

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

The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 14th day of December 2023 at the Association office located at 801 Pleasant Hill Drive in Burgin, Kentucky.

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

Director Hughes moved to approve the minutes from the November 14, 2023 meeting as presented. Director Hager seconded the motion. Motion carried.

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

Sanford presented the Financial Report for November. Sanford provided details of the monthly income and expenses, stating that both compared favorably to the budget. Sanford reported a Gross Profit for the month in the amount of \$102,999.90, with a Net Income of \$40,489.70. Sanford reported that the Year-to-Date Net Income is \$214,569.12, with a Year-to-Date budget of \$188,743.50. Sanford went on to report that cash balances at Farmers National Bank were approximately \$497,000 and included approximately \$220,000 in Contract 14 funds. Lastly, Sanford noted that the Regions Bank sinking funds had an approximate \$120,000 earmarked for KRWFC semi-annual payments.

Sanford reported that the Association purchased 16,801,350 gallons during the last reading period and sold 13,032,400 gallons, of which 1,553,900 gallons can be accounted for by 9 service line repairs. Sanford stated that prior to accounting for the leaks, the Non-Revenue Water volume was 21% and that after accounting for the leak volume, 7% of the water purchased is unaccounted for.

President Boyd questioned whether the Directors would be interested in discussing the monthly Director Fee paid to the Board members. President Boyd stated that it has been a few years since the fee was discussed. Vice President Carey noted that everything has gone up over the years and everyone does a great job serving. Sanford stated that he obtained fee information from neighboring water utilities and that Garrard County Water Association and South Woodford Water District pay board members \$300 monthly, South Anderson Water District and North Mercer Water District pay \$500 monthly and Parksville Water District board members are not compensated. Sanford noted that the workload on the board members has increased in recent years and that everyone spends more time in the board meetings. Vice President Carey suggested increasing the monthly compensation by \$50 per month to \$500 monthly. Director Hager questioned whether the board members can look at the Association members in the eye and justify the increase, noting that the water rates have increased numerous times over the past year. Director Hughes noted that the last increase to the Director Fee was in 2020 and since then the Association has made a lot of progress with projects and other improved systems and

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processes. Director Hager noted that increasing the monthly fee by the proposed \$50 would average out to approximately 3% per year since the fee was last raised. Vice President Carey moved to increase the Monthly Director Fee to \$500. Director Hughes seconded the motion. Motion carried.

Sanford presented a draft of the proposed 2024 Operating Budget for consideration. Sanford reviewed the proposed Income for the budget which included Revenue in the amount of \$1,992,511. Sanford's proposal included an annual budget for Water Costs in the amount of \$625,000, which includes the known rate increases from the City of Harrodsburg and 5% reduction in costs due to water loss reduction efforts. Sanford proposed \$898,425 in operating expenses that will include salaries for seven full time employees, with 5% adjustments in pay, as well as a 10% annual SEP contribution. Sanford noted that all other budget allocations were based on actual expenses from the previous two years, allowing for slight increases in allocations for Utilities and Postage. Sanford noted that the proposed budget includes the new Rural Development debt service payment in the amount of \$81,504, due on May 25<sup>th</sup> of each year. Sanford stated that the proposed budget includes a Net Income of \$130,118. President Boyd noted that the Director Fees will need to be adjusted to reflect the increase. Director Hughes suggested increasing the Water Costs to cover an anticipated rate increase from the City of Harrodsburg. Sanford stated that the current City of Harrodsburg rate ordinance allows for a Cost of Living increase each July. President Boyd stated that the \$130,000 Net Income is adequate. Director Hughes stated that he does not want the Association to be back where we were a couple of years ago financially. Sanford reminded the Board that the Order in the Alternate Rate Filing application included recovering Depreciation to the extent of \$190,000 annually. Secretary/Treasurer Gross questioned the length of time it takes to get PSC approval on an increase from the City of Danville or the City of Harrodsburg. Sanford stated approximately 90 days from the time the notice is received. Director Hager noted that whatever the increase is, it will be a wash due to the PSC application and will not affect the bottom line. Sanford noted that he would like to set back \$10,000 monthly into the Depreciation Account if possible. Director Hager moved to approve the proposed budget with a revision to the Director Fees, an increase in the Water Cost to plan for the anticipated City of Harrodsburg rate increase and include \$10,000 to the Depreciation Account. Secretary/Treasurer Gross seconded the motion. Motion carried.

