

CITY OF SHEPHERDSVILLE
REGULAR COUNCIL MEETING MINUTES
MONDAY, February 27, 2012

Councilman Corky Miller gave the invocation
Pledge of Allegiance was recited
Mayor Ellis called the meeting to order at 6:35 p.m.

In attendance were Council members Bernie Brown, Don Cundiff, Larry Hatfield, Corky Miller, Faith Portman and Alan Wetzel (came in at 6:45).

Don Cundiff made motion to dispense with reading of minutes from 2/13/12 Meeting. Bernie Brown 2nd. Motion carried 5-0-1 absent. Larry Hatfield made motion to approve minutes from 2/23/12 meeting. Faith Portman 2nd. Motion carried 5-0-1 absent.

New Business:

Mayor Ellis introduced Bob Ryan to present Fiscal year end June 30, 2011 audit.

Bob Ryan: I'd like to start this instead of going to my report, reading from Footnote M on page 40. It will give, I hope an explanation about the Audit Report: Early in the audit of the financial statements of the City of Shepherdsville, Kentucky as of June 30, 2011 and for the year then ended it became evident that the general ledgers that recorded the accounts, and the transactions in those accounts, of the General Fund (general government activity), Water-Sewer Fund (business-type activity) and the Special Revenue Fund (municipal road aid and Local Government Economic Development) were missing assets and liability accounts that had been reported in the audited financial statements as of June 30, 2010. General journal entries recording fiscal year ended June 30, 2010 adjustments were not posted to the general ledger accounts. The audit also revealed that new debt incurred during Fiscal Year ended June 30, 2011 had not been properly recorded in the accounting records, some transactions were posted incorrectly (debit entries were posted as credit entries and vice versa), and the interfund transactions were not properly recorded or recorded at all.

Adjusting audit journal entries were proposed, and approved for posting to the general ledgers, in order to fairly state assets and liabilities as of June 30, 2011. Revenue and expense accounts were analyzed. Adjustments were proposed and approved for posting to various revenue and expense accounts to fairly state these accounts.

When the audited financial statements as of June 30, 2011 and for the year then ended were prepared it became evident that the beginning balance of Net Assets (June 30, 2010) reported in the Statement of Activities for the year ended June 30, 2011 could not be reconciled to the ending balance of Net Assets reported in the Statement of Net Assets as of June 30, 2011 and Statement of Activities for the year ended June 30, 2011 without additional adjustments. The necessary adjustments reported in the column *Primary Governmental Activities* is (\$1,031,210) or (17.86%) decrease of Net Assets as of June 30, 2010. The necessary adjustments reported in the column *Net Revenues (Expenses) and Changes in Net Assets Government Business-type Activities* is a positive \$632,550, or 6.65% Net increase in June 30, 2010 assets. The combined effect is a negative (\$398,660) or (2.61%) decrease of total governmental Net Assets as of June 30, 2010. These amounts are reported in the Statement of Activities as *Interfund Transactions*.

I read that as explanation to my report on the financial statements of the City of Shepherdsville, Kentucky as of June 30, 2011 and for the year then ended. I state in paragraph 3 that I was not able to reconcile the amounts needed to report the net change decrease in governmental activities, \$1,031,210 and the net change increase in business-type activities, \$632,550. The combined amounts represent a decrease of 2.61% of the total net assets of the City. I further state in the 4th paragraph that in my opinion, except for the effect of the

