

**MINUTES OF THE  
BULLOCK PEN WATER DISTRICT  
NOVEMBER 2018 MEETING**

The November 2018 meeting of the Bullock Pen Water District was called to order on November 29, 2018, at the hour of 1:00 p.m. at the District Headquarters, 1 Farrell Drive, Crittenden, KY 41030. Present at the meeting were Chairman Bobby Burgess, Commissioners Charles Givin, Rodger Bingham, William Wethington, and Andrea Walton. Also present were Superintendent William Catlett, Amy Ruark, Kerry Odle of HMB Professional Engineers, Inc., HR Director Ashley Dyer, and Counsel Thomas R. Nienaber.

The first order of business was a review of the October 2018 Minutes. After discussion, upon motion of Charles Givin and second by Rodger Bingham, it was unanimously,

“RESOLVED: that the October 2018 Minutes of the Bullock Pen Water District be approved as attached.”

The next order of business was a review of the October 2018 Profit and Loss and Warrants. After discussion, upon motion of Rodger Bingham and second by William Wethington, it was unanimously,

“RESOLVED: that the October 2018 Profit and Loss and Warrants be approved as attached.”

The next order of business was a report by Mr. Kerry Odle, HMB Professional Engineers, Inc., as follows:

1. Mr. Odle gave a report on the status of the Bullock Pen Lake Dam Remediation Project. He reported that a phone call was made to the Division of Water for an update with no response. Mr. Odle also reported that the Division of Water was going to send him a copy of the PowerPoint presentation materials made at the Public Hearing. As soon as he receives those, he will forward them to everyone. Superintendent Catlett reported that he has not heard anything on the status of the Project as well.
2. Mr. Odle reported that he had contacted the Kentucky Department of Natural Resources regarding the issue of withdrawing more water from Bullock Pen Lake. He has not yet heard back from the Department of Natural Resources. Mr. Odle opined that before any decision could be made by the Department of Natural Resources, a study would have to be conducted in all likelihood. In any event, he does not believe that a decision would be made by the Department of Natural Resources until after the Dam Remediation Project is underway.
3. Mr. Odle reported on the availability of funding for future District projects. Two primary sources of funding are available:

- a. **Kentucky Infrastructure Authority:** Mr. Odle reported that KIA has financing available for 20 year loans with a 3% interest rate (approximate). Applications for funding through KIA must be submitted to KIA prior to December 14, 2018. Funding through KIA is awarded on a project priority basis. He also noted that any project financed through KIA would require prevailing wages.
- b. **Kentucky Rural Development:** Loans are available through KRD on forty year terms at 4% interest (approximate). KRD has approximately \$120,000,000 dollars available for projects throughout the State. He reported that his past experience with KRD is that they are very easy to work with. There are no project profile deadlines required. He also noted that if the District were to undertake a project through KRD, the District could establish a "rate increase" that would not require Public Service Commission approval. If KRD agrees with the adjusted rate increase through the financing package terms and conditions, the Public Service Commission would only have the right to review the rate increase. The Public Service Commission could not deny the rate increase so long as KRD approves it. He noted that both KIA and KRD financing do not require firm commitments. That is to say, if the District applies for a loan and decides at a later date to cancel the project, it may do so without any obligation. Additionally, KRD loans are generally easier to obtain than KIA loans.

Superintendent Catlett and Ashley Dyer reported that they had checked local banks for available financing. Forcht Bank would offer a 15 year loan at 3.99% interest; and a 20 year loan at 5.5% interest. Heritage Bank would offer 5 year adjustable rate financing at 4.54%. Requests were made from BB&T Bank without response. A lengthy discussion followed regarding possible projects. Chairman Burgess raised the issue of reviving the Phase XIV Project which would enable the District to reduce the amount of water loss through flushing of lines. Superintendent Catlett reported that there would be substantial savings in water loss, however, the savings would not justify the amount of monies needed for that Project. Superintendent Catlett reported that it is his opinion that the District should focus on the construction of a new water treatment plant. Superintendent Catlett also reported that the District's Raw Water Intake Project should be a top priority. In support of Superintendent Catlett's request to investigate the possibility of constructing a new water treatment plant, he reported that currently the District is producing approximately 30% of its total water sold. Currently, the District's largest expense is the purchase of water from third parties like NKWD, Williamstown, Boone County, and Walton. The District would realize substantial savings if it were able to produce its own water in a new treatment plant. Superintendent Catlett also reported that there are new water quality regulations on the horizon which will in all likelihood require significant modifications to the current treatment plant. Everyone agreed that before the District should investigate a new treatment plant, authority should be obtained from the Department of Natural Resources for approval to take more water from Bullock Pen Lake. Without such authority, a new treatment plant would not be needed.

Commissioner Wethington inquired as to what percentage of the District's total water production/purchases are lost to flushing of lines and water leaks. Superintendent Catlett reported approximately 14%.

