	21.75		21.75
GF Life Vol EE	Participant	1	175,000	23.10		23.10
GF AD&D Vol EE	Participant	1	175,000	5.25		5.25
LTD	Participant	61	177,101.2	534.88		534.88
STD Vol	Participant	37	14,339.64	635.89	-34.55	601.34
CURRENT BILL TOTALS				<u>\$ 2,840.82</u>	<u>\$ -34.55</u>	<u>\$ 2,806.27</u>
BALANCE CARRIED FORWARD						\$ 0.00
TOTAL						<u>\$ 2,806.27</u>

DO NOT RETURN THIS PAGE

Group ID: G000BYTN
 Bill Group ID: 0001
 Invoice Number: 001535067303
 Nashville Group Office

Due Date: 06/01/2023
 Billing Date: 05/17/2023
 Coverage Period From: 06/01/2023
 Through: 06/30/2023

PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
██████████	5756	Participant	11/01/21	Life	50,000	7.30		69.81
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	50,000	25.40		
		Spouse	11/01/21	Life Vol Sp	25,000	12.70		
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,093.87	6.32		
		Participant	11/01/21	STD Vol	289.92	14.09		
██████████	4436	Participant	11/01/21	Life	50,000	7.30		93.28
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	150,000	59.70		
		Spouse	11/01/21	Life Vol Sp	25,000	9.95		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	150,000	4.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,426.67	7.33		
██████████	7131	Participant	03/30/22	Life	50,000	7.30		25.63
		Participant	03/30/22	AD&D	50,000	1.75		
		Participant	03/30/22	LTD	2,253.33	6.81		
		Participant	03/30/22	STD Vol	312	9.77		
██████████	5460	Participant	11/01/21	Life	50,000	7.30		67.28
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	120,000	47.76		
		Participant	11/01/21	AD&D Vol EE	120,000	3.60		
		Participant	11/01/21	LTD	2,275.83	6.87		
██████████	7340	Participant	11/01/21	Life	50,000	7.30		21.16
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	4,009.83	12.11		
██████████	2432	Participant	11/01/21	Life	50,000	7.30		78.90
		Participant	11/01/21	AD&D	50,000	1.75		
		Spouse	11/01/21	Life Vol Sp	125,000	16.50		
		Spouse	11/01/21	AD&D Vol Sp	125,000	3.75		
		Participant	11/01/21	GF Life Vol EE	175,000	23.10		
		Participant	11/01/21	GF AD&D Vol EE	175,000	5.25		
		Participant	11/01/21	LTD	2,775	8.38		
		Participant	11/01/21	STD Vol	384.23	12.87		
██████████	1559	Participant	07/20/22	Life	50,000	7.30		15.33
		Participant	07/20/22	AD&D	50,000	1.75		
		Participant	07/20/22	LTD	2,080	6.28		
██████████	5973	Participant	11/01/21	Life	50,000	7.30		16.91
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,601.75	7.86		

DO NOT RETURN THIS PAGE



Group ID: G000BYTN
 Bill Group ID: 0001
 Invoice Number: 001535067303
 Nashville Group Office

Due Date: 06/01/2023
 Billing Date: 05/17/2023
 Coverage Period From: 06/01/2023
 Through: 06/30/2023

PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
██████████	7409	Participant	11/01/21	Life	50,000	7.30		59.39
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	50,000	19.90		
		Spouse	11/01/21	Life Vol Sp	25,000	9.95		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	1,898	5.73		
		Participant	11/01/21	STD Vol	262.8	10.51		
██████████	5476	Participant	11/01/21	Life	50,000	7.30		17.14
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,679.67	8.09		
██████████	6642	Participant	09/01/22	Life	50,000	7.30		9.55
		Participant	09/01/22	AD&D	50,000	1.75		
		Participant	09/01/22	LTD	166.67	0.50		
██████████	2808	Participant	01/04/23	Life	50,000	7.30		16.64
		Participant	01/04/23	AD&D	50,000	1.75		
		Participant	01/04/23	LTD	2,513.33	7.59		
██████████	7948	Participant	11/01/21	Life	50,000	7.30		15.86
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,253.33	6.81		
D ██████████	1554	Participant	11/01/21	Life	50,000	7.30		55.87
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	50,000	5.05		
		Spouse	11/01/21	Life Vol Sp	25,000	2.53		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	3,588.92	10.84		
		Participant	11/01/21	STD Vol	496.93	24.15		
██████████	2827	Participant	11/01/21	Life	50,000	7.30		60.27
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	100,000	13.20		
		Spouse	11/01/21	Life Vol Sp	25,000	3.30		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	100,000	3.00		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	4,047.5	12.22		
		Participant	11/01/21	STD Vol	500	16.75		
██████████	4952	Participant	09/07/22	Life	50,000	7.30		16.90
		Participant	09/07/22	AD&D	50,000	1.75		
		Participant	09/07/22	LTD	2,600	7.85		

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Group ID: G000BYTN
 Bill Group ID: 0001
 Invoice: 001635067303
 Number:
 Nashville Group Office

Due Date: 06/01/2023
 Billing Date: 05/17/2023
 Coverage Period: 06/01/2023
 From:
 Through: 06/30/2023

PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
██████████	9929	Participant	11/01/21	Life	50,000	7.30		44.20
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	80,000	5.36		
		Spouse	11/01/21	Life Vol Sp	25,000	1.68		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	80,000	2.40		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,355.58	7.11		
		Participant	11/01/21	STD Vol	326.16	15.85		
██████████	4013	Participant	11/01/21	Life	50,000	7.30		44.48
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,814.92	8.50		
		Participant	11/01/21	STD Vol	389.76	26.93		
██████████	8866	Participant	11/01/21	Life	50,000	7.30		35.58
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	20,000	2.02		
		Spouse	11/01/21	Life Vol Sp	15,000	1.52		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	20,000	0.60		
		Spouse	11/01/21	AD&D Vol Sp	15,000	0.45		
		Participant	11/01/21	LTD	2,045.33	6.18		
		Participant	11/01/21	STD Vol	283.2	13.76		
██████████	8095	Participant	11/01/21	Life	67,000	9.78		58.64
		Participant	11/01/21	AD&D	67,000	2.35		
		Participant	11/01/21	Life Vol EE	50,000	19.90		
		Spouse	11/01/21	Life Vol Sp	15,000	5.97		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	15,000	0.45		
		Participant	11/01/21	LTD	5,526.08	16.69		
██████████	9270	Participant	12/01/21	Life	50,000	7.30		23.89
		Participant	12/01/21	AD&D	50,000	1.75		
		Participant	12/01/21	LTD	1,733.33	5.24		
		Participant	11/01/22	STD Vol	240	9.60		
██████████	0959	Participant	11/01/21	Life	50,000	7.30		29.39
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	1,833.83	5.54		
		Participant	11/01/21	STD Vol	253.92	14.80		
██████████	2476	Participant	11/01/21	Life	50,000	7.30		29.39
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	150,000	59.70		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	150,000	4.50		
		Participant	11/01/21	LTD	3,863.75	11.67		

DO NOT RETURN THIS PAGE



Group ID: G000BYTN
 Bill Group ID: 0001
 Invoice Number: 001535067303
 Nashville Group Office

Due Date: 06/01/2023
 Billing Date: 05/17/2023
 Coverage Period: 06/01/2023
 From:
 Through: 06/30/2023

PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
		Participant	11/01/21	STD Vol	500	20.00		
	7167	Participant	11/01/21	Life	50,000	7.30		106.92
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	20,000	7.96		
		Spouse	11/01/21	Life Vol Sp	10,000	3.98		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	20,000	0.60		
		Spouse	11/01/21	AD&D Vol Sp	10,000	0.30		
		Participant	11/01/21	LTD	2,700.5	8.16		
		Participant	11/01/21	STD Vol	373.92	14.96		47.01
	8436	Participant	11/01/21	Life	63,000	9.20		
		Participant	11/01/21	AD&D	63,000	2.21		
		Participant	11/01/21	Life Vol EE	120,000	47.76		
		Spouse	11/01/21	Life Vol Sp	25,000	9.95		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	120,000	3.60		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	5,170.25	15.61		
		Participant	11/01/21	STD Vol	500	20.00		111.08
	8743	Participant	04/26/23	Life	50,000	7.30		
		Participant	04/26/23	AD&D	50,000	1.75		
		Participant	04/26/23	LTD	2,080	6.28		15.33
	3176	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	1,906.67	5.76		
		Participant	11/01/21	STD Vol	264	16.82		31.63
	6743	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	20,000	1.34		
		Participant	11/01/21	AD&D Vol EE	20,000	0.60		
		Participant	11/01/21	LTD	1,963.83	5.93		16.92
	3797	Participant	11/01/21	Life	63,000	9.20		
		Participant	11/01/21	AD&D	63,000	2.21		
		Participant	11/01/21	LTD	5,182.67	15.65		
		Participant	11/01/21	STD Vol	500	20.00		47.06
	9014	Participant	11/01/21	Life	51,000	7.45		
		Participant	11/01/21	AD&D	51,000	1.79		
		Participant	11/01/21	Life Vol EE	50,000	19.90		
		Spouse	11/01/21	Life Vol Sp	25,000	9.95		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	4,174.08	12.61		

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PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
		Participant	11/01/21	STD Vol	500	20.00		
	7997	Participant	12/07/22	Life	50,000	7.30		75.95
		Participant	12/07/22	AD&D	50,000	1.75		
		Participant	12/07/22	LTD	2,080	6.28		
	8029	Participant	11/01/21	Life	50,000	7.30		15.33
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	150,000	19.80		
		Spouse	11/01/21	Life Vol Sp	125,000	16.50		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	150,000	4.50		
		Spouse	11/01/21	AD&D Vol Sp	125,000	3.75		
		Participant	11/01/21	LTD	2,809.67	8.49		
		Participant	11/01/21	STD Vol	389.03	13.03		
	5309	Participant	11/01/21	Life	50,000	7.30		77.12
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,263.75	6.84		
	0115	Participant	11/01/21	Life	50,000	7.30		15.89
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	120,000	10.44		
		Participant	11/01/21	AD&D Vol EE	120,000	3.60		
		Participant	11/01/21	LTD	2,820.17	8.52		
		Participant	11/01/21	STD Vol	390.48	24.87		
	6873	Participant	11/03/21	Life	50,000	7.30		56.48
		Participant	11/03/21	AD&D	50,000	1.75		
		Participant	11/03/21	LTD	1,733.33	5.24		
		Participant	11/03/21	STD Vol	240	7.51		
	2401	Participant	11/01/21	Life	50,000	7.30		21.80
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	120,000	60.96		
		Spouse	11/01/21	Life Vol Sp	25,000	12.70		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	120,000	3.60		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,515.08	7.60		
		Participant	11/01/21	STD Vol	348.24	16.92		
	0076	Participant	11/01/21	Life	50,000	7.30		113.58
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	1,993.33	6.02		
		Participant	11/01/21	STD Vol	276	8.64		
	6341	Participant	11/01/21	Life	62,000	9.05		23.71
		Participant	11/01/21	AD&D	62,000	2.17		
		Participant	11/01/21	Life Vol EE	120,000	60.96		