amounts described in the preceding paragraph, in Note M, Interfund Transactions, on the net assets of the City's governmental funds, business-type funds and combined funds, the financial statements referred to previously do fairly represent in all material respects the respective financial position of the governmental activities, business-type activities, and each fund for the City of Shepherdsville, Kentucky as of June 30, 2011 and the respective change in financial position where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. The bottom line is the opinion on the financial statements is what is called a qualified opinion. And accept for qualified opinion as opposed to an unqualified opinion. I do feel that except for those numbers mentioned that what is reported in these financial statements do fairly reflect the City's financial position. Without any knowledge of how these numbers would have had effected had there been more time spent to resolve this issue. Not that I know it could be. In these financial statements is my telephone number, my mailing address, and my email address. I do hope that if you do find anything that you want to discuss further, a question, do not hesitate to contact me in any of those ways. I prefer email. That way I have your written question in front of me and nothing can be lost in the translation and I will try to respond within a 24 hour period and you will have then a written response to your question. Proceeding into the financial statements, page 5 is the statement of net assets. This would be referred to as a balance sheet in the for profit arena but in governmental accounting it's called a statement of net assets. It's prepared on the full accrual method, meaning capital assets are recognized in the financial statements and current and long term debt is recognized in the financial statement. Page 6 in the statement of activities. Again in the for profit area this would be called the revenue statement, statement of income and expenses. This statement differs from a typical revenue and expense statement in that expenses are listed first. A governmental activity will know more what its expenses are to operate. They are broken down in this area as Admin, Fire Department, Police Department, Public Works, Special Revenue, which is municipal road and Water-Sewer. These expenses are broken down by revenues that are directly related to those expenses. Any grants that have been received. Any charges for revenue against them to come to a net expense. It's this net figure that the City has to look to generating revenues to pay for the operating expenses of the City. Revenues through property taxes, fees, licenses, occupational taxes, rental income, and the insurance premium tax. This statement is also prepared on the full accrual method being income is recognized when earned and expenses are recognized when incurred. Page 7 is the balance sheet of the governmental funds. It differs from the statement of net assets in that this is a one year snap shot of the City showing current assets, cash, accounts receivable to be collected within a one year period and then the liabilities that the City if obligated to pay within that same period. The total net current assets is \$1.4 million and the total liabilities are close of \$1.5 million. There's a .97 to 1% ratio there. That's not that bad. One to one is good. Better than one to one is better but .97 to 1 is not a bad ratio to have in your current assets to current liabilities. Page 8 is just a reconciliation page taking the fund balance on page 7 reconciling it to the fund balance on page 5. Page 9 is a different type of revenue statement for the City. It's an all-inclusive revenue statement. It includes revenues from all sources, not just from taxes, fees, licenses; but also from new debt that the City has incurred. On the expense side it includes all operating expenses plus purchases of capital assets and payment of principle on debt. Normally an income statement would just show interest as an expense but this statement shows interest and principle as an expense. Page 11 is a separate balance sheet for the proprietary funds, the water-sewer operation. This balance sheet differs from the one on page 5 in that it breaks out current assets, non-current assets, and current liabilities and non-current liabilities. In this one, the current assets of the water-sewer operation are \$794,000 the current liabilities of the water-sewer operation are \$1.5 million. This is a .52 to 1 ratio. The City at June 30, 2011 has close to \$800,000 in current assets to pay \$1.5 million in debt. Page 13 is an income statement, different format, for the water-sewer operation. In this one, the statement is in the normal form of revenue less expenses. Halfway down it is showing operating income, a positive figure of \$649,332. You should know that this does not include interest on debt that was incurred to upgrade the water-sewer system. This debt instead of being an expense, since it was incurred for a capital project, the interest itself has been capitalized and added to the cost of the asset that is being created. That capitalized interest was \$956,622. That took that \$600,000 positive figure to a \$300,000 negative figure. Page 14 and 15 is cash flow

