

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
APRIL 2025 MEETING**

The April 2025 meeting of the Bullock Pen Water District was called to order on April 24, 2025, at the hour of 1:00 p.m. Those in attendance were Chairman Charles Givin, Superintendent Paul Harp, Commissioners Bryan Slaughter, William Wethington, Andrea Walton, and Rodger Bingham. Also present were Counsel Thomas R. Nienaber, HMB Professional Engineers, Inc., Mr. Benton Hanson, Kentucky Engineering Group, Mr. Ryan Carr, Amy Ruark and Ashley Dyer.

The first order of business was a presentation by Mr. Calvin Crupper, Dry Ridge Fire Department. Mr. Crupper made a presentation to the Board regarding the use of fire hydrants during fire emergencies. Mr. Crupper presented a list of fire hydrants within the Dry Ridge Fire Department (“DRFD”) service area. Mr. Crupper stated that the DRFD does not service fire hydrants in the District territory. Mr. Crupper stated that if the District does want DRFD to service those hydrants which are jointly in the DRFD and District territory, they would accommodate us to that extent. He explained that fire hydrants are generally color coded. All are color coded within DRFD territory. Mr. Crupper explained the difference between concepts of water volume and water pressure. He explained that if a fire hose and pumper is hooked to a fire hydrant that does not have adequate pressure and volume capabilities, there is a risk of collapsing a water line. Consequently, DRFD frequently uses “duck tanks” which serve as portable ponds. These tanks are filled with water and a pumper truck pumps water from them to fight a fire. Mr. Crupper stated that most fire hydrants in rural areas do not have adequate volume and pressure to provide complete fire protection. Mr. Crupper stated that he would be willing to assist the District in any way possible to address its fire hydrants within District territories.

The next order of business was a presentation by Forcht Bank, Ms. Tena Webster and Mr. Craig Houchens. Mr. Houchens thanked the District for its business in allowing Forcht Bank to provide banking services. He acknowledged that the District has recently requested Forcht Bank to pay a higher interest rate on our deposit accounts. Amy Ruark reported that there are approximately 20 deposit accounts at Forcht Bank for the District and the Grant County Sanitary Sewer District. Mr. Houchens stated that Forcht Bank would be willing to pay the District interest on those deposit accounts at a rate equal to the Federal Fund Rate, less 1.75%. The current Federal Fund Rate is 4.75%. Accordingly, the District would be receiving 3% interest on its deposit accounts. Mr. Houchens stated that the Federal Fund Rate adjusts on a periodic basis. He stated that every time the Federal Fund Rate is changed, the interest rate paid to the District will likewise change. Amy Ruark reported that the District’s most recent annual audit will show that the District is not receiving maximum interest on its deposit accounts. It is for this reason that Amy Ruark requested Forcht Bank to make a presentation. Mr. Houchens presented the attached letter to the District acknowledging its commitment to paying this increased interest rate on deposit accounts. The increased interest rate will be paid to both the Bullock Pen Water District and Grant County Sanitary Sewer District deposit accounts. (See attached Commitment Letter).

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The next order of business was a report by Senator Gex Williams as follows. Senator Williams presented two letters which he had forwarded to Chairman Givin and copied various governmental entities in Northern Kentucky. Senator Williams also stated that he has prepared a financial analysis of the District's option to either build a new WTP or purchase water from Boone-Florence Water Commission ("BFWC"). Senator Williams stated that it is his firm belief and position that the District should enter into negotiations with BFWC to join that organization to purchase water from Cincinnati. Senator Williams stated that economically, this would be the best option for the District. Senator Williams reported that Cincinnati has unlimited supplies of drinking water available to the District through BFWC. Currently, Cincinnati and BFWC are studying the possibility of constructing a second pipe under the Ohio River to provide water availability to BFWC. Senator Williams highly suggested that the District join BFWC. He stated that regionalization of all water distributors in Northern Kentucky would be in all customers' best interest in providing quality water service at the lowest cost. Senator Williams stated that the District's spreadsheet prepared by KEG is faulty and not accurate. Senator Williams emphasized that he does not want the District to be taken over by BFWC or any other entity. He simply emphasized that regionalization of water service is in everyone's best interest. Senator Williams gave examples of how regionalization has helped other areas like Eastern Kentucky, Georgetown, Frankfort, etc. Senator Williams explained the relationship between BFWC and Boone County Water District ("BCWD"). Senator Williams said that it is a "no brainer" in that the District should join BFWC. He stated in a meeting with BFWC, BFWC would commit to work with the District in becoming a member. He then stated that it is incumbent upon the District to reach out to BFWC rather than BFWC reaching out to the District. Senator Williams shared with the District his letter and position statement as attached.