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PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL	
		Dependent	11/01/21	Life Vol Dep	10,000	2.00			
		Participant	11/01/21	AD&D Vol EE	120,000	3.60			
		Participant	11/01/21	LTD	5,112.17	15.44			
		Participant	11/01/21	STD Vol	500	24.30			
								117.52	
	7215	Participant	11/01/21	Life	50,000	7.30			
		Participant	11/01/21	AD&D	50,000	1.75			
		Participant	11/01/21	LTD	2,080	6.28			
								15.33	
	6760	Participant	11/01/21	Life	50,000	7.30			
		Participant	11/01/21	AD&D	50,000	1.75			
		Participant	11/01/21	LTD	1,906.67	5.76			
								14.81	
	4750	Participant	07/27/22	Life	50,000	7.30			
		Participant	07/27/22	AD&D	50,000	1.75			
		Participant	07/27/22	LTD	2,080	6.28			
								15.33	
	8737	Participant	12/07/22	Life	50,000	7.30			
		Participant	12/07/22	AD&D	50,000	1.75			
		Participant	12/07/22	LTD	2,080	6.28			
								15.33	
	7048	Participant	04/26/23	Life	50,000	7.30			
		Participant	04/26/23	AD&D	50,000	1.75			
		Participant	04/26/23	LTD	2,080	6.28			
								15.33	
	0704	Participant	11/01/21	Life	90,000	13.14			
		Participant	11/01/21	AD&D	90,000	3.15			
		Participant	11/01/21	Life Vol EE	80,000	136.16			
		Spouse	11/01/21	Life Vol Sp	25,000	42.55			
		Participant	11/01/21	AD&D Vol EE	80,000	2.40			
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75			
		Participant	11/01/21	LTD	7,433.33	22.45			
		Participant	11/01/21	STD Vol	500	0.00			
			Retroactive Change 05/01/2023					-34.55	
								186.05	
	1481	Participant	11/01/21	Life	53,000	7.74			
		Participant	11/01/21	AD&D	53,000	1.86			
		Participant	11/01/21	Life Vol EE	20,000	21.40			
		Spouse	11/01/21	Life Vol Sp	10,000	10.70			
		Dependent	11/01/21	Life Vol Dep	10,000	2.00			
		Participant	11/01/21	AD&D Vol EE	20,000	0.60			
		Spouse	11/01/21	AD&D Vol Sp	10,000	0.30			
		Participant	11/01/21	LTD	4,360.42	13.17			
								57.77	
	0648	Participant	11/01/21	Life	50,000	7.30			
		Participant	11/01/21	AD&D	50,000	1.75			
		Participant	11/01/21	Life Vol EE	120,000	8.04			
		Spouse	11/01/21	Life Vol Sp	25,000	1.68			
		Dependent	11/01/21	Life Vol Dep	10,000	2.00			
		Participant	11/01/21	AD&D Vol EE	120,000	3.60			

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PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,600	7.85		
		Participant	11/01/21	STD Vol	360	17.50		50.47
	5987	Participant	03/15/23	Life	50,000	7.30		
		Participant	03/15/23	AD&D	50,000	1.75		
		Participant	03/15/23	LTD	2,080	6.28		15.33
	0353	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	100,000	6.70		
		Spouse	11/01/21	Life Vol Sp	25,000	1.68		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	100,000	3.00		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,241.17	6.77		
		Participant	11/01/21	STD Vol	310.32	15.08		45.03
	6585	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	150,000	15.15		
		Spouse	11/01/21	Life Vol Sp	25,000	2.53		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	150,000	4.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	3,042	9.19		
		Participant	11/01/21	STD Vol	421.2	20.47		63.64
	6235	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	100,000	8.70		
		Spouse	11/01/21	Life Vol Sp	25,000	2.18		
		Participant	11/01/21	AD&D Vol EE	100,000	3.00		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,917.17	8.81		
		Participant	11/01/21	STD Vol	403.92	25.73		58.22
	5121	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,693.58	8.14		17.19
	4416	Participant	12/07/22	Life	50,000	7.30		
		Participant	12/07/22	AD&D	50,000	1.75		
		Participant	12/07/22	LTD	2,426.67	7.33		16.38
	0753	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	50,000	4.35		
		Spouse	11/01/21	Life Vol Sp	25,000	2.18		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		

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PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
		Participant	11/01/21	AD&D Vol EE	50,000	1.50		
		Spouse	11/01/21	AD&D Vol Sp	25,000	0.75		
		Participant	11/01/21	LTD	2,600	7.85		
		Participant	11/01/21	STD Vol	360	22.93		
								50.61
	0825	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	3,535	10.68		
		Participant	11/01/21	STD Vol	489.46	16.40		
								36.13
	0824	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	3,369.17	10.15		
		Participant	11/01/21	STD Vol	465.12	22.61		
								41.81
	1791	Participant	11/01/21	Life	89,000	12.99		
		Participant	11/01/21	AD&D	89,000	3.12		
		Participant	11/01/21	LTD	7,368.75	22.25		
		Participant	11/01/21	STD Vol	500	20.00		
								58.36
	4566	Participant	01/04/23	Life	50,000	7.30		
		Participant	01/04/23	AD&D	50,000	1.75		
		Participant	01/04/23	LTD	2,513.33	7.59		
		Participant	01/04/23	STD Vol	348	22.17		
								38.81
	3682	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	LTD	2,600	7.85		
		Participant	11/01/21	STD Vol	360	24.88		
								41.78
	5180	Participant	11/01/21	Life	53,000	7.74		
		Participant	11/01/21	AD&D	53,000	1.86		
		Participant	11/01/21	LTD	4,376.67	13.22		
		Participant	11/01/21	STD Vol	500	16.75		
								39.57
	8117	Participant	11/01/21	Life	50,000	7.30		
		Participant	11/01/21	AD&D	50,000	1.75		
		Participant	11/01/21	Life Vol EE	100,000	39.80		
		Spouse	11/01/21	Life Vol Sp	50,000	19.90		
		Dependent	11/01/21	Life Vol Dep	10,000	2.00		
		Participant	11/01/21	AD&D Vol EE	100,000	3.00		
		Spouse	11/01/21	AD&D Vol Sp	50,000	1.50		
		Participant	11/01/21	LTD	3,098.58	9.36		
		Participant	11/01/21	STD Vol	429.03	17.16		
								101.77
	1392	Participant	12/15/21	Life	50,000	7.30		
		Participant	12/15/21	AD&D	50,000	1.75		
		Participant	12/15/21	Life Vol EE	50,000	5.05		
		Participant	12/15/21	AD&D Vol EE	50,000	1.50		
		Participant	12/15/21	LTD	2,686.67	8.11		

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PARTICIPANT DETAIL

PARTICIPANT	ID	FAMILY INDICATOR	EFF DATE	PLAN	VOLUME	AMOUNT	ADJ	TOTAL
		Participant	12/15/21	STD Vol	372	18.08		41.79
						PARTICIPANT PREMIUM	\$ 2,840.82	
						PARTICIPANT ADJUSTMENTS	\$ -34.55	
						CURRENT PREMIUM		\$ 2,806.27

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MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 3

Responding Witnesses: Legal Counsel/Tammy Olson

Q-3. Refer to the Application, Exhibit 10, and Mountain District's response to Commission Staff's First Request for Information (Staff's First Request), Item 33. Confirm whether Mountain District wants to use 49.73, 55.55, or 51.55 percent for the Increase for Revenue Requirement.

A-3. Mountain District's proposed rates are based upon a required 49.73 percent increase in revenue. Refer to Application, Paragraph 16, wherein Mountain District expressly requests its proposed rates and states that those rates "are expected to produce total revenues of \$3,137,934, an increase of \$1,042,196 over the revenues produced from the current rates . . . [and] are expected to produce a **49.73 percent overall increase in revenue.**" See also Application, Exhibit 1 (resolution authorizing application for adjustment of rates for sewer service).

In requesting its proposed rates, Mountain District recognized that the methodology used to produce those rates differed from that the Public Service Commission generally uses and would result in a revenue requirement increase of 49.73 percent. Mountain District based its revenue requirement determination upon the current year's debt service requirement instead of a three-year average. Mountain District provided in its application a second revenue requirement determination based upon a three-year average of principal and interest payments to acknowledge the difference between the Public Service Commission's methodology and Mountain District's proposed methodology and the result the Public Service Commission's methodology would produce. As shown in its workpapers and Exhibit 10, it also considered the effects of using a five-year average of principal and interest payments to determine its debt service coverage requirements.

MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 4

Responding Witnesses: Carrie Hatfield/Connie Allen

- Q-4. Refer to the Application, Exhibit 6, Mountain Water District Sewer Utility Wages, Mountain Water District Sewer Utility Wages (Test Year, Current, and Future) table.**
- a. Confirm the date the imminent Sewer Wages become effective.**
 - b. Explain how employees are able to work more than 2080 regular hours annually.**
 - c. Provide the allocation methodology used to determine the allocation of water and sewer wages.**
- A-4.
- a. Pursuant to Mountain Water District Board of Commissioners Resolution 22-10-001, Mountain Water District will implement the imminent sewer wages upon the Public Service Commission's approval of an adjustment in Mountain Water District's rates for water and sewer service. A copy of this resolution is found in sewer_rate_study.zip as the file named "resolution.pdf" and has also been attached to this response as Attachment 2-4a.
 - b. Regular hours represent all hours paid at the regular hourly wage rate. Hours not paid at the regular rate are reported as overtime hours. Mountain Water District does not pay an employee at the overtime hourly rate until the employee has physically worked 40 hours in a work week. For example, an employee takes five weekdays of vacation time (40 hours) during a work week but physically works eight hours on the Saturday of that week. Because the employee has not physically worked 40 hours during that week, Mountain Water District pays the employee at the regular wage rate for the employee's work on Saturday and reports the employee as working 48 regular hours. Working on a weekend day in a week in which vacation time or sick leave is taken or paid holiday occurs may result in an employee being reported as having more than 40 regular work hours for the week.
 - c. The employees for whom a portion or all their wages have been allocated to the Sewer Division are shown in Attachment 2-4c. See also Exhibit 19 to the Application. One hundred percent of wages of employees who perform functions solely for the sewer division was assigned to the sewer division. The wages of employees who perform administrative or management functions or maintenance functions for both divisions were allocated based upon the ratio of division's total operating revenues to total utility operating revenue. No wages of customer service personnel were allocated to the sewer division.