statement. This statement shows money coming in from all sources and money going out from all sources. It applies to the water-sewer operation. The water-sewer operation started out with \$3.1 million and through paying debt and capital construction projects with the wastewater management, the various interceptor lines, cash on hand at June 30, 2011 dropped to \$339,000. Pages 16-44 are notes to the financial statement. It's a discussion of the theory behind the preparation of the financial statements and a lot of detail into some of the numbers that are reported in the balance sheet. Those are total figures reported in the balance sheet concerning current and long term debt. All the debt of the City is addressed on pages 27-34. On pages 41, 42, 43 and 44, are the scheduled payouts of the debt of the City. I feel that of all these notes that are in the financial statement this note concerning the long term debt of the general government of the City and the long term debt of the sewer operation is probably the most important note in this financial statement. Then again with the schedules back on 42, 43 and 44 showing the payout of these notes over their life. During 2012, the year we're in now, the general fund is scheduled to pay out \$1.4 million in debt; and the water-sewer operation is scheduled to pay \$2.1 million back in debt during Fiscal Year June 30, 2012. At the Special Meeting that we had last week there were some findings that were discussed and addressed and the audit recommendations and the responses are listed on pages 58 and 59. Page 60 I address estimates. This financial statement is made up of estimates and the most significant estimate are the depreciation. This is where you assign a life to a capital asset estimating how long it's going to last then you depreciate it over those years. It's a book entry. It's not a cash entry. Those amounts are listed on page 60. The governmental expenses have \$598,000 in depreciation and the business activities have \$513,000 in depreciation and \$22,000 in amortization expenses. Again these are expenses that are book entries recognizing the life of the assets. Page 61 in my letter I state that there were some adjusting entries that were proposed and all adjusting entries were made. There were no uncorrected mistakes. There was no disagreements with management during the audit. No consultation with other auditors during the audit. I had no significant difficulties in dealing with City management in performing my audit. In fact, City management was quite helpful in providing me with all the information that I requested. Page 63 is my opinion stating that KRS 45.455 states that a City that is receiving local government economic assistance funds must have an accounting system to properly record the receiving and spending of those funds. Those funds are restricted for specific purposes and the City of Shepherdsville does have an accounting system set up to properly track those funds to make sure that they are spent according to the KRS. Larry Hatfield: So the QuickBooks system we have, you feel is sufficient? Is good enough for this City I guess to put it simple. Bob Ryan: I use QuickBooks. I would say that of all the cities that I audit, QuickBooks is used by the majority of them. It's a very user friendly system. Don Cundiff: How often does that have to be updated or does it need to be updated? Bob Ryan: About every other year. If you use it for payroll of course, that has to be updated as payroll changes but I'm still using Excel 2007. A plus is a plus and a minus is a minus. They just change it every now and then to put some more bells and whistles on it. The only significant change between 2011 and 2012 is you can open up two companies at the same time. When I was working here I'd open up the general fund trial balance and at the same time open up the water-sewer trial balance. I didn't have to close one and open one. I could work with this one open, see what changes had to be made that were going to affect this one over year and see the changes immediately. QuickBooks does not have to be changed a lot. If you let it get too old then I can't take a download that's old and put it on my system and work with it. I've got QuickBooks 2010, 11 and 12 on my system which is sufficient for right now but I'm going to make 2010 go away. But if you were not to upgrade in the next couple years then if I got a download I could not load it on my computer to work with. Don Cundiff: Are we totally off of the other system that we said does not work for us at all? Gayla Bright: We're not using KVS for any accounting stuff right now. We're still using it up front for the collection of business license and withholding. Bernie Brown: It's not being relied on for these financial reports? Gayla Bright: No. Corky Miller: In your opinion, last year when they started making out the budget did you see any discrepancies with the way they went through and listed things, mostly with starting out with zero? Bob Ryan: The brief look I took of the budget, not I didn't. Corky Miller: As an auditor, in amending the budget, should it be done if necessary a couple times a year or will your figures be most accurate not in the middle of the budget year but near the end? I'm just asking that so you know you're starting on the right foot at the

