

**MOREHEAD UTILITY PLANT BOARD
BOARD MEETING @ 12:00PM
July 25, 2017**

Place of Meeting

A board meeting of the Morehead Utility Plant Board was held Tuesday, July 25, 2017, at 12:00 p.m. at the office of the Morehead Utility Plant Board 135 South Wilson Ave, Morehead, KY.

Board Members Present

Russ Ward, Chairman
Jeff Barker, Vice Chairman
Glen Teager, City Council Representative
Tracy Williams, Board Member
Porter Daily-Board Member

Also, Present

Holly McGrath-Rosas, General Manager
Benita Hammonds, Administrative Manager
Kevin Mayhorn, Financial Coordinator
Larry Tackett, Operations Manager
Brad Stacy, Morehead News
Billy Winkelman, MUPB Consultant

Call to Order & Confirmation of Quorum

Chairman, Russ Ward, declared a quorum and called the meeting to order at 12:00 p.m. He welcomed all visitors and staff.

Approval of May 30, 2017 Board Meeting Minutes

A motion was made by Porter Dailey, and seconded by Tracy Williams to approve the minutes of the board meeting held on May 30, 2017. The motion was unanimously approved.

Accept May and June 2017 Financial Reports

Holly McGrath-Rosas, General Manager, goes over the financial highlights for June 2017. This includes:

- (1) The water revenues are \$21,000 (-0.6%) under budget and sewer revenue is under budget by \$152,000 (-4.1%). Both water and sewer sales are experiencing some decreased industrial consumption.
- (2) The WTP expenditures are \$232,4000 (-13.3%) under budget. Chemicals are \$1265,000 and utilities are \$38,000 respectively are under the year to date budget and are the primary variances affecting the year end positive variance.

- (3) The WWTP expenses are 7.7% or (\$114,000) over budget. Pretreatment program expenses exceed budget by about \$23,000, while repairs and lift station expense is over budget by \$28,000 and \$86,000 respectively. Under budgeted utilities somewhat offset these.
- (4) The maintenance department expense is 6.8% (\$101,000) under budget for the year to date which includes about some savings from budgeted vehicle expenses from a change in the vehicle program. As well as some overall personnel and related benefits finishing the year under budget from some of the cost controls put into place during the last half of the year.
- (5) The gas department closed out the year strong contributing more than budgeted margin year to date. Even though the industrial customers have become more efficient in their water/sewer usage, their consistent use of gas is helping stabilize the gas component for MUPB.
- (6) Capital expenditures for the year totaled \$863,766 (76.6%) of the budgeted \$1,127,000 in capital.

The net variance to operating revenue and expense budget has continued in a positive trend over the last several months and is better than budgeted by about \$290,000. With year-end adjustments, several of these variances may change. The most potential for a material adjustment relates to inventory adjustments which will mainly affect repairs and maintenance. Cash flow has improved during the second half of this fiscal year and is mostly due to delaying capital improvements as well as emphasis on controlling costs over the past several months.

A motion was made by Jeff Barker, and seconded by Glen Teager to approve financial reports for May 2017. The motion was unanimously approved.

Election of Officers

Porter Dailey made a motion to elect Russ Ward as chairmen and Jeff Barker as vice-chairman. The motion was seconded by Glen Teager. The motion unanimously approved.

Reports-General Manager

Water Treatment Plant (WTP)-

Ms. McGrath-Rosas states that the maximum daily treated for the month was 5.97 million gallons. She reports that she had a meeting with the KIA regarding a loan for the new water treatment plant. The KIA informed her that it may be possible to get a 30-year loan at 0.5% interest. She also states that they have completed the transition to sodium hypochlorite. Due to this transition, the WTP no longer needs a risk management plan. See the June and July 2017 WTP Report for additional information.

Wastewater Treatment Plant (WWTP)-

The General Manager reports that the WWTP has passed the second quarter biomonitoring. She also reports that the WWTP had worked with the Gateway ADD on updating lift station information. See the June and July 2017 WWTP Report for additional information.

Maintenance Department-

The General Manager reports that maintenance department has completed general operations and maintenance. Ms. McGrath-Rosas reports that she repaired a 12" main line break at Starlight Dr. along with completing the line extensions on Viking Dr. See attached June and July 2017 Maintenance Department Report for additional information.

Administration Department-

The Administrative Department reports a water loss of 19.18% for June 2017 and 7.14% for July 2017 and the yearly average is 11.71%. The high-water loss for June was due to the large water leak that occurred on Starlight Dr. Automatic bank draft payments are at 1160. Ms. McGrath-Rosas reports that everything is working properly with the online billing software. See the Administrative Office June and July 2017 Report for additional information.

A motion was made by Glen Teager and seconded by Tracy Williams to accept the General Managers report. The motion was unanimously approved.

New Business

Approval to Apply for Arc Funding for WTP

The general manager request that the board approve for her to apply for arc funding for the first phase of the WTP for next budget year.

A motion was made by Tracy Williams and seconded by Jeff Barker to approve the arc funding request. The motion was unanimously approved.

Approve Pay Request for 158 June and July

Ms. McGrath-Rosas is presenting this to the board so there is transparency in the payment of the 158 projects. She informs the board this is not required but she wants to present as a courtesy. Both June and July have been funded.

A motion was made by Glen Teager and seconded by Jeff Barker to approve the pay request for 158 June and July. The motion was unanimously approved.

Ratify Payment of Monthly Bills

Mr. Mayhorn, presented the board with checks that had been written for the months and explained what those payments were for.

A motion was made by Glen Teager, seconded by Porter Dailey to ratify payment of monthly bills for May and June 2017. The motion was unanimously approved.

Executive Session for Property Acquisition

Porter Dailey made a motion at 12:24 pm to go into an executive session and it was seconded by Jeff Barker.

At 12:48pm Glen Teager made a motion to come out of executive session and it was seconded by Porter Dailey.

Meeting Adjourned

A motion was made by Porter Dailey, seconded by Tracy Williams to adjourn the meeting.

Meeting Adjourned at 12:49 p.m.

The next meeting is on August 29, 2017 at noon.

Russ Ward, Chairman

Holly McGrath- Rosas, General Manager