MOUNTAIN WATER DISTRICT

RESOLUTION 22-10-001

AUTHORIZATION TO APPROVE PROPOSED EMPLOYEE COMPENSATION RATES PENDING PUBLIC SERVICE COMMISSION APPROVAL

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agrees that the employees of the Mountain Water District is our greatest asset and resource.

AND WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District deem it necessary to compensate said employees at a rate commensurate with experience and in appreciation of the essential services that they provide to the community,

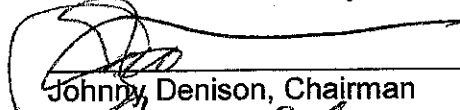
NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Mountain Water District hereby vote to approve the employee compensation rates as per the attached list, incorporated into the current application for rate adjustment, pending approval of the Public Service Commission and upon implementation of the revised rate structure.

MOTION FOR ADOPTION of this resolution was made the 17th day of October, 2022, by Commissioner Runyon and seconded by Commissioner Chaney. Commissioner voting as follows:

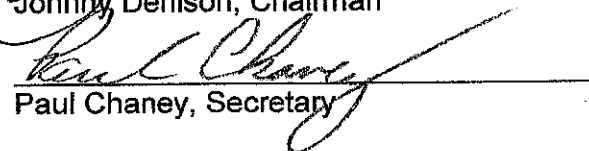
Commissioner Denison	Aye
Commissioner Tackett	Aye
Commissioner Runyon	Aye
Commissioner Chaney	Aye
Commissioner Justice	Aye

THEREUPON, said motion was declared passed and the resolution adopted.

Dated this the 17th day of October, 2022.



 Johnny Denison, Chairman



 Paul Chaney, Secretary

**MOUNTAIN WATER DISTRICT
PROPOSED 2023 PAY RATE INCREASE**

ANNUAL HOURLY RATE PERCENTAGE INCREASE (38 EMPLOYEES)	10.86%
ANNUAL SALARY RATE PERCENTAGE INCREASE (17 EMPLOYEES)	4.88%
MANPOWER ANNUAL HOURLY RATE PERCENTAGE INCREASE (12 EMPLOYEES)	<u>8.33%</u>
AVERAGE ANNUAL RATE PERCENTAGE INCREASE	8.02%
ANNUAL HOURLY RATE INCREASE	\$214,313.86
ANNUAL SALARY RATE INCREASE	\$67,416.05
MANPOWER ANNUAL HOURLY RATE INCREASE	<u>\$42,332.16</u>
TOTAL ANNUAL RATE INCREASE COST	\$324,062.07
MONTHLY HOURLY RATE INCREASE	\$17,859.49
MONTHLY SALARY RATE INCREASE	\$5,618.00
MANPOWER MONTHLY HOURLY RATE INCREASE.....	<u>\$3,527.68</u>
TOTAL MONTHLY RATE INCREASE COST	\$27,005.17

<u>WATER CUSTOMER COUNT</u>	<u>ANNUAL COST</u>	<u>MONTHLY COST PER CUSTOMER</u>
16,556	\$246,851.64	\$1.24
<u>SEWER CUSTOMER COUNT</u>	<u>ANNUAL COST</u>	<u>MONTHLY COST PER CUSTOMER</u>
2,334	\$77,210.43	\$2.76
<u>WATER & SEWER CUSTOMER COUNT COMBINED</u>	<u>TOTAL COST</u>	<u>MONTHLY COST PER CUSTOMER</u>
18,890	\$324,062.07	\$1.43

NOTE: THE ABOVE ESTIMATED COST PER CUSTOMER IS BASED ON THE PERCENTAGES NOTED IN THE GENERAL LEDGER FOR EMPLOYEES THAT ARE CATEGORIZED AS WATER DISTRIBUTION SYSTEM, SEWER COLLECTION SYSTEM, OR THOSE EMPLOYEES WHO WORK IN BOTH DEPARTMENTS.



Kentucky Rural Water Association

Helping water and wastewater utilities help themselves

Memorandum

To: KRWA Member Utilities
From: Andy Lange
Assistant Director
Date: July 9, 2021
Subject: 2021 KRWA Compensation and Benefit Survey Results

Please find enclosed the 2021 KRWA Compensation and Benefit Survey results. We hope that the information compiled from this survey will give you a basis in your effort to provide equitable compensation and benefit packages for your employees.

We received a 40% response to the survey (139 out of 349 utilities) which provides salary and benefit information for over 1500 full-time employees. To ease in the interpretation of this data, we have broken down the information by type of utility (water district, municipality, etc.) and size (by number of connections). For each utility category, salaries are presented on an annualized basis with the minimum, average and maximum salary for each position. The wage information has been annualized using 2080 hours per year for full time employment. Please take into consideration that years of service, geographic location, and sophistication of operation have not been factored into this survey.

Benefit information is presented for each type and size of utility only in respect to whether a utility offers the benefit to its employees.

Thank you for participating in this survey. If you have specific questions concerning compensation and benefit issues, please give us a call and we will try to provide assistance.

Enclosures

Employee Benefits Summary 2021

All Utilities (136)	
Health Insurance	93%
Life Insurance	67%
Retirement	91%
Vacation	98%
Sick Leave	92%
Incentive Pay	20%

Utilities 0 to 2500 Connections (71)	
Health Insurance	86%
Life Insurance	51%
Retirement	83%
Vacation	96%
Sick Leave	86%
Incentive Pay	14%

Utilities 2501 to 4999 Connections (30)	
Health Insurance	100%
Life Insurance	81%
Retirement	97%
Vacation	100%
Sick Leave	97%
Incentive Pay	17%

Large Utilities Over 5000 Connections (35)	
Health Insurance	100%
Life Insurance	86%
Retirement	100%
Vacation	100%
Sick Leave	100%
Incentive Pay	35%



**Full Time Positions
Water Districts, Sanitation Districts, Water Associations
& Water Commissions
(Over 5000 Connections)**

Position	Count	Annual Salary Range		
		Minimum	Average	Maximum
Asst. Manager/Asst. Superintendent	14	\$42,600.00	\$69,450.50	\$101,000.00
Asst. Office Manager/Asst. City Clerk	14	\$31,200.00	\$47,276.64	\$61,345.00
Bookkeeper	7	\$33,363.00	\$42,713.00	\$63,250.00
Customer Service Rep (CSR)	63	\$19,656.00	\$34,708.11	\$58,365.00
Distribution Supervisor/Foreman	23	\$39,915.00	\$55,370.35	\$83,700.00
Engineer	4	\$63,773.00	\$83,760.50	\$99,158.00
Equipment Operator	24	\$24,024.00	\$45,131.75	\$71,115.00
Finance Director/Accountant	12	\$36,338.00	\$64,124.33	\$99,600.00
GIS Specialist	6	\$37,440.00	\$52,617.33	\$64,147.00
Lab Technician	2	\$28,496.00	\$32,188.00	\$35,880.00
Laborer	31	\$21,840.00	\$34,236.03	\$50,398.00
Maintenance Supervisor/Foreman	12	\$33,779.00	\$52,437.67	\$73,258.00
Manager/Superintendent	25	\$55,744.00	\$84,836.68	\$145,000.00
Mechanic/Electrician	7	\$39,250.00	\$59,311.00	\$71,448.00
Meter Reader	27	\$22,131.00	\$32,616.48	\$45,427.00
Meter Reading Foreman	8	\$41,517.00	\$52,261.88	\$65,312.00
Office Manager/City Clerk	17	\$35,526.00	\$53,387.00	\$85,000.00
Wastewater Collection Operator	10	\$24,024.00	\$36,514.50	\$52,541.00
Wastewater Collection Supervisor	1	\$50,835.00	\$50,835.00	\$50,835.00
Wastewater Plant Operator	28	\$21,278.00	\$36,174.54	\$52,541.00
Wastewater Plant Supt./Foreman	6	\$50,378.00	\$61,595.83	\$77,460.00
Water Distribution Operator	62	\$20,800.00	\$39,120.34	\$55,786.00
Water Plant Operator	73	\$21,840.00	\$43,982.16	\$60,840.00
Water Plant Superintendent/Foreman	12	\$40,310.00	\$61,922.08	\$75,878.00

488

PCFC
Current

PAYSCALE

2-H (\$12.57) - positions require easily acquired skills. Examples would be cook, janitor, drivers of personal type vehicles, office positions such as receptionists, light duty industrial vehicle operators, loaders on garbage trucks, operators of small hand tools, or secretarial positions that requires typing or similar skills.

3-H (\$15.04) - positions require specific skills acquired through specialized training or extensive experience operating complicated equipment. Examples would be carpenter's helpers mechanics helpers, computer operators, weed mowers and non CDL Truck Drivers.

4-H (\$17.08) - positions require specialized licenses such as CDL Drivers.

5-H (\$20.07) - positions require the a high level of skills necessary to carry on the function of county government. Examples would be positions which requires specialized skills such as computer operators with the ability to do moderate programming tasks, auto body repairman, also mechanics and carpenters.

6-H (\$22.66) - heavy operators such as excavator operators, paver operators, grader operators and bulldozer operators.