beginning of the fiscal year. Bob Ryan: I would amend the budget if you are looking at a new event. You've got a budget for the fire department. All the sudden you don't have a truck that works and you've got to go out and buy a new truck. It's not in the budget. I think at that time you should change your budget to approve that expenditure. But that's down here, now you're going to have to do something up here. Because you've got to come to a zero down here. To budget line items and you've budgeted \$10,000 for gas and electric. And you see that you're running over. I wouldn't really rush to budget that because if you want you can just move a number from down here up to here. Just take it out of an expense that is over budgeted and move that number to the number under budgeted. It's all a matter of personal opinion. At the end of the year you just need to have a budget that does approve all the expenses that were incurred during the year. City Attorney Wantland: Generally we would have a budget at the end of the year to make sure that we do have a balanced budget and that the expenditures meet the appropriations. Bernie Brown: For every line item. Bob Ryan: I wouldn't necessarily say a line item. You could say Tammy here's a budget of \$100,000 to operate the accounting department of City Hall. Now she's been given \$100,000, you might have some line items in there but you've authorized her by just saying \$100,000 to spend \$100,000. She can spend it by any prudent manner necessary just to operate her office. Tammy Richmond: As long as my bottom number doesn't go over \$100,000, line items doesn't matter. Bob Ryan: Yes. Line items are helpful. I would not completely discard them because a line item will show you where you might be going over budget and what you need to do next year to make your budget a little better. But so long as a department is operating within the total that it was budgeted to operate in I would not rush to amend every line item in a budget. You could have a meeting a month. Bernie Brown: How important is it to do forecasting revenues, forecasting expenses and knowing on a daily basis what your cash situation is? Bob Ryan: That is important. It's important in government, in business, in daily life. Knowing where you stand. Can a family go out to dinner this weekend? I don't know we have to look how much we have left in the till. Larry Hatfield: That's why I like more line items so you don't over spend on that line item. Bob Ryan: It's a good planning tool but again, if you're over spending in one particular area, and you're still within that total budget authorized, personal preference, amend the budget, not amend the budget, whether you move from this number to this number you're still going to be within the total that particular department was authorized to spend. Larry Hatfield: Bob explain to me a little bit more in detail as this general fund when we were \$869,000 deficit last year and if I'm reading this correctly on page 9, if you take the revenue versus expenditures, I'm a half million dollars more in expenditures than I am revenue. \$526,000, am I reading that right? Bob Ryan: On page 9? Larry Hatfield: Yes. Then we borrowed the \$2.6, that takes the deficit out on paper but theoretically that deficit is still there or it appears to me. Bob Ryan: The deficit went away when you pumped that money into it. Larry Hatfield: But it's borrowed money. I'm trying to get it in my mind on a general year is our expenditures in line with the revenues this City is receiving in the general fund? Bob Ryan: Back on page 45 is the last proposed budget for the City for 2011 and the revenue and expenses that were in those particular categories. You were able to end up with a \$1.1 million surplus again because you budgeted \$4.6 million for special projects and nothing was really spent for special projects and you pumped the \$2.6 million loan proceeds in there where you had anticipated \$144,000. Larry Hatfield: But that \$2.6 ... Bob Ryan: That \$2.6 would be recognized in part as an expense on your budget in 2012. Not in total unless you are going to pay the entire loan. The only thing you have to recognize related to that \$2.6 is the principle and interest that you're supposed to pay back. Larry Hatfield: To me, and tell me if I'm wrong, don't sugar coat it for me, it looks like to me that we're still not in the financial shape that the City needs to be in to turn the corner. Bob Ryan: I worked up a little schedule here based upon the numbers that are in this statement. On pages 49, 50, 51 on back through 56, these are income expense statements that are the detail behind the totals that are reported in the statement of activities. I took those numbers reported in total on these pages and backed out interest expense and depreciation to come up with an estimated expense figure for the year we're in now. If this is what we spent last year, all things being equal this is what we're going to spend this year. That was \$1.4 million for administration expenses; fire department \$1.1 million; police department \$2.6 million and \$500,000 for public works for a total estimated operating expenses for the general fund of \$5.7 million. In 2012 the City is obligated to pay back \$1.4 million in interest, principle and debt. So if you are going to have

