

Hardin County Water District No. 1
Minutes of Regular Meeting
of the Board of Commissioners

February 21, 2017

Chairman William Gossett attended the meeting by videoconference from Fort Meyers, Florida. Chairman Gossett called the meeting to order at 11:30 A.M. with Commissioners John Tindall, Jim Shelton, Howard Williams and Ron Hockman in attendance. Staff present included Jim Bruce, General Manager; Brett Pyles, Operations Manager; Daniel Clifford, Engineering Manager; Scott Schmuck, Finance & Accounting Manager; Charlene Easter, Customer Service Manager; and Andrea Palmer, Executive Assistant. Retired Major General Bill Barron with KRDA, and Seth Fisher, P.E. with Cannon & Cannon, Inc. were present as guests. Lunch was provided for the Board, staff, and guests.

An invocation was given by Secretary Hockman. Chairman Gossett opened the floor for public comment. There were no public comments offered and the floor was closed to public comment.

Chairman Gossett asked for a motion to accept the minutes presented. Commissioner Williams made a motion to accept the minutes from the January 10 special meeting. The motion was seconded by Commissioner Shelton and the motion passed. Commissioner Williams made a motion to accept the minutes from the February 1 special meeting. The motion was seconded by Treasurer Tindall and the motion passed. Treasurer Tindall had a question about value of old meters beyond scrap value which Mr. Bruce and Mr. Pyles answered.

Chairman Gossett asked for and gained consensus to move item number 8, KRDA Presentation, to the top of the agenda.

KRDA Presentation: At this time, Treasurer Tindall informed the Board that he sits on the Board for KRDA and therefore recused himself from the discussion or any vote. Mr. Barron then introduced himself and presented the item. He announced that KRDA needs annual pledges from the community over the course of the next five years and gave the missions and priorities for the organization. He asked the District to consider pledging \$25,000 over the course of the next five years to aid with these goals. He then thanked the Board for their time and exited the room.

Discussion ensued regarding the appropriateness of this support. Mr. Wilson noted that he would check with the Attorney General. Secretary Hockman also read several past Opinions of the Attorney General regarding financial donations by Water Districts. Commissioner Williams asked that this item be placed on the March agenda for action. Mr. Bruce agreed.

Chairman Gossett asked Treasurer Tindall to chair the meeting since he was not physically present, and Treasurer Tindall agreed.

Mr. Schmuck presented the treasurer's report and explained that there are two reports because the December report was not ready for the January board packet due to the earlier-than-usual meeting date. For year to date, he noted that all five funds reported a positive net income. In the December report, he pointed out that salary and benefits were higher in three of the five funds due to the annual Christmas bonus that the Board approved as well as the annual vacation accrual adjustment. He noted that Radcliff Sewer showed disposal of assets when some lift station parts were disposed of. Treasurer Tindall asked about reconditioning those parts, and Mr. Clifford answered that there was no cost benefit. Commissioner ^{Williams} Howard made a motion to approve the December treasurer's report and Commissioner Shelton seconded. Motion passed.

In the January treasurer's report, Mr. Schmuck noted that all five funds had a positive net income. He noted that legal expenses were up due to a dispute with a customer. Secretary Hockman made a motion to approve the January treasurer's report and Commissioner Shelton seconded. Motion passed.

Board Monitoring Reports: Mr. Bruce presented the General Manager's Report and offered to answer questions. Secretary Hockman noted that the City Council had mentioned in their last meeting that the District had asked the City to consider a new sewer protection ordinance and some of the Council members had various questions of the City Engineer and Attorney about the possible impact to residents. He asked Mr. Bruce to clarify. Mr. Bruce answered that the District has requested that the City add back the ordinance that if a customer violates EPA regulations, or

Hardin County Water District No. 1 - Board of Commissioners
Minutes of Regular Meeting
February 21, 2017

Continued

damages the sewer system, they could be subject to a citation and fine from the City, if the District proved its case with evidence to the Mayor. He gave history behind the ordinance and noted that the District is not requiring or forcing anyone to hook onto sewer. Commissioner Williams asked if a Board member should attend the next City Council meeting, Treasurer Tindall noted that he would like to see the ordinance. Mr. Bruce said he had not seen the version presented to the Council but would discuss with the City Attorney.

Mr. Pyles presented the Operations Managers Report and answered Board questions regarding the annual water loss percentage. Treasurer Tindall had questions regarding the construction taking place on 31 W, and Mr. Clifford answered his questions.