Mountain Water District
Sewer Utility Wages (Test Year, Current, and Future)

last name	first name	employee number	percent sewer	test year hours		test year hourly rate	test year sewer wages	current hourly rate	current sewer wages	imminent hourly rate	imminent sewer wages
				regular	CO & OT						
Bartley	Jeffery	112	100%	2177.50	99.00	\$ 30,327.01	\$ 15.00	\$ 34,890.00	\$ 18.00	\$ 41,868.00	
Belcher	Ronnie	78	19%	2145.00	37.50	\$ 5,662.38	\$ 13.75	\$ 5,750.77	\$ 15.02	\$ 6,281.93	
Blitter	Christopher	17	100%	2109.00	3.00	\$ 34,574.59	\$ 16.50	\$ 34,872.75	\$ 17.82	\$ 37,662.57	
Dempsey	Christopher	24	100%	2080.00	0.00	\$ 44,260.56	-	\$ 45,112.10		\$ 47,367.71	
Hatfield	Carrie	10	19%	2080.00	0.00	\$ 12,831.51	-	\$ 13,040.46		\$ 13,562.08	
Horne	James	X3	100%								
Keathley	Jamey	32	100%	2080.00	0.00	\$ 72,796.42	-	\$ 74,300.32		\$ 76,912.34	
LaMartz	Sean	119	100%	2218.00	180.00	\$ 28,618.00	\$ 13.00	\$ 32,344.00	\$ 15.05	\$ 37,444.40	
Lockhard	Jacob	108	19%	2181.00	137.00	\$ 5,991.27	\$ 14.00	\$ 6,348.09	\$ 15.12	\$ 6,855.94	
Mourts	Dalton	X4	100%	456.90		\$ 5,372.91					
Mullins	Cory	65	100%	2136.50	39.50	\$ 36,476.37	\$ 16.77	\$ 36,822.73	\$ 18.11	\$ 39,765.03	
Newsome	Trevor	116	19%	1875.00	216.00	\$ 5,421.67	\$ 13.50	\$ 5,640.44	\$ 15.02	\$ 6,275.51	
Price	Cameron	100	100%	2216.00	194.00	\$ 32,492.99	\$ 13.75	\$ 34,471.25	\$ 16.02	\$ 40,162.14	
Sawyers	Roy	9	19%	2080.00	0.00	\$ 18,686.48	-	\$ 18,657.98		\$ 19,166.42	
Scarberry	Robbie	45	100%	2117.50	23.50	\$ 33,336.70	\$ 16.00	\$ 34,444.00	\$ 17.52	\$ 37,716.18	
Stacy	Jamie	66	19%	2136.50	149.50	\$ 7,094.88	\$ 16.04	\$ 7,194.62	\$ 17.16	\$ 7,696.99	
Tackett	Jeffery	52	100%	2120.00	38.50	\$ 33,730.03	\$ 16.00	\$ 34,844.00	\$ 17.52	\$ 38,154.18	
Taylor	Brad	76	19%	2080.00	0.00	\$ 8,308.60	-	\$ 9,785.00		\$ 10,176.40	
Wolford	David	62	19%	2000.00	0.00	\$ 10,210.52	-	\$ 10,377.95		\$ 11,415.75	
						\$ 426,192.89		\$ 438,896.45		\$ 478,483.56	
						note 1 \$ 12,703.56		note 4 \$ 39,587.11			

MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 5

Responding Witness: Kevin Lowe

Q-5. Refer to the Application, Exhibit 6, Schedule of Adjusted Operations (SAO), Reference A and Exhibit 7, Usage and Revenue Information (BA):

- a. Explain and reconcile the Flat Rate Revenues on the SAO of \$134,316 and the Flat Rate Revenues on the BA of \$169,742.**
- b. Explain and reconcile the Measured Rate Revenues on the SAO of \$1,961,422 and the Measured Rate Revenues on the BA of \$2,074,734.**

A-5. Mountain Water District has three sources of sewer revenue from general rates:

(1) Revenue from customers who receive both water and sewer service from Mountain Water District or sewer service from Mountain Water District and water service from the City of Williamson, West Virginia and whose water service is metered. The bills for these customers are based upon the customer's monthly water usage.

(2) Revenue from customers who do not receive water service. These customers are billed at a flat rate.

(3) Revenue from operation and maintenance services operation and maintenance services to individual sewage disposal systems agreements to serve . The Public Service Commission has previously declared that these services are not subject to its rate and service regulation. *See Petition of Mountain Water District For Disclaimer of Jurisdiction or Approval of Tariff*, Case No. 2009-00405 (Ky. PSC Apr. 12, 2010).

Mountain Water District's accounting system does not distinguish the three sources of revenue. Revenue from these operations is recorded in either Account 5211.17 – Sewer Revenue – Residential or Account 5212.17 – Sewer Revenue Commercial. The general ledger for the test period shows that Mountain Water District billed residential customers \$1,727,099.45 and commercial customers \$458,178.44 for sewer service for a total billing of \$2,185,277.89. It further shows that adjustments to these billings in the amount of \$75,218.41 were made during the test period. Accordingly, total revenues were \$2,110,059.48. As Mountain Water District's billing records did not permit distinguishing amounts billed to flat rate customers or to the operation and maintenance contracts, Mountain District has assumed a monthly average of 143 billed flat rate customers to determine annual flat rate revenues of \$134,316 and an average of 35 monthly billed

customers for operation and maintenance services on private sewage disposal systems to determine annual revenues of \$14,301. Subtracting these two amounts from total billed revenue after adjustments is \$1,961,441. Based upon these assumptions, Mountain Water District reported the following revenue in the Adjusted Schedule of Operations:

Flat Rate Revenues:	\$ 134,316
Measured Revenues	<u>\$1,961,442</u>
Total	\$2,095,758

Revenue from the operation and maintenance contracts was not reported as sewer service revenue since those operations are not subject to Public Service Commission regulation. It was reported as Miscellaneous Operating Fees.

The billing information reflected in the general ledger is taken from Mountain County Water District's accounts receivable system and reflects the amounts billed.

The usage analysis found at Exhibit 7 of the Application is based upon a consumption analysis. It does not reflect billing adjustments made during the test period. Furthermore, there are timing differences as Mountain Water District has three billing cycles that extend beyond .

- a. See above.
- b. See above.

MOUNTAIN WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00367**

Question No. 6

Responding Witnesses: Legal Counsel/Carrie Hatfield

- Q-6. Refer to the Application, Exhibit 10, Debt Service Requirements for 2023-2027. For each outstanding debt issuance still active:**
- a. Provide the case number in which Mountain District was authorized to issue the debt.**
 - b. Provide the debt amortization tables.**
- A-6.
- a. See Attachment 2-6a.
 - b. See Attachment 2-6b

Debt Instrument	Amount	Interest Rate	Lender	Issuance Date	Case No.	Division
KIA B291-07	\$5,165,093	2.900	KIA	06/00/1994	1992-00227	Water
KIA B291-01	\$ 377,760	3.000	KIA	06/00/1994	1993-00060	Water
RD 91-24	\$ 800,000	3.500	RD	07/00/2002	2001-00339	Water
KIA F01-07	\$1,197,072	1.800	KIA	01/00/2002	2001-00339	Water
RD 91-45	\$3,150,000	1.500	RD	00/002020	2019-00346	Water
KRWFC Refunding	\$5,580,000	Varies	KRWFC	01/27/2021	2021-00412	Water/Sewer
KIA A03-06	\$ 226,776	1.000	KIA	06/00/2004	2003-00282	Sewer
KIA A09-32	\$ 390,750	1.000	KIA	01/002010	2009-00541	Sewer
KIA A15-077	\$3,419,563	0.750	KIA	10/01/2016	2016-00356	Sewer
KIA A16-079	\$ 300,000	0.750	KIA	04/01/2017	2017-00150	Sewer
Belfty	\$3,653,000	1.730	RD	00/00/2020	2018-00400	Sewer

Lender Key:

RD: Rural Development

KIA: Kentucky Infrastructure Authority

KRWFC: Kentucky Rural Water Finance Corporation

<i>Name</i>	Mountain Water Districk -Belfry Pond				<i>LOAN NUMBER</i>	42
<i>Bond Series</i>		<i>Amount of Bond</i>			<i>Interest Rate</i>	<i>Semi Annual</i>
		\$3,653,000.00			1.750%	12/18/2020
			<i>January</i>	<i>July</i>		
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
2022	\$68,500.00	\$31,963.75	\$100,463.75	\$31,364.38	\$131,828.13	\$3,584,500.00
2023	\$69,500.00	\$31,364.38	\$100,864.38	\$30,756.25	\$131,620.63	\$3,515,000.00
2024	\$71,000.00	\$30,756.25	\$101,756.25	\$30,135.00	\$131,891.25	\$3,444,000.00
2025	\$72,000.00	\$30,135.00	\$102,135.00	\$29,505.00	\$131,640.00	\$3,372,000.00
2026	\$73,500.00	\$29,505.00	\$103,005.00	\$28,861.88	\$131,866.88	\$3,298,500.00
2027	\$74,500.00	\$28,861.88	\$103,361.88	\$28,210.00	\$131,571.88	\$3,224,000.00
2028	\$76,000.00	\$28,210.00	\$104,210.00	\$27,545.00	\$131,755.00	\$3,148,000.00
2029	\$77,500.00	\$27,545.00	\$105,045.00	\$26,866.88	\$131,911.88	\$3,070,500.00
2030	\$78,500.00	\$26,866.88	\$105,366.88	\$26,180.00	\$131,546.88	\$2,992,000.00
2031	\$80,000.00	\$26,180.00	\$106,180.00	\$25,480.00	\$131,660.00	\$2,912,000.00
2032	\$81,500.00	\$25,480.00	\$106,980.00	\$24,766.88	\$131,746.88	\$2,830,500.00
2033	\$83,000.00	\$24,766.88	\$107,766.88	\$24,040.63	\$131,807.50	\$2,747,500.00
2034	\$84,500.00	\$24,040.63	\$108,540.63	\$23,301.25	\$131,841.88	\$2,663,000.00
2035	\$86,000.00	\$23,301.25	\$109,301.25	\$22,548.75	\$131,850.00	\$2,577,000.00
2036	\$87,500.00	\$22,548.75	\$110,048.75	\$21,783.13	\$131,831.88	\$2,489,500.00
2037	\$89,000.00	\$21,783.13	\$110,783.13	\$21,004.38	\$131,787.50	\$2,400,500.00
2038	\$90,500.00	\$21,004.38	\$111,504.38	\$20,212.50	\$131,716.88	\$2,310,000.00
2039	\$92,000.00	\$20,212.50	\$112,212.50	\$19,407.50	\$131,620.00	\$2,218,000.00
2040	\$93,500.00	\$19,407.50	\$112,907.50	\$18,589.38	\$131,496.88	\$2,124,500.00
2041	\$95,000.00	\$18,589.38	\$113,589.38	\$17,758.13	\$131,347.50	\$2,029,500.00
2042	\$97,000.00	\$17,758.13	\$114,758.13	\$16,909.38	\$131,667.50	\$1,932,500.00
2043	\$98,500.00	\$16,909.38	\$115,409.38	\$16,047.50	\$131,456.88	\$1,834,000.00
2044	\$100,500.00	\$16,047.50	\$116,547.50	\$15,168.13	\$131,715.63	\$1,733,500.00
2045	\$102,000.00	\$15,168.13	\$117,168.13	\$14,275.63	\$131,443.75	\$1,631,500.00
2046	\$104,000.00	\$14,275.63	\$118,275.63	\$13,365.63	\$131,641.25	\$1,527,500.00
2047	\$105,500.00	\$13,365.63	\$118,865.63	\$12,442.50	\$131,308.13	\$1,422,000.00
2048	\$107,500.00	\$12,442.50	\$119,942.50	\$11,501.88	\$131,444.38	\$1,314,500.00
2049	\$109,500.00	\$11,501.88	\$121,001.88	\$10,543.75	\$131,545.63	\$1,205,000.00
2050	\$111,500.00	\$10,543.75	\$122,043.75	\$9,568.13	\$131,611.88	\$1,093,500.00
2051	\$113,500.00	\$9,568.13	\$123,068.13	\$8,575.00	\$131,643.13	\$980,000.00
2052	\$115,500.00	\$8,575.00	\$124,075.00	\$7,564.38	\$131,639.38	\$864,500.00
2053	\$117,500.00	\$7,564.38	\$125,064.38	\$6,536.25	\$131,600.63	\$747,000.00
2054	\$119,500.00	\$6,536.25	\$126,036.25	\$5,490.63	\$131,526.88	\$627,500.00
2055	\$121,500.00	\$5,490.63	\$126,990.63	\$4,427.50	\$131,418.13	\$506,000.00
2056	\$123,500.00	\$4,427.50	\$127,927.50	\$3,346.88	\$131,274.38	\$382,500.00
2057	\$125,500.00	\$3,346.88	\$128,846.88	\$2,248.75	\$131,095.63	\$257,000.00
2058	\$128,000.00	\$2,248.75	\$130,248.75	\$1,128.75	\$131,377.50	\$129,000.00
2059	\$129,000.00	\$1,128.75	\$130,128.75	\$0.00	\$130,128.75	\$0.00
2060		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2061		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2062		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$3,653,000.00	\$689,421.25		\$657,457.50	\$4,999,878.75	