a budget for the general fund for this year, you're looking at \$7.1 million in expenses. Looking at the income for 2011 again thinking all things being equal, you're going to have income of \$6.4 million, so you're in a deficit of \$700,000. Larry Hatfield: That tells me that we crawled out a little bit from \$861,000 to \$700,000. Don Cundiff: Does the income that you projected take into account the increases that were made in occupational tax? Bob Ryan: if they were reflected in the 2011 financials. Bernie Brown: That would have only been for a very short period of time. Mayor Ellis: Occupational took effect July 1; property tax increase didn't happen until September. Don Cundiff: So it's not as bad. Mayor Ellis: It's not in there because they didn't take effect until July 1. Larry Hatfield: That increase too is money already spent. That .5% increase in occupational tax is just to pay off the \$3.5 million we borrowed in sewer. Mayor Ellis: That's property taxes that come out of, the \$600,000 plus that comes out of your property taxes. The very first lump sum. That pays back the general obligation notes. Larry Hatfield: I'm talking about the .5% occupational tax we passed. Mayor Ellis: the .5% occupational tax was for a revenue stream to help pull the City out. The increase in the property taxes was to pay the general obligation notes A & B that we passed back in April. Larry Hatfield: That's not the way I remember it. I hope you're right. Bob Ryan: Give you a little eye opener here which opened my eyes when I was writing these notes. In 1998 the general fund borrowed from banks and other institutions \$200,000; 2002 \$200,000; 2003 \$222,000; 2006 \$480,000; 2006 \$1.8 million; 2007 \$400,000; 2007 \$260,000; 2008 \$225,000; 2008 \$15,000; those weren't borrowed funds that was an agreement you had with Zoneton and Mt. Washington; 2009 \$17,000; 2009 \$10,000; 2010 \$77,000; 2010 \$58,000; 2010 \$60,000; 2010 \$57,000; 2011 \$300,000; 2011 \$200,000; 2011 \$670,000; 2011 again this was in the previous year, \$1.4 million and then in October \$3.5 million. From 1998 to October of last year you borrowed \$10 million. Water-Sewer side you borrowed \$27 million. Larry Hatfield: What page is water-sewer on the carry over or deficit? Bob Ryan: The income expense statement in detail is page 55 and 56. The budget to actual comparison is on page 47. Bernie Brown: If the information you gave us last Thursday evening if that is accurate it looks to me like the revenue from the water is a little over \$19,000 but the expenses was over \$36,000. That doesn't seem to be a very profitable operation. Is that what you saw? Did you look at the revenue versus expenses in the water? We spent more in expenses than revenue. Bob Ryan: Yes you had a lot of maintenance; \$22,000 in maintenance could be a onetime thing. That could have gotten whatever was broken fixed. Larry Hatfield: I don't know what we could have spent \$22,000 on water maintenance. All in have is quarter machines. Bob Ryan: That's what was charged to that account. Mayor Ellis: We will check on that tomorrow. Larry Hatfield asked Mr. Ryan when he would be available to meet with Marty Brown in the next couple weeks. Bob Ryan: I've heard his name a lot but I don't know who Marty Brown is. Larry Hatfield: He's the one that put together the reason that we had to borrow some of this money is because of his findings in the general fund taking out of the sewer fund and we borrowed that to give back and then some other reasons we had to borrow the money. I'm going blank right now. Bob Ryan: Is he with the same company as Larry Gray. I've talked with him. Talk to him and give me a call and we'll see what we can sit up. Bernie Brown: Is there any forecasting of revenue being done? Forecasting of expenses? And is the daily cash situation is that all being looked at and monitored on a daily basis? City Clerk: Every day? No. Mayor Ellis asked Gayla how often she was looking at that stuff. Gayla Bright: Right now Tim is posting. He sit everything up in QuickBooks. He changed the chart of accounts, he changed everything. I asked him after the exit conference because I was told not to enter any revenue into the system, not in KVS or anything. He told me that he wants to get a balance through December and use January and February for training for me to show me how to enter everything. Right now he does not want me to enter anything because he's changed the whole set up and he doesn't want me to do it the way it was being done. Don Cundiff: Is the plan to eventually get out of KVS all together? Gayla: I'm not using it at all. He's reset everything into QuickBooks and the chart of the accounts we had before in KVS he changed all the account numbers and how it's done. Don Cundiff: Will you eventually be using QuickBooks even out front? Is that correct? Gayla: Yes. He said for everything to be done correct for me not to enter anything and we would train on what he's done. Bernie Brown: If the forecasting of your revenue coming in and expenses going out and knowing, not knowing daily what the cash situation is can you really manage the financial situation is you aren't doing that? Bob Ryan: You operate a little more efficiently if you knew what you're daily cash balances were. Are you on line with

your bank accounts? Tammy: Yes. Bob Ryan: That answers right there, all you have to do is go online. Gayla: That's what I just said; I know what's in the bank. It's not like we're spending money and we have no clue what we have. It's just not in a report. Tammy: She looks at it several times a week. Bob Ryan: If you go in and pull up your cash balance in the bank and you're looking at a stack of bills over here that have to be paid, that's your information right there. Tammy: We do that every time we pay bills or every time something goes out the door we check the bank balances before it goes out to make sure that's it's there and we can do that. Do we look at it and right it down on a piece of paper. No but if we mail the checks out we know the money is there. Don Cundiff: The bank statements are being reconciled monthly now is that right? Tammy: Yes there are. Bob Ryan: One of the things the City has to really contend with is you have the general administrative which generates taxes, etc. etc. and you've got a water-sewer company that generates revenue coming in. But you have two things that you need and you can't do without and that's your police and fire that don't generate any income other than some grant that they might go out and get from the Feds or the State. Traffic tickets went away. You need those two departments but they do put a financial drain on the City. They're all hazardous retirement so the City's contribution for the retirement for the firefighters and police officers it's a tremendous drain on the City's finances to support those two departments. Wish I could offer a solution other than – I'm not even going to offer it. But in dealing with the expenses of the City you can't do away with them you got to have them. I've not done the UFIR (Uniform Financial Information Report) I was going to wait until this was approved/accepted whatever. So I will do your UFIR and once this financial statement is approved just get me the email address of the newspaper and I will prepare the required financial statements for publishing and send them over to the newspaper. Mayor Ellis asked if anyone wanted to move on with accepting the audit tonight or want to look over and accept at next meeting.