The next order of business was approval of March 2025 Minutes. After discussion, upon motion of Bryan Slaughter and second by Andrea Walton, it was unanimously,

"RESOLVED: the March 2025 Minutes be and the same are hereby approved as attached."

The next order of business was a review of the March 2025 Profit and Loss Statement and Warrants. Commissioner Wethington asked if the Warrants could be emailed to the Commissioners a couple days prior to the scheduled meeting in order to allow sufficient time to review them. Amy Ruark explained that Warrants are added to the Warrant list as they are received. If Warrants are distributed a couple of days before the next scheduled meeting, it would be incomplete. Commissioner Bingham also inquired about receiving a Warrant list before regularly scheduled meetings. Commissioner Slaughter asked about the 6.5% tariff surcharge on purchased meters. Superintendent Harp explained that this tariff is being charged by Neptune. After consideration, upon motion of Rodger Bingham and second by Bryan Slaughter, it was unanimously,

"RESOLVED: the March 2025 Warrants and Profit and Loss Statement be and the same are hereby approved as attached."

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The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he has not heard any new developments in the Garrison litigation.
2. Mr. Nienaber reported that he has not heard anything new from Boone County regarding the Katie Drive Project. Commissioner Walton explained to Senator Williams the current Easement issue. Mr. Nienaber explained that the Katie Drive Project was a “turnkey” operation operated by Boone County. He explained that when the water lines on Katie Drive were constructed, there was not an Easement. In order to install meters on the water lines, there needs to be appropriate easements in place. Mr. Nienaber gave a brief history of his contacts with Boone County representatives regarding this issue. At this time, Mr. Nienaber explained that his most recent contact was with the Boone County Attorney’s Office. They reported that they would get back to Mr. Nienaber. No response has been received at this time. Mr. Nienaber also explained that similar Easement issues in other locations have presented problems in the past. It is for this very reason that the District requires the appropriate easements being in place before meters will be installed.
3. Mr. Nienaber reported that he has not heard anything from the Public Service Commission regarding the Belden Gaines matter.
4. Mr. Nienaber gave a brief update on the PFAS MDL litigation. He reported that the deadline for filing claims and information supporting claims is May 23, 2025. Mr. Nienaber stated that he submitted a claim to Napoli & Shkolnik for the GAC filtration system at the WTP. Mr. Nienaber requested Superintendent Harp and Ryan Carr at KEG to provide all detailed information available relating to the GAC filtration system for submittal to Napoli & Shkolnik. This would include engineering plans, invoices, cost estimates, etc. Mr. Carr stated that he would provide as much information as he can. Mr. Nienaber requested this information no later than May 1, 2025 to insure a proper filing with Napoli & Shkolnik.
5. Mr. Nienaber gave a report on the Kentucky Department of Fish & Wildlife Commission (F&W) meeting with the District on April 16, 2025. Mr. Nienaber shared with the Commissioners his notes from that meeting (attached). Overall, Mr. Nienaber reported that the meeting went very well with F&W. Superintendent Harp and Ryan Carr concurred with that assessment. Mr. Nienaber stated that at the end of our meeting with F&W, it was agreed that a Memorandum of Understanding (“MOU”) should be prepared by the District and submitted to F&W for signature. This MOU should follow the format and limitations set forth in F&W’s August 20, 2021 commitment (attached). Mr. Nienaber presented a draft MOU (attached). The MOU draft should be changed as suggested by Chairman Givin. Paragraph 3(a) should be changed to 1,500,000 gallons per day. Paragraph 3(b) should be deleted. Mr. Nienaber explained the legal effect of an MOU. He emphasized that this is not a legally binding agreement but rather a framework from which the District and F&W can formulate a formal agreement for presentation to

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the District lenders for the WTP project and submittal to the Public Service Commission when filing its final Application for financing approval, rate increase, and Certificate of Convenience and Public Necessity. After considerable discussion, upon motion of Bryan Slaughter and second by Rodger Bingham, it was unanimously,

“RESOLVED: that Chairman Givin be and he is hereby authorized to execute an MOU for presentation to F&W consistent with the draft as attached, subject to the changes recommended above.”