**Mountain Water District
Revenue Bonds
Kentucky Infrastructure Authority**

South Williamson	Interest Rate 1.00%	Loan Number A03-08
------------------	---------------------	--------------------

Due Date	Principal		Total Principal & Interest		Servicing		Total Payment	Principal Balance to Date	Principal Paid to Date
	Payment	Interest Payment	Principal	Interest	Fee				
6/1/2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,695.00	\$ -
12/1/2004	\$ -	\$ 1,034.41	\$ -	\$ 1,034.41	\$ -	\$ -	\$ 1,034.41	\$ 184,695.00	\$ -
6/1/2005	\$ 4,182.52	\$ 923.48	\$ 4,182.52	\$ 5,105.99	\$ 184.70	\$ -	\$ 5,290.69	\$ 180,512.49	\$ 4,182.52
12/1/2005	\$ 4,203.43	\$ 902.56	\$ 4,203.43	\$ 5,105.99	\$ 180.51	\$ -	\$ 5,286.50	\$ 176,309.06	\$ 8,385.94
6/1/2006	\$ 4,224.44	\$ 881.55	\$ 4,224.44	\$ 5,105.99	\$ 176.31	\$ -	\$ 5,282.30	\$ 172,084.61	\$ 12,610.39
12/1/2006	\$ 4,245.57	\$ 860.42	\$ 4,245.57	\$ 5,105.99	\$ 172.08	\$ -	\$ 5,278.07	\$ 167,839.05	\$ 16,855.95
6/1/2007	\$ 4,266.79	\$ 839.20	\$ 4,266.79	\$ 5,105.99	\$ 167.84	\$ -	\$ 5,273.83	\$ 163,572.25	\$ 21,122.75
12/1/2007	\$ 4,288.13	\$ 817.86	\$ 4,288.13	\$ 5,105.99	\$ 163.57	\$ -	\$ 5,269.56	\$ 159,284.12	\$ 25,410.88
6/1/2008	\$ 4,309.57	\$ 796.42	\$ 4,309.57	\$ 5,105.99	\$ 159.28	\$ -	\$ 5,265.27	\$ 154,974.55	\$ 29,720.45
12/1/2008	\$ 4,331.12	\$ 774.87	\$ 4,331.12	\$ 5,105.99	\$ 154.97	\$ -	\$ 5,260.96	\$ 150,643.44	\$ 34,051.56
6/1/2009	\$ 4,352.77	\$ 753.22	\$ 4,352.77	\$ 5,105.99	\$ 150.64	\$ -	\$ 5,256.63	\$ 146,290.66	\$ 38,404.34
12/1/2009	\$ 4,374.54	\$ 731.45	\$ 4,374.54	\$ 5,105.99	\$ 146.29	\$ -	\$ 5,252.28	\$ 141,916.13	\$ 42,778.87
6/1/2010	\$ 4,396.41	\$ 709.58	\$ 4,396.41	\$ 5,105.99	\$ 141.92	\$ -	\$ 5,247.91	\$ 137,519.72	\$ 47,175.28
12/1/2010	\$ 4,418.39	\$ 687.60	\$ 4,418.39	\$ 5,105.99	\$ 137.52	\$ -	\$ 5,243.51	\$ 133,101.33	\$ 51,593.67
6/1/2011	\$ 4,440.48	\$ 665.51	\$ 4,440.48	\$ 5,105.99	\$ 133.10	\$ -	\$ 5,239.09	\$ 128,660.84	\$ 56,034.16
12/1/2011	\$ 4,462.69	\$ 643.30	\$ 4,462.69	\$ 5,105.99	\$ 128.66	\$ -	\$ 5,234.65	\$ 124,198.16	\$ 60,496.84
6/1/2012	\$ 4,485.00	\$ 620.99	\$ 4,485.00	\$ 5,105.99	\$ 124.20	\$ -	\$ 5,230.19	\$ 119,713.16	\$ 64,981.84
12/1/2012	\$ 4,507.42	\$ 598.57	\$ 4,507.42	\$ 5,105.99	\$ 119.71	\$ -	\$ 5,225.70	\$ 115,205.73	\$ 69,489.27
6/1/2013	\$ 4,529.96	\$ 576.03	\$ 4,529.96	\$ 5,105.99	\$ 115.21	\$ -	\$ 5,221.20	\$ 110,675.77	\$ 74,019.23
12/1/2013	\$ 4,552.61	\$ 553.38	\$ 4,552.61	\$ 5,105.99	\$ 110.68	\$ -	\$ 5,216.87	\$ 106,123.16	\$ 78,571.84
6/1/2014	\$ 4,575.37	\$ 530.82	\$ 4,575.37	\$ 5,105.99	\$ 106.12	\$ -	\$ 5,212.11	\$ 101,547.79	\$ 83,147.21
12/1/2014	\$ 4,598.25	\$ 507.74	\$ 4,598.25	\$ 5,105.99	\$ 101.55	\$ -	\$ 5,207.54	\$ 96,949.53	\$ 87,745.47
6/1/2015	\$ 4,621.24	\$ 484.75	\$ 4,621.24	\$ 5,105.99	\$ 96.95	\$ -	\$ 5,202.94	\$ 92,328.29	\$ 92,366.71
12/1/2015	\$ 4,644.36	\$ 461.64	\$ 4,644.36	\$ 5,105.99	\$ 92.33	\$ -	\$ 5,198.32	\$ 87,683.94	\$ 97,011.06
6/1/2016	\$ 4,667.57	\$ 438.42	\$ 4,667.57	\$ 5,105.99	\$ 87.68	\$ -	\$ 5,193.67	\$ 83,016.37	\$ 101,678.63
12/1/2016	\$ 4,690.91	\$ 415.08	\$ 4,690.91	\$ 5,105.99	\$ 83.02	\$ -	\$ 5,189.01	\$ 78,325.47	\$ 106,369.53
6/1/2017	\$ 4,714.36	\$ 391.63	\$ 4,714.36	\$ 5,105.99	\$ 78.33	\$ -	\$ 5,184.32	\$ 73,611.10	\$ 111,083.90
12/1/2017	\$ 4,737.93	\$ 368.06	\$ 4,737.93	\$ 5,105.99	\$ 73.61	\$ -	\$ 5,179.60	\$ 68,873.17	\$ 115,821.83
6/1/2018	\$ 4,761.62	\$ 344.37	\$ 4,761.62	\$ 5,105.99	\$ 68.87	\$ -	\$ 5,174.86	\$ 64,111.54	\$ 120,583.46
12/1/2018	\$ 4,785.43	\$ 320.56	\$ 4,785.43	\$ 5,105.99	\$ 64.11	\$ -	\$ 5,170.10	\$ 59,326.11	\$ 125,368.89
6/1/2019	\$ 4,809.36	\$ 296.63	\$ 4,809.36	\$ 5,105.99	\$ 59.33	\$ -	\$ 5,165.32	\$ 54,516.75	\$ 130,178.25
12/1/2019	\$ 4,833.41	\$ 272.58	\$ 4,833.41	\$ 5,105.99	\$ 54.52	\$ -	\$ 5,160.51	\$ 49,683.35	\$ 135,011.65
6/1/2020	\$ 4,857.57	\$ 248.42	\$ 4,857.57	\$ 5,105.99	\$ 49.68	\$ -	\$ 5,155.67	\$ 44,825.77	\$ 139,869.23
12/1/2020	\$ 4,881.86	\$ 224.13	\$ 4,881.86	\$ 5,105.99	\$ 44.83	\$ -	\$ 5,150.82	\$ 39,943.91	\$ 144,751.09
6/1/2021	\$ 4,906.27	\$ 199.72	\$ 4,906.27	\$ 5,105.99	\$ 39.94	\$ -	\$ 5,145.93	\$ 35,037.64	\$ 149,657.36
12/1/2021	\$ 4,930.80	\$ 175.19	\$ 4,930.80	\$ 5,105.99	\$ 35.04	\$ -	\$ 5,141.03	\$ 30,106.84	\$ 154,588.16
6/1/2022	\$ 4,955.46	\$ 150.53	\$ 4,955.46	\$ 5,105.99	\$ 30.11	\$ -	\$ 5,136.10	\$ 25,151.38	\$ 159,543.62
12/1/2022	\$ 4,980.23	\$ 125.76	\$ 4,980.23	\$ 5,105.99	\$ 25.15	\$ -	\$ 5,131.14	\$ 20,171.15	\$ 164,523.85
6/1/2023	\$ 5,005.13	\$ 100.86	\$ 5,005.13	\$ 5,105.99	\$ 20.17	\$ -	\$ 5,126.16	\$ 15,166.02	\$ 169,528.98
12/1/2023	\$ 5,030.16	\$ 75.83	\$ 5,030.16	\$ 5,105.99	\$ 15.17	\$ -	\$ 5,121.16	\$ 10,135.86	\$ 174,559.14
6/1/2024	\$ 5,055.31	\$ 50.68	\$ 5,055.31	\$ 5,105.99	\$ 10.14	\$ -	\$ 5,116.13	\$ 5,080.55	\$ 179,614.45
12/1/2024	\$ 5,080.55	\$ 25.40	\$ 5,080.55	\$ 5,105.99	\$ 5.08	\$ -	\$ 5,111.07	\$ (0.00)	\$ 184,695.00