City Attorney Wantland had first reading of Ordinance 012-(number to be assigned) a request by Roy N. and Zella M. Ray to rezone Lots 16, 17, 18, 19, 20 & 21 of Masden Acres located on the west side of W. Shannon Lane. 1.7 acres, more or less, from R-1 Residential to R-3 Residential. City Attorney Wantland stated the recommendation was that it be approved. Mayor Ellis stated we would have the second reading on Monday, March 12th.

City Attorney Wantland had first reading of Ordinance 012-(number to be assigned) a request by Stanley Albert Tinnell and Linda Joyce Tinnell to rezone 2.3 acres, more or less, located at 745 S. Preston Highway from B-2 Central Business to B-1 Highway Business. City Attorney Wantland stated the recommendation was that it also be approved. Mayor Ellis stated we would have the second reading on Monday, March 12th as well.

Further discussion on lease renewal of Adult Drug Court at old City Police Department building (200 Frank E. Simon Avenue). Larry Hatfield made motion to approve one year lease renewal. Don Cundiff 2nd. Motion carried 6-0.

Mayor Ellis stated the department heads met this morning and looked over their bills and agreed everything looked good. After some discussion Mayor Ellis asked if there were any additional questions. Larry Hatfield stated that we didn't have to do it this meeting but by the next meeting he thinks we need to make a decision on AccounTemps. When did he say he would be done? Bernie Brown: The 15th of March. Larry Hatfield made motion to pay both City and Sewer bills except for ADP. Faith Portman 2nd. Motion carried 6-0. Larry Hatfield: I think we need to go ahead and make the motion to cut off AccounTemps on March 15th. In my opinion. I make the motion we do that. Bernie Brown 2nd. Don Cundiff: Before we vote, my understanding is the ladies have not been trained on QuickBooks yet. We're saying that's going to get done by the 15th? City Clerk: If he's finished by the middle of March then he's going to take what's he's entered through December and use January and February as training for us. We won't get that done before March 15th. So if you cut it off March 15th then you're going to leave us with no training back to square one not knowing what we're doing because there was no training on what he's done. You're going to have to give us a little while to learn

what he's done because he's done it. We haven't done anything. Larry Hatfield: When did he start? Bernie Brown: August 22nd I believe last year. Don Cundiff: I think if he's finished by March 15th surely two weeks of training would be sufficient so I would think March 31st. Larry Hatfield: I'll withdraw my motion. I'll go to April 1st and that's it as far as I'm concerned. Bernie Brown 2nd. Motion carried 6-0. In my opinion we need to get it done and if we don't set a date it's going to continue on and when we decide who we're going to bring in then that person is going to want to set up his system to train these ladies anyway probably and that's just my opinion. Don Cundiff: They've got to be trained in the meantime on what to do. Larry Hatfield: I think that 30 days surely to goodness we can get that done.