6. Mr. Nienaber gave an updated report on the outstanding financial analysis which has been prepared regarding the WTP Project. Mr. Nienaber explained that there are other analyses that have been submitted comparing the financial effect upon District customers as to a new WTP Project versus a purchasing water business model from BFWC. Superintendent Harp shared with the Commissioners his revised financial analysis (attached). Ryan Carr discussed his financial analysis. He recognized that the annual payment for the \$15,000,000 KIA loan was inaccurate. Superintendent Harp reported that his revised analysis reflects an accurate annual payment for the \$15,000,000 KIA Loan and \$5,000,000 RD loan. Mr. Nienaber recommended the District to engage an independent financial analyst to review and compare the various financial analysis presented thus far. This independent financial analysis should recommend which option the District should pursue, whether that be a new WTP Project or a 100% water purchase business model. Mr. Nienaber stated that an independent financial analysis is critical in that the previously submitted financial analyses show conflicting results. Mr. Nienaber stated in any event, when the District files its application with the Public Service Commission for approval, a detailed financial analysis would be required. Mr. Nienaber explained that an independent analysis is the best option. Mr. Nienaber reported that he called Chamberlin & Owens, Mr. John Chamberlin, to recommend someone for this analysis. Mr. Chamberlin recommended that the District engage Dean, Dorton & Ford to perform the analysis. Mr. Nienaber reported that he contacted Stephanie Allgier at Dean, Dorton & Ford. Mr. Nienaber explained the current situation to Ms. Allgier. She also spoke with John Chamberlin who had some knowledge of the current situation. Ms. Allgier stated that she would get back to Mr. Nienaber by the end of business on April 24, 2025, with a decision as to whether or not Dean, Dorton & Ford could perform the analysis. Mr. Nienaber inquired as to the general cost for this analysis. Ms. Allgier stated that she would have to get back to the District. Various Commissioners inquired as to the potential cost for this analysis. Mr. Nienaber stated that he had no idea what the ultimate cost will be. It was suggested that the analysis might cost somewhere in the area of \$10,000.00. After considerable discussion, upon motion of Rodger Bingham and second by Bryan Slaughter, it was unanimously,

“RESOLVED: that Counsel Thomas R. Nienaber be and he is hereby authorized to engage Dean, Dorton & Ford to perform a financial analysis regarding the District’s options to either

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undertake a water treatment plant project or adopt a 100% water purchase business model with BFWC. This financial analysis should compare and contrast the two options to determine which is in the best interest of District customers. The cost of this audit should not exceed \$10,000.00. If the cost projection for the analysis exceeds \$10,000.00, Mr. Nienaber is directed to contact Chairman Givin and report. If Dean, Dorton & Ford is unable to perform the analysis, Mr. Nienaber is authorized to contact other qualified auditors to engage their services at a cost not to exceed \$10,000.00.”

Mr. Wethington stated that he attended a joint BFWC/BCWD meeting last week. He reported that BFWC stated that they would consider an application by the District to join BFWC. Commissioner Bingham inquired as to what would happen if the waterline under the Ohio River and servicing BFWC was out of service for any prolonged period. Commissioner Bingham stated that there is currently no backup line under the Ohio River. A second backup line is currently under study. Chairman Givin stated that he spoke with Representative Matt Nunn and Grant County Judge Executive Chuck Dills regarding the WTP Project/BFWC water purchase model. Both representative Nunn and Judge Executive Dills stated that they are not in favor of joining BFWC. Commissioner Wethington stated that the initial financial analysis had inaccurate information. Commissioner Wethington apologized for not catching that error. This inaccurate information related to the annual interest payment for the \$20,000,000 loan for the WTP Project. He stated that the monthly payment was off 50%. Commissioner Wethington stated that he would commit to scrutinizing all future audits to insure accuracy.