Total	\$ 184,695.00	\$ 20,427.06	\$ 206,122.06	\$ 3,878.53	\$ 193,834.57	# Payments	39
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Shelby

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #A209-32
 MOUNTAIN WATER DISTRICT
 FINAL

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

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/11	\$4,289.10	\$788.54	1.0000%	\$5,037.64	\$188.52	\$0.00	\$5,226.16	\$188,518.43		
06/01/12	\$4,425.69	\$937.60	1.0000%	\$5,364.29	\$190.10	\$0.00	\$5,554.39	\$190,100.52	\$1,875.00	\$1,875.00
12/01/12	\$8,398.33	\$1,804.46	1.0000%	\$10,202.79	\$350.50	\$0.00	\$10,553.29	\$350,507.53	\$0.00	\$1,875.00
06/01/13	\$8,440.32	\$1,710.54	1.0000%	\$10,150.86	\$342.11	\$0.00	\$10,492.97	\$342,109.20	\$1,875.00	\$3,750.00
12/01/13	\$8,462.52	\$1,868.34	1.0000%	\$10,150.86	\$333.66	\$0.00	\$10,484.52	\$333,668.88	\$0.00	\$3,750.00
06/01/14	\$8,524.93	\$1,625.93	1.0000%	\$10,150.86	\$325.19	\$0.00	\$10,476.05	\$325,186.36	\$1,875.00	\$5,625.00
12/01/14	\$8,567.55	\$1,583.31	1.0000%	\$10,150.86	\$316.66	\$0.00	\$10,467.52	\$316,661.43	\$0.00	\$5,625.00
06/01/15	\$8,610.39	\$1,540.47	1.0000%	\$10,150.86	\$308.09	\$0.00	\$10,458.95	\$308,093.88	\$1,875.00	\$7,500.00
12/01/15	\$8,653.45	\$1,497.41	1.0000%	\$10,150.86	\$299.48	\$0.00	\$10,450.34	\$299,483.49	\$0.00	\$7,500.00
06/01/16	\$8,696.70	\$1,454.16	1.0000%	\$10,150.86	\$290.83	\$0.00	\$10,441.89	\$290,830.04	\$1,875.00	\$9,375.00
12/01/16	\$8,740.19	\$1,410.67	1.0000%	\$10,150.86	\$282.13	\$0.00	\$10,432.99	\$282,133.34	\$0.00	\$9,375.00
06/01/17	\$8,783.89	\$1,366.97	1.0000%	\$10,150.86	\$273.40	\$0.00	\$10,424.26	\$273,393.15	\$1,875.00	\$11,250.00
12/01/17	\$8,827.82	\$1,323.04	1.0000%	\$10,150.86	\$264.61	\$0.00	\$10,415.47	\$264,609.26	\$0.00	\$11,250.00
06/01/18	\$8,871.95	\$1,278.90	1.0000%	\$10,150.86	\$255.78	\$0.00	\$10,406.64	\$255,781.44	\$1,875.00	\$13,125.00
12/01/18	\$8,916.31	\$1,234.55	1.0000%	\$10,150.86	\$246.91	\$0.00	\$10,397.77	\$246,909.48	\$0.00	\$13,125.00
06/01/19	\$8,960.89	\$1,189.97	1.0000%	\$10,150.86	\$237.99	\$0.00	\$10,388.85	\$237,993.17	\$1,875.00	\$15,000.00
12/01/19	\$9,005.70	\$1,145.16	1.0000%	\$10,150.86	\$229.03	\$0.00	\$10,379.89	\$229,032.28	\$0.00	\$15,000.00
06/01/20	\$9,050.73	\$1,100.13	1.0000%	\$10,150.86	\$220.03	\$0.00	\$10,370.89	\$220,026.58	\$1,875.00	\$16,875.00
12/01/20	\$9,095.98	\$1,054.88	1.0000%	\$10,150.86	\$210.98	\$0.00	\$10,361.84	\$210,975.85	\$0.00	\$16,875.00
06/01/21	\$9,141.46	\$1,009.40	1.0000%	\$10,150.86	\$201.89	\$0.00	\$10,352.74	\$201,879.87	\$1,875.00	\$18,750.00
12/01/21	\$9,187.17	\$963.69	1.0000%	\$10,150.86	\$192.74	\$0.00	\$10,343.60	\$192,738.41	\$0.00	\$18,750.00
06/01/22	\$9,233.11	\$917.75	1.0000%	\$10,150.86	\$183.55	\$0.00	\$10,334.41	\$183,551.24	\$0.00	\$18,750.00
12/01/22	\$9,279.27	\$871.59	1.0000%	\$10,150.86	\$174.32	\$0.00	\$10,325.18	\$174,318.13	\$0.00	\$18,750.00
06/01/23	\$9,325.67	\$825.19	1.0000%	\$10,150.86	\$165.03	\$0.00	\$10,315.89	\$165,039.86	\$0.00	\$18,750.00
12/01/23	\$9,372.30	\$778.56	1.0000%	\$10,150.86	\$155.72	\$0.00	\$10,306.58	\$155,713.19	\$0.00	\$18,750.00
06/01/24	\$9,419.16	\$731.70	1.0000%	\$10,150.86	\$146.34	\$0.00	\$10,297.20	\$146,240.89	\$0.00	\$18,750.00
12/01/24	\$9,466.26	\$684.60	1.0000%	\$10,150.86	\$136.92	\$0.00	\$10,287.78	\$136,921.73	\$0.00	\$18,750.00
06/01/25	\$9,513.59	\$637.27	1.0000%	\$10,150.86	\$127.46	\$0.00	\$10,278.32	\$127,455.47	\$0.00	\$18,750.00
12/01/25	\$9,561.16	\$589.70	1.0000%	\$10,150.86	\$117.93	\$0.00	\$10,268.79	\$117,941.88	\$0.00	\$18,750.00
06/01/26	\$9,608.95	\$541.91	1.0000%	\$10,150.86	\$108.39	\$0.00	\$10,259.25	\$108,360.72	\$0.00	\$18,750.00
12/01/26	\$9,657.00	\$493.86	1.0000%	\$10,150.86	\$98.77	\$0.00	\$10,249.63	\$98,771.77	\$0.00	\$18,750.00
06/01/27	\$9,705.29	\$445.57	1.0000%	\$10,150.86	\$89.11	\$0.00	\$10,239.97	\$89,114.77	\$0.00	\$18,750.00
12/01/27	\$9,753.82	\$397.04	1.0000%	\$10,150.86	\$79.40	\$0.00	\$10,230.26	\$79,409.48	\$0.00	\$18,750.00
06/01/28	\$9,802.58	\$348.28	1.0000%	\$10,150.86	\$69.66	\$0.00	\$10,220.52	\$69,656.66	\$0.00	\$18,750.00
12/01/28	\$9,851.59	\$299.27	1.0000%	\$10,150.86	\$59.86	\$0.00	\$10,210.72	\$59,853.08	\$0.00	\$18,750.00
06/01/29	\$9,900.85	\$250.01	1.0000%	\$10,150.86	\$50.00	\$0.00	\$10,200.86	\$50,001.49	\$0.00	\$18,750.00
12/01/29	\$9,950.36	\$200.50	1.0000%	\$10,150.86	\$40.10	\$0.00	\$10,190.96	\$40,100.64	\$0.00	\$18,750.00
06/01/30	\$10,000.11	\$150.75	1.0000%	\$10,150.86	\$30.15	\$0.00	\$10,181.01	\$30,150.28	\$0.00	\$18,750.00
12/01/30	\$10,050.11	\$100.75	1.0000%	\$10,150.86	\$20.16	\$0.00	\$10,171.02	\$20,150.17	\$0.00	\$18,750.00
06/01/31	\$10,100.06	\$50.80	1.0000%	\$10,150.86	\$10.10	\$0.00	\$10,160.96	\$10,100.06	\$0.00	\$18,750.00
Totals	\$359,203.32	\$36,983.22		\$396,186.54	\$7,423.59	\$0.00	\$403,610.13		\$18,750.00	

Created by KIA on 5/22/2011

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #A15-077
 MOUNTAIN WATER DISTRICT
 FINAL

