MOREHEAD UTILITY PLANT BOARD REGULAR SCHEDULED BOARD MEETING @ 12:00PM April 27, 2015

Place of Meeting

A regular scheduled board meeting of the Morehead Utility Plant Board was held Monday April 27, 2015, at 12:00 p.m. at the office of the Morehead Utility Plant Board 135 S Wilson Ave, Morehead KY.

Board Members Present

Porter Dailey, Chairman
Charles Derrickson, Board Member
Glen Teager, City Council Representative
Jeff Barker-Board Member

Also Present

Mike Nickell, General Manager/Secretary
Earl Rodgers, Campbell, Rogers & Hill, PLLC
Benita Hammonds, Office Manager
Rhelda Toler-Administrative Assistant
Tim Eldridge, CPA-Eldridge Jackson, & Leedy PLLC
Larry DeHart-Morehead News

Call to Order & Confirmation of Quorum

Chairman, Porter Dailey, declared a quorum and called the meeting to order at 12:00 p.m. The chairman welcomed the staff.

Approval of March 30, 2015 Minutes

A motion was made by Charles Derrickson, and seconded by Glen Teager to approve the minutes of the board meeting held on March 30, 2015. The motion was unanimously approved.

Accept March 2015 Financial Report

The total revenue is about 4.4% higher ($342,000) than last year, and 107% of year to date budget through March 2015. The water revenue is 101% of the budgeted revenue and 5.6% ($119,000) higher than last year. The sewer revenues through eight months are at 99% of year to date budget and 11.6% ($238,000) higher than last year.

The gas department margin is about $39,000 lower than the previous year. There were no significant budget variances in gas department operating expenses other than the purchased gas which is seasonal and relates directly to the gas revenue.

The water system and plant expenses are up 3.3% ($45,400) from the previous year and about 96% of the budget.

The sewer department expenses are at 103% ($39,000) over budget and this reflects about $139,000 (11.6%) above the prior year's expense level at this time.

General and administrative expenses are at 97% of budget with no significant variances.

The overall March 2015 financial statements reflect a bottom line positive variance to the operating budget in the amount of about $238,000. About $86,000 of this variance relates to the timing of a grant received, which is being prorated on budgeted revenues. After factoring this out and understanding that the seasonal variation from gas revenues has normalized, this puts the real positive variance to the budget through March at $152,000. See attached MDA for additional information.

A motion was made by Jeff Barker, and seconded by Charles Derrickson to accept the March 31, 2015 financials. The motion was unanimously approved.

Reports-General Manager

The General Manager reported on the capital expenditures. The total expenses to date include as follows:

Sewer I&I Rehab	$7,784.01
Water Line/Meter Rehab	$22,780.86
Blacktopping	$12,261.57
Duplex Stations Upgrade	$77,298.07*
New Parts Building	$27,932.17
Billing Software	$26,782.50
Residential Grinder Pumps	$77,827.10
SCADA & Computer Upgrade	$9,107.80
Electronic Gas Pump Monitor	$9,000.00
Gas System	$8,824.65
Pump Replacement (WTP)	$3,548.93

*The Duplex Station is over budget due to failure of two pumps at Skeen's Lift Station. The MSU Farm Sewer Project bid opening was on April 21, 2015 at 1:30 p.m. The low bidder was Jenkin's Excavating at $82,955. There were eight bids. The engineers are currently checking references on bids. Mr. Steve Leitz, with Morehead State University, attended the bid opening. MSU has worked with the company and feels like they would do a good job. Mr. Nickell pointed out that MSU will be reimbursing MUPB for all expenses including engineering.

The water loss for March 2015 is 15.9%.

The General Manager reported to the board on what a good job all the employees did at the WTP, WWTP and Maintenance Department during the last flood. Most of the damage was cleanup.

Jeff Barker asked if MUPB was flushing water lines. Mr. Nickell explained that we do that to keep our water in compliance. See attached all monthly reports for additional information.

A motion was made by Glen Teager, and seconded by Jeff Barker to accept the General Managers Report. The motion was unanimously approved.

Risk Management Plan

Mr. Nickell reported that he has no update.

Software Update

The General Manager had no update at this time. The installation of the new software is still on track for the end of the year.

Funding Status Update

The General Manager presented to the board a Project Status Report. See below description:

Project: **Morehead Utility Plant Board Industrial Water Improvements Project (WX21205027, WX21205028, WX21205045, WX21205047)**

Budget:	ARC	$ 500,000
	USDA Loan	$ 375,000
	USDA Grant	$ 125,000
	Total	**$1,000,000**

See attached for additional details.

Project: **Sunnybrook Development Sewer Line Extension Project (SX21205029)**

Budget:	CWSRF Loan	$1,000,000
Total		**$1,000,000**

See attached for additional Details.

Project: **Kentucky 801 and Kentucky 158 Sewer Line Extension Project (SX21205036)**

Budget:	CWSRF Loan	$1,500,000
Total		**$1,500,000**

See attached for additional details.

New Business

Approve 2015-2016 Budget

See attached Budget Overview for the year ended June 30, 2016. The departments that are anticipated an increase includes:

Water Plant	$77,000.00 (Salaries, Utilities, and Health Insurance)
Wastewater Plant	$57,000.00 (Chemicals, Lab Testing & Supplies, and Health Insurance)
Administrative	$104,000.00 (Operations Manager Salary and related benefits, General and Health Insurance)

See attached for additional information.

After discussion of the details of the new budget a motion was made by Charles Derrickson, and seconded by Glen Teager to approve the 2015-2016 Budget. The motion was unanimously approved.

Ratify Payment of Monthly Bills

A motion was made by Glen Teager, seconded by Jeff Barker to ratify payment of monthly bills for March 31, 2015 as presented. The motion was unanimously approved.

Closed Executive Session

A motion was made by Jeff Barker, and seconded by Charles Derrickson to go into closed executive session at 12:25 p.m. The motion was unanimously approved.

No action taken.

A motion was made by Charles Derrickson, and seconded by Jeff Barker to exit closed executive session at 12:50 p.m.

Old Business

No old business

Meeting Adjourned

Meeting Adjourned at 12:50 p.m.

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Porter Dailey, Chairman

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Robert M. Nickell, General Manager