Kerry Odle reported that there is a third source of funding available for projects. This "Emergency Fund" does provide funding for special projects. He believes that the Raw Water Intake Project would qualify. Kerry Odle reported that he would investigate the terms and conditions relating to emergency funding and report at the next meeting.

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he had filed the Second Amended Management and Operations Agreement between the District and the Grant County Sanitary Sewer District to the Public Service Commission. Mr. Nienaber received acknowledgment from the Public Service Commission of the Agreement.
2. Mr. Nienaber inquired about the status of the Anderson Road Waterline Extension Project. Superintendent Catlett reported that he has communicated in writing with Mr. Mann. No response has been received.
3. Mr. Nienaber reported that the proposed 2019 Annual Budget for the District has been distributed by Peggy Gamble as attached. Mr. Nienaber reported that the 2019 Annual Budget must be approved by the District prior to year end. The Commissioners reviewed the proposed Budget and a discussion followed. Commissioner Wethington inquired as to the \$31,000 "billing error" entry. Amy Ruark explained. Commissioner Wethington also inquired as to the "forfeited discounts" entry. After considerable discussion, upon motion of Rodger Bingham and second by William Wethington, it was unanimously,

"RESOLVED: that the District's 2019 Annual Budget, as attached,  
be approved.

The next order of business was a report by Superintendent Catlett as follows:

1. Superintendent Catlett reviewed with the Commissioners his Superintendent's Report as attached.
2. Superintendent Catlett and Amy Ruark reported that theft of water by District customers is becoming a more serious problem. Superintendent Catlett and Amy Ruark shared with the Commissioners several anecdotal stories as to how customers are stealing water. Superintendent Catlett reported that the cost of this activity to the District is significant. Although on some occasions, the amount of water taken by customers is not too significant, the associated cost of employee time, required repairs, material replacement, and the like is significant. Amy Ruark indicated that these incidents are reported to the local law enforcement authorities without any response. Mr. Nienaber reported that theft of water service is a crime and should be prosecuted by local law enforcement authorities. Amy Ruark requested that Counsel Thomas R. Nienaber, Superintendent

Catlett, and she meet with the newly elected Grant County Attorney after the first of the year to discuss this growing problem. Mr. Nienaber requested that the District prepare a summary of incidents and the related costs incurred by the District in order to make a presentation to the new County Attorney.

The next order of business was a report by Amy Ruark and Ashley Dyer as follows:

1. Ashley Dyer distributed to the Commissioners a summary of the health insurance package quotes for the upcoming year. She indicated that the Committee to review health insurance coverage and salary increases had met. Ms. Dyer reviewed with the Commissioners the attached Summary of various options available through Humana Health Insurance. A detailed listing of benefits and costs is contained in the attached Summary. The recommended plan suggested by the Committee is the NPOS 19 CO-PAY OPTION 8. This Plan represents an 11.19% increase overall with a monthly premium of \$27,576.00 for medical coverage. Ms. Dyer noted that since the District employees participate in the Go 365 program offered by Humana, the District has obtained significant discounts on 2018 premiums. If District employees perform and participate in the offered Wellness Program as they have done in 2018, the District could save an approximate \$4,000.00 per month savings on the 2019 premiums. After considerable discussion, Ms. Dyer reported that the Committee made the following recommendation:
  - a. That District employees not be required to make any contribution to health insurance premiums;
  - b. The District should continue its HRA contributions the same as 2018;
  - c. The District maintain the same "Wellness Incentives" offered in 2018; and
  - c. That the District purchase the renewal plan NPOS 19 CO-PAY OPTION 8 as outlined in the attached Summary.

After considerable discussion, upon motion of Charles Givin and second by Rodger Bingham, it was unanimously,

"RESOLVED: that the District adopt in full the recommendation of the Committee for health insurance benefits for the year 2019 for all District employees. Ashley Dyer and Amy Ruark are authorized to take any steps necessary to secure that health insurance coverage for the upcoming year."

2. Ashley Dyer reported that the Salary Review Committee also met. A summary of District employee compensation for 2018 and proposed raises is attached. Ms. Dyer reported that the Committee recommended a cost-of-living adjustment for each employee based on the published annual cost of living for 2019 of 2.8%. Some employees were also considered for additional increases based on their performance. After considerable discussion, upon motion of Charles Givin and second by Rodger Bingham, it was unanimously,

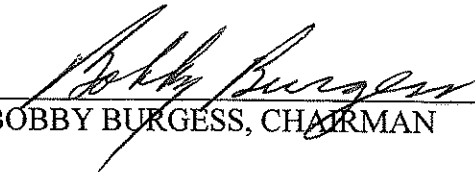
“RESOLVED: that the District adopt the recommendation of the Committee and employee wages/salaries be increased per the attached Summary.”

3. Amy Ruark reported that the next meeting is scheduled for December 20, 2018. There being no conflicts, the regular December meeting will take place on December 20, 2018, at 1:00 p.m.

There being no further business to conduct, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY:

  
BOBBY BURGESS, CHAIRMAN

ATTEST:

  
WILLIAM WETHINGTON, SECRETARY