0.75% Interest
 \$92,220.87 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/19	\$79,397.51	\$12,722.75	0.75%	\$92,120.26	\$2,847.08	\$0.00	\$94,967.34	\$3,341,665.12	\$0.00	\$0.00
12/01/19	\$79,731.03	\$12,529.90	0.75%	\$92,260.93	\$3,340.17	\$0.00	\$95,601.10	\$3,261,934.09	\$8,700.00	\$8,700.00
06/01/20	\$80,039.03	\$12,232.25	0.75%	\$92,262.28	\$3,261.93	\$0.00	\$95,524.21	\$3,181,904.06	\$0.00	\$8,700.00
12/01/20	\$80,330.14	\$11,932.14	0.75%	\$92,262.28	\$3,181.91	\$0.00	\$95,444.19	\$3,153,432.29	\$8,700.00	\$17,400.00
06/01/21	\$81,979.54	\$11,819.79	0.75%	\$93,799.33	\$3,122.05	\$0.00	\$96,921.38	\$3,071,452.75	\$0.00	\$0.00
12/01/21	\$82,286.96	\$11,517.95	0.75%	\$93,804.91	\$3,071.46	\$0.00	\$96,876.37	\$2,989,165.79	\$8,700.00	\$26,100.00
06/01/22	\$82,595.54	\$11,209.37	0.75%	\$93,804.91	\$2,989.17	\$0.00	\$96,794.08	\$2,906,570.25	\$0.00	\$26,100.00
12/01/22	\$82,905.27	\$10,899.64	0.75%	\$93,804.91	\$2,906.57	\$0.00	\$96,711.48	\$2,823,664.98	\$8,700.00	\$34,800.00
06/01/23	\$83,216.16	\$10,588.75	0.75%	\$93,804.91	\$2,823.67	\$0.00	\$96,628.58	\$2,740,448.82	\$0.00	\$0.00
12/01/23	\$83,528.22	\$10,276.69	0.75%	\$93,804.91	\$2,740.45	\$0.00	\$96,545.36	\$2,656,920.60	\$8,700.00	\$43,500.00
06/01/24	\$83,841.46	\$9,963.45	0.75%	\$93,804.91	\$2,656.91	\$0.00	\$96,461.82	\$2,573,079.14	\$0.00	\$43,500.00
12/01/24	\$84,155.86	\$9,649.05	0.75%	\$93,804.91	\$2,573.08	\$0.00	\$96,377.99	\$2,488,923.28	\$8,700.00	\$52,200.00
06/01/25	\$84,471.45	\$9,333.46	0.75%	\$93,804.91	\$2,488.92	\$0.00	\$96,293.83	\$2,404,451.83	\$0.00	\$52,200.00
12/01/25	\$84,788.22	\$9,016.69	0.75%	\$93,804.91	\$2,404.45	\$0.00	\$96,209.36	\$2,319,663.61	\$8,700.00	\$60,900.00
06/01/26	\$85,106.17	\$8,698.74	0.75%	\$93,804.91	\$2,319.66	\$0.00	\$96,124.57	\$2,234,557.44	\$0.00	\$60,900.00
12/01/26	\$85,423.32	\$8,379.59	0.75%	\$93,804.91	\$2,234.56	\$0.00	\$96,039.47	\$2,149,132.12	\$8,700.00	\$69,600.00
06/01/27	\$85,745.67	\$8,059.24	0.75%	\$93,804.91	\$2,149.13	\$0.00	\$95,954.04	\$2,063,386.45	\$0.00	\$69,600.00
12/01/27	\$86,067.20	\$7,737.71	0.75%	\$93,804.91	\$2,063.38	\$0.00	\$95,868.29	\$1,977,319.25	\$8,700.00	\$78,300.00
06/01/28	\$86,389.97	\$7,414.94	0.75%	\$93,804.91	\$1,977.32	\$0.00	\$95,782.23	\$1,890,929.28	\$0.00	\$78,300.00
12/01/28	\$86,713.93	\$7,090.98	0.75%	\$93,804.91	\$1,890.93	\$0.00	\$95,695.84	\$1,804,215.35	\$8,700.00	\$87,000.00
06/01/29	\$87,039.10	\$6,765.81	0.75%	\$93,804.91	\$1,804.22	\$0.00	\$95,609.13	\$1,717,176.25	\$0.00	\$87,000.00
12/01/29	\$87,365.50	\$6,439.41	0.75%	\$93,804.91	\$1,717.18	\$0.00	\$95,522.09	\$1,629,810.75	\$8,700.00	\$95,700.00
06/01/30	\$87,693.12	\$6,111.79	0.75%	\$93,804.91	\$1,629.81	\$0.00	\$95,434.72	\$1,542,117.63	\$0.00	\$95,700.00
12/01/30	\$88,021.97	\$5,782.94	0.75%	\$93,804.91	\$1,542.12	\$0.00	\$95,347.03	\$1,454,095.66	\$8,700.00	\$104,400.00
06/01/31	\$88,352.05	\$5,452.86	0.75%	\$93,804.91	\$1,454.09	\$0.00	\$95,255.00	\$1,365,743.61	\$0.00	\$104,400.00
12/01/31	\$88,683.38	\$5,121.53	0.75%	\$93,804.91	\$1,365.74	\$0.00	\$95,170.65	\$1,277,060.23	\$8,700.00	\$113,100.00
06/01/32	\$89,015.94	\$4,788.97	0.75%	\$93,804.91	\$1,277.06	\$0.00	\$95,081.97	\$1,188,044.29	\$0.00	\$113,100.00
12/01/32	\$89,349.74	\$4,455.17	0.75%	\$93,804.91	\$1,188.04	\$0.00	\$94,992.95	\$1,098,694.55	\$8,700.00	\$121,800.00
06/01/33	\$89,684.80	\$4,120.11	0.75%	\$93,804.91	\$1,098.70	\$0.00	\$94,903.61	\$1,009,009.75	\$0.00	\$121,800.00
12/01/33	\$90,021.13	\$3,783.78	0.75%	\$93,804.91	\$1,009.01	\$0.00	\$94,813.92	\$918,988.62	\$8,700.00	\$130,500.00
06/01/34	\$90,358.71	\$3,446.20	0.75%	\$93,804.91	\$918.99	\$0.00	\$94,723.90	\$828,629.91	\$0.00	\$130,500.00
12/01/34	\$90,697.55	\$3,107.36	0.75%	\$93,804.91	\$828.64	\$0.00	\$94,633.55	\$737,932.36	\$8,700.00	\$139,200.00
06/01/35	\$91,037.66	\$2,767.25	0.75%	\$93,804.91	\$737.94	\$0.00	\$94,542.85	\$646,894.70	\$0.00	\$139,200.00
12/01/35	\$91,379.06	\$2,425.85	0.75%	\$93,804.91	\$646.90	\$0.00	\$94,451.81	\$555,515.64	\$8,700.00	\$147,900.00
06/01/36	\$91,721.72	\$2,083.19	0.75%	\$93,804.91	\$555.52	\$0.00	\$94,360.43	\$463,793.92	\$0.00	\$147,900.00
12/01/36	\$92,065.68	\$1,739.23	0.75%	\$93,804.91	\$463.72	\$0.00	\$94,268.70	\$371,728.24	\$8,700.00	\$156,600.00
06/01/37	\$92,410.93	\$1,393.98	0.75%	\$93,804.91	\$371.72	\$0.00	\$94,176.63	\$279,317.31	\$0.00	\$156,600.00
12/01/37	\$92,757.48	\$1,047.43	0.75%	\$93,804.91	\$279.31	\$0.00	\$94,084.22	\$186,559.83	\$8,700.00	\$165,300.00
06/01/38	\$93,105.41	\$699.50	0.75%	\$93,804.91	\$186.56	\$0.00	\$93,991.47	\$93,454.42	\$0.00	\$165,300.00
12/01/38	\$93,454.42	\$350.49	0.75%	\$93,804.91	\$93.46	\$0.00	\$93,898.37	\$0.00	\$8,700.00	\$174,000.00
Totals	\$3,472,921.00	\$272,955.93		\$3,745,876.93	\$72,211.60	\$0.00	\$3,818,088.53		\$174,000.00	

Created by KIA on 02/26/2021

The principal balance of the loan increased by \$1,500 on 06/01/19 to include an additional draw
 The principal balance of the loan increased by \$51,858.37 on 12/01/20 to include additional draws

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2022 A**Borrower: Mountain Water District****Closing Date: 01/27/22****Borrower Payment Schedule**

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/27/22						
08/01/22			109,651.23		374,651.23	374,651.23
02/01/23	265,000.00	5.200%	107,267.50	450.00	107,717.50	
08/01/23			100,377.50		100,377.50	208,095.00
02/01/24	290,000.00	5.200%	100,377.50	450.00	390,827.50	
08/01/24			92,837.50		92,837.50	483,665.00
02/01/25	305,000.00	5.200%	92,837.50	450.00	398,287.50	
08/01/25			84,907.50		84,907.50	483,195.00
02/01/26	320,000.00	5.200%	84,907.50	450.00	405,357.50	
08/01/26			76,587.50		76,587.50	481,945.00
02/01/27	330,000.00	5.200%	76,587.50	450.00	407,037.50	
08/01/27			68,007.50		68,007.50	475,045.00
02/01/28	335,000.00	5.200%	68,007.50	450.00	403,457.50	
08/01/28			59,297.50		59,297.50	462,755.00
02/01/29	340,000.00	5.200%	59,297.50	450.00	399,747.50	
08/01/29			50,457.50		50,457.50	450,205.00
02/01/30	355,000.00	5.200%	50,457.50	450.00	405,907.50	
08/01/30			41,227.50		41,227.50	447,135.00
02/01/31	280,000.00	4.200%	41,227.50	450.00	321,677.50	
08/01/31			35,347.50		35,347.50	357,025.00
02/01/32	300,000.00	3.200%	35,347.50	450.00	335,797.50	
08/01/32			30,547.50		30,547.50	366,345.00
02/01/33	265,000.00	2.200%	30,547.50	450.00	295,997.50	
08/01/33			27,632.50		27,632.50	323,630.00
02/01/34	275,000.00	2.200%	27,632.50	450.00	303,082.50	
08/01/34			24,607.50		24,607.50	327,690.00
02/01/35	275,000.00	2.200%	24,607.50	450.00	300,057.50	
08/01/35			21,582.50		21,582.50	321,640.00
02/01/36	205,000.00	2.325%	21,582.50	450.00	227,032.50	
08/01/36			19,199.38		19,199.38	246,231.88
02/01/37	215,000.00	2.450%	19,199.38	450.00	234,649.38	
08/01/37			16,565.63		16,565.63	251,215.01
02/01/38	225,000.00	2.450%	16,565.63	450.00	242,015.63	
08/01/38			13,809.38		13,809.38	255,825.01
02/01/39	225,000.00	2.575%	13,809.38	450.00	239,259.38	
08/01/39			10,912.50		10,912.50	250,171.88
02/01/40	130,000.00	2.700%	10,912.50	450.00	141,362.50	
08/01/40			9,157.50		9,157.50	150,520.00
02/01/41	140,000.00	2.700%	9,157.50	450.00	149,607.50	
08/01/41			7,267.50		7,267.50	156,875.00
02/01/42	145,000.00	2.700%	7,267.50	450.00	152,717.50	
08/01/42			5,310.00		5,310.00	158,027.50
02/01/43	145,000.00	2.950%	5,310.00	450.00	150,760.00	

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
08/01/43			3,171.25		3,171.25	153,931.25
02/01/44	125,000.00	2.950%	3,171.25	450.00	128,621.25	
08/01/44			1,327.50		1,327.50	129,948.75
02/01/45	90,000.00	2.950%	1,327.50	450.00	91,777.50	
08/01/45						91,777.50
Totals	<u>5,580,000.00</u>		<u>1,817,195.01</u>	<u>10,350.00</u>	<u>7,407,545.01</u>	<u>7,407,545.01</u>