Mr. Clifford presented the Engineering Manager's Report and gave an update on the newly acquired easement for the Louisville Water Interconnect.

Consent Agenda: Secretary Hockman made a motion to approve the consent agenda. Commissioner Shelton seconded the motion and motion passed. (approve a one year extension to the Letter of Credit for the 2002 Series Adjustable Rate Water Bonds and to authorize the General Manager and or Chairman or other officers to execute any documents as required for this extension / approve all expenses and vendors to be paid as shown on the 2017 Recurring Disbursement Register, in accordance with the Board's Payable Disbursement policy, and to authorize the Treasurer, or other Board officer as required, to sign any checks or other payment instruments as needed to make these payments throughout the 2017 budget year / accept and authorize bid award for the 1882 & 144 Water Main Replacement Project, funded by an approved Rural Development load, to the apparent low bidder, Cumberland Pipeline, LLC, with final bid award and notice to proceed after final approval by Rural Development, after the Public Service Commission issues their Certificate of Public Convenience & Necessity / approve Intra-fund Loan Agreement 2017-01, in accordance with Board Policy 400-415-1, for a loan of \$2.6 million from the Radcliff Sewer Fund to the County Water Fund, with terms as specified in the agreement and also to authorize the Secretary and Chairman of the Board to sign the loan agreement indicating such approval.) Mr. Bruce complimented Mr. Schmuck on his efforts with the Annual Recurring Disbursement Register.

1882 / 313 Transmission Main Rural Development Project – Change Order: Mr. Bruce presented the item and introduced Seth Fisher with Cannon & Cannon. Chairman Gossett asked questions regarding previous interactions with the low bidder, Cumberland Pipeline, and Mr. Bruce answered the questions. Mr. Fisher added that Cumberland Pipeline has had a change in management since the District last dealt with them. Mr. Bruce gave a full description of the change order. Secretary Hockman had questions regarding the amount of time it would take to re-bid this section of the project as well as the legality of not bidding it. Mr. Wilson read directly from the Kentucky State Statute and noted that there is no case law that speaks to this particular situation. He did discuss some Attorney General opinions but noted that they are not actually law. Commissioner Williams made a motion to offer the change order to Cumberland Pipeline as discussed with the caveat that if they don't honor the current per unit price, it will go to bid. Commissioner Shelton seconded the motion and motion passed.

Position Upgrade / Reclassification Request: Mr. Bruce presented the item and noted that Ms. Easter was present to answer questions. Secretary Hockman made a motion to approve a reclassification of the Utility Billing Specialist position from a Grade 2 to a Grade 3 in the Pay Plan, effective immediately. Commissioner Williams seconded the motion and motion passed.

General Manager In Training - Job Description Approval: Mr. Bruce presented the item and answered Board questions. Commissioner Williams made a motion to approve a job description for the General Manager - In Training position for use in the upcoming advertisements for this position. Secretary Hockman seconded the motion and motion passed.

Maintenance of 1985 Sewer Accident Memorial: Mr. Bruce presented the item for informational purposes and the staff's plan for minor annual maintenance. The Board had no questions or objections to the plan.

Hardin County Water District No. 1 - Board of Commissioners
Minutes of Regular Meeting
February 21, 2017

Continued

Closed Session: Mr. Bruce noted the need for a closed session to discuss both personnel and litigation. Secretary Hockman made a motion to enter into closed session in order to discuss the issues in accordance with KRS.61.810.1.c, litigation and KRS 61.810.1.f. personnel. Commissioner Shelton seconded the motion and the motion passed. Treasurer Tindall reconvened open session at P.M.

28

Closed Session Action Item: Secretary Hockman recused himself and exited at this time. Commissioner Williams made a motion to give Veolia notice of termination effective July 1, 2017 and to send a termination letter citing the contract terms. Commissioner Shelton seconded the motion and motion passed.

Adjourn: Being no further business before the Board, Commissioner Shelton made a motion to adjourn at 2:19 P.M. Motion was seconded by Commissioner Williams and motion passed.

(Minutes submitted by Andrea Palmer, Executive Assistant)

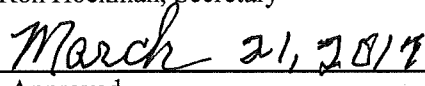
APPROVAL OF MINUTES

I hereby certify that the foregoing minutes were duly approved by the Board of Commissioners of the Hardin County Water District No. 1 at a meeting held on the date shown below:

HARDIN COUNTY WATER DISTRICT No.1



Mr. Ron Hockman, Secretary



Date Approved