

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

July 18, 2017

Chairman William Gossett called the meeting to order at 11:30 A.M. with Commissioners John Tindall, Ron Hockman, Jim Shelton, and Howard Williams in attendance. Staff present included Jim Bruce, General Manager; Brett Pyles, Fort Knox (FK) Systems Director; Justin Metz, County Systems Manager; Jim Boyken, Civil Engineer; Scott Schmuck CGFM, Finance & Accounting Manager; Richard Stranahan, Fort Knox Distribution Systems Supervisor; Kelvin Sparrow and Donte Samuels, FK Distribution Operators; Bryan Flaughner, FK Collections Operator; William Hardin, FK Maintenance and Controls Specialist; David Swift, Stacy Miller, Tristain McCawley and Marc Montgomery, FK Wastewater Treatment Plant Operators; Andrea Palmer, Executive Assistant; and David Wilson, Attorney. Ms. Heather Cochran, CPA and Mr. Kevin Fisher, CPA with RFH CPA Consultants were present as guests. Lunch was provided for the Board, staff and guests.

Chairman Gossett asked Mr. Pyles to provide an invocation. Chairman Gossett opened the floor for public comment. There were no public comments offered and the floor was closed to public comment.

Chairman Gossett noted that there were new employees present. Mr. Bruce stated that while the Board had previously met Mr. Metz in 2015 he wanted to provide a refresher of Mr. Metz's background and a description of his new position within the District. Mr. Stranahan introduced Mr. Samuels, Mr. Sparrow and Mr. Flaughner and gave a description of their new positions. Mr. Pyles introduced Mr. Hardin, Mr. Swift, Mr. Montgomery, Mr. McCawley and Mr. Miller and gave a brief background on each. The Board introduced themselves and welcomed them. The new employees and Mr. Stranahan left the room at this time.

2016 Annual Audit & Financial Report: Chairman Gossett asked for and gained consensus to move agenda item 4 to the top of the agenda. Mr. Bruce detailed the Board's previous motion to hire RFH for the 2016 audit with the understanding that the audit team would change. He then introduced Ms. Cochran and Mr. Fisher with RFH as the leaders of the audit team. Chairman Gossett asked the CPAs if staff should leave the room, and they answered that staff could stay. Ms. Cochran noted highlights of the annual audit, such as the clean audit opinion letter. She then made a slide presentation summarizing the audit with key financial ratios and answered all Board questions. There were several questions about the CERS pension funding, disclosure of the unfunded liability on the District's statements and possible changes to the plan in the future. The Board thanked Ms. Cochran and she exited the meeting at this time. Treasurer Tindall made a motion to accept the 2016 Financial & Audit Report as presented by the District's CPA firm. Commissioner Shelton seconded the motion and motion passed.

Chairman Gossett asked for a motion to accept the minutes presented. Commissioner Williams made a motion to accept the minutes from the June 20th regular meeting. The motion was seconded by Treasurer Tindall and the motion passed.

Mr. Schmuck presented the Treasurer's report and noted that even though Fort Knox Sewer is reflecting a net loss, it was actually budgeted that way so it was expected. He pointed out highlights for each fund and answered Board questions to their satisfaction. There was brief discussion of ways to increase revenues at Fort Knox as well as renovation of the Muldraugh Water Treatment Plant. Mr. Bruce reviewed the planned revenue and expense drop after closing one of the two WTP's in February, 2017 and the expected revised date when that could happen. Commissioner Williams made a motion to accept the Treasurer's report. The motion was seconded by Secretary Hockman and passed.

Chairman Gossett noted that Commissioner Shelton had been reappointed, and the Board congratulated him.

Board Monitoring Reports: Mr. Bruce presented the General Manager's Report and offered to answer any questions. Two commissioners mentioned that they had seen District employees either speeding or talking on cell phones in District vehicles. Mr. Metz said that he would address that. Mr. Bruce asked that, if possible, Board members get the license plate digits, and call the office right away as this would help identify the driver. Treasurer Tindall had questions regarding the elevated master meter vault near the river crossing in West Point and Mr. Bruce answered all questions and noted that the vault belongs to Louisville Water so they would be primarily liable or responsible.

Mr. Pyles and Mr. Metz presented the Operations Report and offered to answer any questions. Mr. Pyles updated the Board on the cost of repairs at Boone Trace Lift Station. Chairman Gossett commended staff on the low water loss percentage. Mr. Pyles announced that he is looking forward to working with Mr. Metz moving forward in their new positions.

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Mr. Boyken presented the Engineering Manager's Report and noted that Mr. Clifford was on vacation. He gave an update on the Quiggins Stormwater Basin project and explained that the District is raising the top of the lift station.

Relocation & Transitional Expense Terms – Future General Manager Employment Contract: Mr. Bruce presented the item and shared the details for this process when he was recruited in 1994. There were several questions which Mr. Bruce and Mr. Wilson answered. Mr. Wilson also noted that all terms of the contract would be subject to negotiation and changes as required by the Board before final approval. Treasurer Tindall made a motion to approve Ms. Shisler's recommended relocation and transition expenses, and also authorize her to let applicants know that the Board would require a non-compete clause (with other water utilities within a 50 mile radius), offer an initial contract term of no more than three years and that the Board would provide an annual performance review, but there would be no automatic cost of living adjustment. Commissioner Williams seconded the motion and motion passed.

Unpaid Leave of Absence Consideration: Mr. Pat Flanagan, HR Specialist, entered the room at this time. Mr. Bruce presented the item and gave background information. There was brief discussion and Mr. Bruce answered all Board questions. Secretary Hockman made a motion to approve an unpaid leave of absence for an employee currently on medical leave, who has applied for both private long term disability and Kentucky retirement disability, for a period of up to five weeks and authorize the General Manager to approve up to an additional four weeks if needed pending final approval of disability income. Commissioner Williams seconded the motion and motion passed.

New Business: Mr. Bruce presented an agreement for cattle grazing on some real estate that the District recently purchased. Commissioner Williams made a motion to approve the agreement. Commissioner Shelton seconded the motion and motion passed.

Closed Session: Mr. Wilson stated that there was a need for a closed session to discuss litigation. Secretary Hockman made a motion to enter into closed session in order to discuss a litigation matter, as prescribed in KRS 61.810.1.c. The motion was seconded by Commissioner Shelton and passed. Chairman Gossett reconvened open session at 1:24 P.M.

Adjourn: Being no further business before the Board, Secretary Hockman made a motion to adjourn at 1:25 P.M. Motion was seconded by Treasurer Tindall 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

August 10, 2017
Date Approved