**KRWFC Flexible Term Program Series 2022 A
Sinking Fund Payment Schedule**

Borrower: Mountain Water District

Closing Date: 01/27/22

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
3/22-7/22	21,200.00	21,930.25	43,130.25
8/22-1/23	26,500.00	17,877.92	44,377.92
2/23-7/23	24,166.67	16,729.58	40,896.25
8/23-1/24	24,166.67	16,729.58	40,896.25
2/24-7/24	25,416.67	15,472.92	40,889.58
8/24-1/25	25,416.67	15,472.92	40,889.58
2/25-7/25	26,666.67	14,151.25	40,817.92
8/25-1/26	26,666.67	14,151.25	40,817.92
2/26-7/26	27,500.00	12,764.58	40,264.58
8/26-1/27	27,500.00	12,764.58	40,264.58
2/27-7/27	27,916.67	11,334.58	39,251.25
8/27-1/28	27,916.67	11,334.58	39,251.25
2/28-7/28	28,333.33	9,882.92	38,216.25
8/28-1/29	28,333.33	9,882.92	38,216.25
2/29-7/29	29,583.33	8,409.58	37,992.92
8/29-1/30	29,583.33	8,409.58	37,992.92
2/30-7/30	23,333.33	6,871.25	30,204.58
8/30-2/31	23,333.33	6,871.25	30,204.58
2/31-7/31	25,000.00	5,891.25	30,891.25
8/31-1/32	25,000.00	5,891.25	30,891.25
2/32-7/32	22,083.33	5,091.25	27,174.58
8/32-1/33	22,083.33	5,091.25	27,174.58
2/33-7/33	22,916.67	4,605.42	27,522.08
8/33-1/34	22,916.67	4,605.42	27,522.08
2/34-7/34	22,916.67	4,101.25	27,017.92
8/34-1/35	22,916.67	4,101.25	27,017.92
2/35-7/35	17,083.33	3,597.08	20,680.42
8/35-1/36	17,083.33	3,597.08	20,680.42
2/36-7/36	17,916.67	3,199.90	21,116.56
8/36-1/37	17,916.67	3,199.90	21,116.56
2/37-7/37	18,750.00	2,760.94	21,510.94
8/37-1/37	18,750.00	2,760.94	21,510.94
2/38-7/38	18,750.00	2,301.56	21,051.56
8/38-1/39	18,750.00	2,301.56	21,051.56
2/39-7/39	10,833.33	1,818.75	12,652.08
8/39-1/40	10,833.33	1,818.75	12,652.08
2/40-7/40	11,666.67	1,526.25	13,192.92
8/40-1/41	11,666.67	1,526.25	13,192.92
2/41-7/41	12,083.33	1,211.25	13,294.58
8/41-1/42	12,083.33	1,211.25	13,294.58
2/42-7/42	12,083.33	885.00	12,968.33
8/42-1/43	12,083.33	885.00	12,968.33

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
2/43-7/43	10,416.67	528.54	10,945.21
8/43-1/44	10,416.67	528.54	10,945.21
2/44-7/44	7,500.00	221.25	7,721.25
8/44-1/45	7,500.00	221.25	7,721.25
	<u>5,580,000.00</u>	<u>1,817,195.01</u>	<u>7,397,195.01</u>

MOUNTAIN WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00367**

Question No. 7

Responding Witnesses: Carrie Hatfield/Connie Allen/Kevin Lowe

Q-7. Provide the total amount collected for the sewer division's late fees/forfeited discounts for the fiscal year 2020-2021 and the test year 2021-2022.

A-7. Late payment fees are not tract according to operating division. All late payment fees regardless of source are recorded in Account 4710 – Customer Late Payment Charges and are reported in the Water Division's annual report to the Public Service Commission. For purposes of Mountain Water District's applications for rate adjustment, late payment fees were allocated to each division based upon the ratio of the division's active customers to the total utility active customers. Approximately 12.286 percent of all late payment fees assessed were allocated to the sewer division. The total amount of assessed late payment fees and the amount allocated to the sewer division are shown below:

Year	Total Late Payment Fees Assessed	Total Late Payment Fees Allocated to Sewer Division
2020	\$ 40,241	\$ 4,944.00
2021	\$151,309	\$18,589.82
7/1/21-6/30/2022	\$181,581	\$22,308.16

MOUNTAIN WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00367**

Question No. 8

Responding Witness: Legal Counsel

- Q-8. Refer to Mountain District's – Sewer Tariff, PSC Ky. No. 1, Third Revised, Sheet No. 8, and Mountain District's response to Staff's First Request, Item 36, Attachment 36. Explain the reasoning for Mountain District's request that any revisions made by the Commission be rounded to the nearest \$5 or \$10 amounts, when the Commission's has historically used the rounding of the nonrecurring charges to the nearest dollar.**
- A-8. In light of the Public Service Commission's Orders of February 8, 2023, and March 16, 2023, in Case No. 2022-00161, in which two non-recurring charges were not rounded despite the water utility's request on rehearing for such rounding, Mountain District believed a request for rounding was appropriate. Mountain District has no objection to the Public Service Commission continuing its historic practice of rounding to the nearest dollar for most non-recurring charges. For large charges, such as meter connection fees, rounding to the lower five- or ten-dollar amount is more convenient for the customer and for accounting purposes.

MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 9

Responding Witness: Kevin Lowe

- Q-9. Refer to Mountain District's – Sewer Tariff, PSC Ky. No. 1, Third Revised, Sheet No. 8, and Mountain District's response to Staff's First Request, Item 36, Attachment 36, Returned Check Charge and the Investigation Charge – After Hours.**
- a. Explain Mountain District's notation for Clerical and Office Expense, Labor expense that it includes one employee to research and prepare paperwork and one employee to verify and post. Confirm there is no charge of a bank fee to Mountain District for a returned check charge.**
 - b. Explain Mountain District's notation for Field Expense, Labor expense that it includes Labor expense of \$25.73 as the callout crews are paid for a minimum of three hours.**
 - (1) Provide an itemized breakdown of this expense and provide the hourly rate for each employee.**
 - (2) Explain the method of calculating the portion of the salaries to be allocated to this category.**
 - c. Explain Mountain District's notation for Clerical and Office Expense, Labor expense and why it includes Labor expenses under this category for an Emergency Operator and Office Employee.**
 - (1) Provide an itemized breakdown of this expense and provide the hourly rate for each employee.**
 - (2) Explain the method of calculating the portion of the salaries to be allocated to this category.**
- A-9.**
- a. One Mountain Water District employee researches the account the returned check originally paid, enters an adjustment to add the returned check amount and returned check fee to an adjustment sheet and the account. A second employee reviews this work for accuracy and posts the transaction to the account. Mountain Water District is no longer charged a bank fee for returned checks.**
 - b. Mountain Water District pays employees called out after hours a minimum of three hours pay as incentive for the employee to work the afterhours to address customer issues. This incentive payment eliminates the need to hire a full-time employee to work outside of normal operating hours.**

- (1) The expense is determined by taking an average of the employee overtime pay rate for the employees that may work the after-hours investigation and adding 71% of that amount to account for employee fringe benefits. That amount is then multiplied by 1.15 to reflect overhead costs. The employees and their regular rate of pay are as follows:

Employee	Regular Rate
Crit Justice	\$15.92
David Grubb	\$13.50
Preston Kirk	\$12.00
Darrell Ratliff	\$12.00
Justin Wright	\$12.00
Average	\$13.08

$$\$13.08 \times 1.5 = \$19.62 \text{ (Average Overtime Rate)}$$

$$19.62 \times 1.71 = \$33.55$$

$$\$33.55 \times 1.15 = \$38.55.$$

- (2) See response to Question 9b(1).

- c. Calls received after hours go to an emergency operator at Mountain Water District's water treatment plant. The operator answers the call, obtains the needed information, and contacts office personnel to check the account status. The office personnel document the information and dispatch an after-hours call out employee. The office personnel then send all information to the office where an office employee issues a work order to be completed by callout personnel. The office employee then processes fees on the customer's account.

- (1) Mountain Water District's calculations assume that the emergency operator and the office employee will address the call for approximately a quarter of an hour. See below for wage rates for emergency operator and office employee.

Emergency Operators:	Hourly Rate
Kris Dills	\$23.93
David M. Taylor Jr.	\$22.86
Austin Overstreet	\$18.55
Dakoda Smith	\$18.23
Office Employees	Hourly Rate
Melissa Wright	\$18.42
Silena McCown	\$16.84
Melissa Watson	\$15.40
Katrina Brooks	\$12.12
Tracie Hatfield	\$11.93
Michelle Huffman	\$11.44

- (2) The expense is determined by taking an average of the employee pay the employees that may work the after-hours investigation and adding 71 percent of that amount to account for employee fringe benefits. That amount is then multiplied by 1.15 to reflect overhead costs.

MOUNTAIN WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00367**

Question No. 10

Responding Witness: Kevin Lowe

Q-10. Refer to Mountain District's – Sewer Tariff, PSC Ky. No. 1, Third Revised, Sheet No. 8, and Mountain District's response to Staff's First Request, Item 36, Attachment 36.

- a. Explain the Clerical and Office Expense, Supplies expense of \$1.40 and all items this amount is to recover for supplies.**
- b. Explain the Miscellaneous Expense, Transportation expense of \$13.10 and the method of calculating this amount.**

A-10. a. The cost of supplies comprised of the following:

Postage (As of July 9, 2023)	\$0.66
Envelope Cost	\$0.085
Letterhead Cost	\$0.257
Copy Paper and Ink for Customer and File Cost	<u>\$0.40</u>
Total	\$1.40 (Rounded)

- b. Mountain Water has used 20 miles as the average miles driven per service call and multiplied that by the federal mileage rate of \$0.655 per mile.

MOUNTAIN WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00367

Question No. 11

Responding Witness: Kevin Lowe/Legal Counsel

Q-11. Refer to the Application, Exhibit 6, Schedule of Adjusted Operations, and Mountain District's response to Staff's First Request, Item 35.

- a. Provide an itemization of the Miscellaneous Operating Fees of \$14,301.**
- b. Reconcile the \$14,301 and the amount stated in Item 35 of \$2,639.**

A-11. a. These fees represent the revenue from the provision of operation and maintenance services to individual sewage disposal systems in Pike County, Kentucky. Mountain Water District provides such services for a monthly fee to the owners of individual sewage disposal systems. The Public Service Commission has previously declared that these services are not subject to its rate and service regulation. *See Petition of Mountain Water District For Disclaimer of Jurisdiction or Approval of Tariff*, Case No. 2009-00405 (Ky. PSC Apr. 12, 2010).

- b. The amount stated in Item 35 refers to the revenue from fees that Mountain District receives from its customers to recover the cost of disconnecting sewer service for nonpayment. This amount was incorrectly reported as (\$2,880) in the Schedule of Operations and incorrectly characterized as sewer tap fees. An adjustment was proposed to remove this revenue. These errors have been corrected on the Revised Exhibit 6, Revised Schedule of Adjusted Operations.

Please note that there is a conflict between the amount of these fees as reported in the Schedule of Adjusted Operations and the response to Question 35 of Commission Staff's First Request for Information. Mountain Water District's billing system reports \$2,639 billed for these fees during the test period. Its general ledger reports \$2,880 in these fees during the test period. The amount reported in the general ledger is based upon Mountain Water District's daily deposits. Mountain Water District continues to review its records to resolve the conflict and will supplement this response when it completes its review.