Daryl Lee: The only thing that I have that you might be interested in and probably already know that we're going to have a zoning case dealing with Heritage Hill and Valley View Farms. Larry Hatfield: The R-3, the 650 acres that they are rezoning does that have any restrictions where they cannot build apartments or is there any restrictions where there cannot be any rental property. I've had people calling the house and I have told them that R-3 you can build apartments and then I got to thinking about it. Daryl Lee: They restricted that out. But that's not what they are asking for. Larry Hatfield: I understand that but if the zoning does not pass my question is if a developer wanted to come in there and put apartments you're telling me that he would not be able to. Daryl Lee: Unless they lifted that restriction. Questions on who is they? City Attorney Wantland stated on restrictions that is contractual between the property owners. The residents would have to say yes. Contractual, you all have an agreement among you that certain property restrictions covenants would apply to the property. Larry Hatfield: Is the Heritage Hill, what I'm calling Heritage Hill is the big houses, the patio homes, is the golf course considered with the homes. That is a completely separate issue here isn't it? If this property gets rezoned and I'm looking into the Heritage Hill where you turn in to go to the houses, if it gets rezoned to the left of them, that fairway is what they want to rezone light industrial. Mayor Ellis: It's there and all up and around behind. Steve Larimore: From the maintenance shed across the 18th tee up on the hill behind Miss Marty's place back at Gaithers and go to the river. That's what they are trying to rezone. Everything on the Cedar Grove Road side of that remains out of this rezoning. It goes all the way over on the right hand side too. That's generally the line. City Attorney Wantland asked Mr. Larimore if it was all in the City or some in the County. Steve Larimore: Everything except the old house is in the City.

Duane Price: Nothing to report.

Department Reports:

Chief Troutman: When we set up the special fund for the mitigation account I was told I had to come before you all any time I wanted to spend money out of it. I'm in need of four hand held and two mobile radios for the fire department. What would normally cost us about \$800 a radio we got another department in Jefferson County that went to another frequency so the radios they have are no good to them anymore, they are going to allow us to purchase all four of them and the two mobiles for \$250 for all of them. I just need your approval. Faith Portman made motion to allow this purchase. Don Cundiff 2nd. Motion carried 6-0.

Chuck Keith: I just want to point out a couple things like on the billing for the Sewer. Actual what it cost us for February to just run the sewer was \$17,939; the rest was Qk4 for engineering costs. Also, the law, I'm sure you all are aware says that the sewer plant needs to be paid back anything that was taken from them. When we do our budgets this year is there anything planned to start paying sewer back any of their money? The reason I'm asking is because I'd like to start planning to update some pumps and things like that. Larry Hatfield: I think we should do that. Right now I think we're down to \$316,000. But as far as I'm concerned the Sewer Committee I want you to go ahead and get some pumps that we need so that if one of them goes down in these stations that we've changed from the 3 horse to the 5 horse we need some of them on hand. Chuck: I'm talking with Derby City Pump and Valve now and other placed he does business with may be doing some trading out with some of the pumps we don't use now for the bigger pumps and he's looking in

to that now and going to get back with me. Also, on the Heritage Hill issue don't forget about that lift station when they start. The stations I can get all the same pumps in I'm doing. They will be interchangeable. But we might still have two or three different pumps but not like we've got now.

Sign in Speakers:

Troy Wilkerson: I'm a lifelong resident of Bullitt County. I just wanted to come up here today to bring a little bit more attention to the issue of rezoning at Heritage Hill. Give you guys an opportunity for those of you that don't know to ask us some questions because there are several of us here tonight that do have quite a bit of information that we've been able to gather over the last couple weeks. The biggest issue that we face as a community by far those of us who have children is safety. The proposed changes that we've heard call for the widening of Valley View Drive to a four lane road and there are homes with children on that road along with all of our homes and the adjacent community around us. It's going to be a tremendous traffic issue. We have to assume as of right now the way that Heritage Hill opens up to Valley View Drive because we have seen nothing in writing that would show us anything otherwise that through traffic will be allowed to go straight through our community and those of us with children what is a tremendous issue for us. It goes much farther than just getting rid of a golf course in our community. This is a tremendous issue. It's going to have a great effect on many families, not just those in our particular neighborhood. It's going to really affect everyone in the surrounding area. We've kind of joined a small group of us of the families around and we're going to do our best to try to work with them and come up with the best solution possible. We know its tough economic times and everything but there has to be a better way and we're just respectfully asking you guys for your support in helping us block this because it is going to have a tremendous negative effect on our ability to keep it a family friendly community. So if anybody wants to stay after and talk with me I know some of the facts. I don't know all of the facts. City Attorney Wantland: Mr. Wilkerson many of the residents have already employed counsel; they've already employed a lawyer for this. So you understand if you're represented by Counsel we need to be talking with your Counsel's permission with you. I think he'll freely give it to you but just so we're not crossing that line. Bill Guffey: We have formed an association which consists of our neighborhood, Valley View, Stoney Ridge. The main reason we came was to introduce ourselves so we know who the players are and they know who we are. We're not individually represented but our Association is. City Attorney Wantland: He's representing you all individually and you've got a good lawyer but you're free to speak I just want to let you know that I did tell you I would like to have your lawyer's permission. Mr. Wilkerson: Like he was saying the primary intent was just to introduce ourselves which you know this is an upcoming issue. I'm sure most of you already knew. But just how big of an effect it's going to have not just on the people inside Heritage Hill but it's going to have a tremendous effect on the whole surrounding area both inside the City and outside the City. We plan on attending the zoning meeting and seeing what kind of information we can get there and we will be back at the next Council meeting. Hopefully we'll have more information to help you guys make a good decision.