Dienst presented an update on the Contract 14 Distribution System Improvement Project. Dienst stated that the contractor is now on Montgomery Lane, which is the last section to be installed under the contract. Dienst went on to note that the contractor is currently planning to have the work completed by mid-February and that the Substantial Completion date is February 4<sup>th</sup>. Sanford stated that the contractor is doing a great job and progressing well. Director Hughes stated that the work along Burgin Road and Montgomery Lane looks great. Director Hughes questioned whether notice was sent to the Hill property. Sanford stated that written notice was sent to the property owner, and he will be working with the property owner to relocate the building as soon as possible. Vice President Carey questioned whether Mr. Fraley has begun making payments. Sanford stated that he has been billed the full \$1,200 for the water bill and

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that no payment has been received to date. Sanford stated that he will continue to keep the board updated on the matter.

Sanford presented RD Draw No. 6 in the amount of \$220,475.16 for approval. Sanford noted that \$186,590.26 will be paid to Lagco, Inc., \$21,583.91 will be paid to Strand Associates and \$12,300.99 will be paid to the Association for service line material reimbursement. Director Hager moved to approve the draw as presented. Director Hughes seconded the motion. Motion carried.

Sanford presented the Kentucky Infrastructure Authority Conditional Supplemental Commitment Letter for approval. The Commitment Letter represents a \$35,000 increase to Grant Number 22CWW003. Director Hager moved to authorize execution of the Commitment Letter. Secretary/Treasurer Gross seconded the motion. Motion carried.

Sanford presented Exhibit 1 Certification of Project Profile Review and Update for approval. Vice President Carey moved to approve execution and submittal to KIA. Director Hager seconded the motion. Motion carried.

Sanford presented Exhibit 4 Resolution by the Lake Village Water Association Accepting the Supplemental Grant for approval. Secretary/Treasurer Gross authorized approval and execution of the Resolution authorizing Vice President Carey as the Authorized Official on the grant. Director Hughes seconded the motion. Motion carried.

Sanford presented the Certificate of Recording Officer to be executed by Secretary/Treasurer Gross for consideration. Director Hager moved to approve the Certificate as presented and authorize execution by Secretary/Treasurer Gross. Vice President Carey seconded the motion. Motion carried.

Sanford stated that he will forward the Opinion of Legal Counsel to Tucker for preparation and submittal to KIA.

Sanford and Dienst presented the revised Contract 15 Project scope for consideration by the board. Sanford stated that to accommodate the DWSRF application deadline the project scope had to be revised to include all sections of the distribution system that could be replaced pending funding allocations. Sanford stated that he and Dienst recommend adding the sections from Contract 14 that were removed due to funding constraints to the current Contract 15 scope to provide the option to construct portions or all the sections depending on funding. Sanford stated that portions of US 127, Burkin Road, Wildwood Road, and Palisades Road will be added to the current Contract 15 scope that includes Waterworks Road, Sunrise Shores, Lakeview Point and Dix Dam Road. Sanford and Dienst reported that the new Total Project Cost is approximately \$4,600,000, but the scope can be reduced later to what the Association can afford to install. Dienst noted that including all the sections will allow for the Environmental Report and Clearinghouse process to be completed on every section. Dienst noted that if a section is not

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included in the beginning it is difficult to add it back in after the project has been released for bids. All agreed to proceed as recommended by Dienst and Sanford.

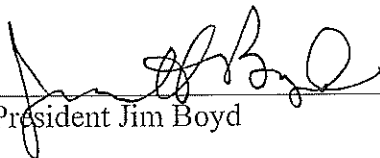
Sanford reported that the Public Service Commission issued the approval to complete Project 1 of the Service Line Replacement Program. Sanford noted that the approval includes the use of \$30,000 in Surcharge Funds to replace service lines along Hughley Lane and Paradise Camp Road.

Sanford reported that the Kentucky Utilities Water Main Relocation Project is complete and in service.

Vice President Carey moved to enter Executive Session to discuss legal matters. Secretary/Treasurer Gross seconded the motion. Motion carried.

Vice President Carey moved to return to open session at 2:40 pm. Secretary/Treasurer Gross seconded the motion. No action was taken.

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

  
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President Jim Boyd

  
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Secretary/Treasurer Andrea Gross