The next order of business was a report by Kentucky Engineering Group, Inc., Mr. Ryan Carr, as follows:

1. Mr. Carr reported that the F&W meeting went well.
2. Mr. Carr reported that he would provide information regarding the GAC filtration system to Mr. Nienaber as soon as possible for submittal by the District in support of its PFAS MDL claim.
3. Mr. Carr stated that the Geotech survey will be conducted at the WTP Project site within the next two to three weeks.
4. Mr. Carr recognized that there was an error in KEG’s initial financial analysis. However, after revising that financial analysis, Mr. Carr stated that the WTP Project option is still economically in District customer’s best interest.

The next order of business was a report by HMB Professional Engineers, Inc., Mr. Benton Hanson, as follows:

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1. Mr. Hanson reported that he has nothing new.

The next order of business was a report by Superintendent Harp as follows:

1. Superintendent Harp reviewed with the Commissioners his monthly Superintendent Report as attached.
2. Superintendent Harp reported that in various mobile home parks within the District's system, water meters are located under mobile homes and are difficult (if not impossible) to access. Superintendent Harp reported that he will contact the mobile home park owners to inform them that they are required to removal all existing meters located under mobile homes for easier access by the District.
3. Superintendent Harp shared with the Commissioners a letter that he received from Neptune regarding the supply of parts for existing meters. Mr. Harp stated that Neptune is no longer manufacturing "replacement chambers" for existing meters. Therefore, the District is now required to replace the entire meter at a cost of approximately \$275.00 per meter rather than replacing "chambers" as the District has done in the past.
4. Superintendent Harp reported that he has checked water pressure and water flows on Carter Chapel Road. Superintendent Harp reported that there is sufficient water pressure, however, water flows are woefully inadequate. Superintendent Harp is going to obtain bids to replace the 2" service line with 4" lines to improve both pressure and flow.
5. Superintendent Harp shared with the Commissioners his revised financial analysis (attached). He apologized for his failure to detect the inaccurate listing of the mortgage payments in the KEG analysis. Superintendent Harp reviewed his survey as attached. Superintendent Harp concluded that based upon his revised survey, he believes the WTP Project is the best option.

The next order of business was a report by Amy Ruark and Ashley Dyer as follows:

1. Ms. Dyer reported that the District's property/liability insurance renewal is currently due (see attached analysis). Ms. Dyer reported that the total cost of the insurance package for both the District and Grant County Sanitary Sewer District would be \$58,000. The attached analysis shows the cost of insurance by class. Mr. Nienaber inquired as to whether or not the values assigned to various insured equipment and property have been increased or reevaluated. Ms. Dyer reported that KLC does that internally every 5 years. The next reevaluation analysis should be conducted in 2 years. Ms. Dyer reported that the attached premium survey provides the same coverage. She reported that "cyber" coverage is now included in the overall premium. The "crime" coverage is currently at \$75,000.00. KLC suggested an increase to \$100,000.00. Property line coverage has increased approximately 9.51%, plus a 5.2% inflation factor. Liability lines have

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increased 3.77%. Overall, Ms. Dyer recommended that the District renew its insurance coverage through KLC. After discussion, upon motion of William Wethington and second by Bryan Slaughter, it was unanimously,

“RESOLVED: that the District renew insurance coverage through KLC as per the attached premium sheet. The split of insurance cost between the District and Grant County Sanitary Sewer District shall be as determined by Old Kentucky Insurance.”

2. Ms. Ruark reported that the next regularly scheduled meeting is May 15, 2025. Ms. Ruark requested that the meeting date be changed to accommodate her distributing the necessary financial documents. It was suggested that the next meeting take place on May 22, 2025. Mr. Nienaber reported that he could not attend that day. After discussion, upon motion and second, it was unanimously,

“RESOLVED: that the next regular meeting take place on May 21, 2025, at 1:00. Ms. Ruark is hereby authorized to make the necessary notifications.”

There being no further business to conduct, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: *Charles W. Givin*
CHARLES GIVIN, CHAIRMAN

ATTEST: *Andrea Walton commissioner
for William Wethington*
WILLIAM WETHINGTON, SECRETARY