

**MOREHEAD UTILITY PLANT BOARD
BOARD MEETING @ 12:00PM
January 29, 2019**

Place of Meeting

A board meeting of the Morehead Utility Plant Board was held Tuesday, January 29, 2019 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-Absent
Heather Neff-Perkins, Board Member

Also, Present

Holly McGrath-Rosas, General Manager
Benita Hammonds, Administration Manager
Larry Tackett, Operations Manager
Kevin Mayhorn, Financial Coordinator
Earl Rogers, Attorney
Tim Eldridge, CPA
Lori Dearfield, Kelly Galloway Smith Goolsby CPA

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 November 27, 2018 Board Meeting Minutes

A motion was made by Glen Teager and seconded by Tracy Williams to approve the minutes of the board meeting held on November 27, 2018. The motion was unanimously approved.

Approve Kelley Galloway Smith Goolsby PSC Audit Report-Lori Deerfield

Lori Dearfield, CPA from Kelley Galloway Smith Goolsby PSC goes over the audit report. She was pleased to present a clean audit for the 2017-2018 fiscal year. Mrs. Dearfield states that the financial statement disclosures are neutral, consistent, and clear, and that they encountered no significant difficulties in dealing with management in performing and completing they audit.

A motion was made by Glen Teager and seconded by Jeff Barker to approve the audit report from Kelley Galloway Smith Goolsby PSC. The motion was unanimously approved.

November and December 2018 Financial Reports

Holly McGrath-Rosas, General Manager, goes over the financial highlights for December 2018. This includes:

- (1) Water and sewer service revenue together is \$79,000 (1.7%) above budgeted amounts.
- (2) The WTP expenditures are \$95,000 (10.5%) below budget.
- (3) The WWTP expenses are nearly equal to budget (over \$2,300 .2%)
- (4) The maintenance department is about \$117,000 (12.7%) over budget. That is close to a 5% reduction since October. \$87,000 of that overage is directly related to the increase in system repair and maintenance and continues to drive the overage. December maintenance was about equal to the budget amount.
- (5) The margin on the gas sold for the month is about \$319,000 less than budgeted year to date. This is a reflection of the beginning of colder temperatures and a short spike in the increase in the price of natural gas. Since we recover the gas paid for with the following month's bill, this difference should not increase during the winter unless we have another polar vortex condition and will fully correct itself toward the end of the cold season.
- (6) \$1,175,000 (47%) of the budgeted \$2,500,000 in capital projects have been expended
- (7) Overall through six months net income shows \$117,000 less than budgeted, however the gas margin is the largest factor and we expect that to recover by the end of the cold weather.

A motion was made by Tracy Williams and seconded by Glen Teager to approve financial reports for November and December 2018. The motion was unanimously approved.

Reports-General Manager

Water Treatment Plant (WTP)-

Ms. McGrath-Rosas states that the maximum daily treated for the month of December was 7.4 million gallons. (99%) and a daily average of 5.38 million gallon (71%) The General Manager also informed the board that several companies will be competing in the coagulant trial portion of the membrane pilot study. See the January 2019 WTP Report for additional information.

Wastewater Treatment Plant (WWTP)-

The General Manager reports that the WWTP has performed routine operations and maintenance. Ms. McGrath-Rosas also informs the board that Brewer Electric and MUPB lift station crews has begun the rehabilitation at the main station. She also stated that crews installed a power disconnect at Rowan County Middle School. See the January 2019 WWTP Report for additional information.

Maintenance Department-

The General Manager reports that the maintenance department is running as normal. Ms. McGrath-Rosas informs the board that crews have been working to repair several main line leaks. The General Manager stated that the quotes for the Tom's drive project came in higher than expected so MUPB will do the work in house. See attached January 2019 Maintenance Department Report for additional information.

Administration Department-

The Administrative Department reports a water loss of 12.33% for December 2018 the yearly average is 12.79%. Automatic bank draft payments are at 1335. See the Administrative Office January 2019 Report 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.

New Business

Ratify Payment of Monthly Bills

Mr. Mayhorn, presented the board with checks that had been written for the month.

A motion was made by Glen Teager, seconded by Tracy Williams to ratify payment of monthly bills for November and December 2018. The motion was unanimously approved.

Surplus Vehicles with Kentucky Government Surplus

Ms. McGrath-Rosas, presented the board with a list of vehicles the MUPB would like to surplus.

A motion was made by Glen Teager, seconded by Jeff Barker to surplus vehicles with Kentucky Government Surplus The motion was unanimously approved.

Old Business

None

Other Business

None

Executive Session

A motion was made by Jeff Barker, seconded by Tracy Williams to go into Executive Session to Discuss Property Purchase at 12:52 PM

A motion was made by Glen Teager, seconded by Jeff Barker to come out of Executive Session at 1:02 PM

Property Purchase

A motion was made by Glen Teager, seconded by Tracy Williams to purchase 6 acers of land located on airport hill bordering the current Water Treatment Plant for \$95,000 from Somerset Hardwoods. The motion was unanimously approved.

Meeting Adjourned

A motion was made by Tracy Williams seconded by Jeff Barker to adjourn the meetings.

Meeting Adjourned at 1:10 p.m.
The next meeting is on February 26, 2019 at noon.

Russ Ward, Chairman

Holly McGrath- Rosas, General Manager