Council Reports:

Larry Hatfield: Can we ask the State, it's not ours, to get some signs on I65 when you come off the ramp and come out of the Awesome Flea Market some direction for these tractor trailers? Send them a letter. It will take forever but at least send them a letter.

Corky Miller: I think Claude checked on this today. We've had the storm grates stolen and I had a resident in Heritage Hill approach me because a child almost got in one. We're talking about a law suit, that's going to be a good one if that happens. Corky asked Claude how many he thought we were missing throughout the City. Claude stated he had replaced some of them in the Industrial Park but there are 26 in Heritage Hills. Larry Hatfield: When we order these can we spot weld them down? Corky Miller: I have a bid on everything because I talked to the Mayor and asked him to see if it was covered by insurance and we got a reply that it was. The Mayor told me the replacement price on each one was \$400. I contacted a gentleman Bryan Grimsley who owes API in Louisville. He lives in the City of Shepherdsville in Sycamore Bend. He came

out and measured those and met with me last Saturday and he will use a 36" steel plate, 1-3/4" thick, they are 16 x 7/8 x 38. He will cut those; I have two plans and two different prices. He suggested the cheaper price because that plan is just as good as any, he will cut them and put them in for \$325 apiece and spot weld them in four places for \$8.00 apiece. Bottom line that will be a \$65 savings than what we can buy them for and Claude doesn't have the equipment to go out there and weld them. The only thing he asked was when he does it if its approved tonight he'll start putting them down in a week and a half. He said he needed and Claude said he could do this; he needed a truck with a light on it to be behind those people when they are welding them giving them protection or he would have to have another truck and man at an additional expense. So I don't think you can get it done cheaper than that. If somebody wants to try to get another estimate this gentleman is in the City of Shepherdsville. Question from audience if we could get them all welded down? Corky replied since we have the welder out for \$8.00 apiece. Larry Hatfield: There's no since putting them down if you're not going to weld them. Corky stated he would talk to him, they didn't discuss it but since he's there with his man we would do those for \$8.00 a piece too. Larry Hatfield: Why don't he do 15 a month until we get them done? Corky: I think if we can afford it we do it. I mean once somebody gets hurt or somebody blows a tire out and tears up their car, the wood ones that we put in out there are all falling apart. Bernie Brown: Do we know how many exactly? Mayor Ellis: I think we need to find out exactly how many. I've got Claude out on a fact finding mission finding out how many are missing throughout the whole City. Don Cundiff: Why don't we start with Heritage Hill since we know we've got an issue there? Bernie Brown made motion to replace the grates in Heritage Hill. Don Cundiff 2nd. Motion carried 6-0.

Don Cundiff: I assume this is Alan's last meeting and I just wanted to say it's been a pleasure to work with you and appreciate your service especially the work you did with the Sewer. I really enjoyed working with you and I know we all wish you the best and our loss is definitely Oldham County's gain I'll say that.

Bernie Brown: I will ditto that. You will be missed Alan. Mayor, the only thing I have is the sewer. We have so many expenses, EPA mandating things, and based on the information we got the other night from Mr. Ryan, if my figures are correct the last fiscal year ending June 30, 2011, when you deduct all the expenses, the debt service payments we had a net income of \$220,333 and that won't get very far. I'm very concerned about where we're going to go with the sewers. Mayor Ellis: That's something we're definitely going to have to be looking at as we start to move forward toward the next fiscal year. We're going to have to start looking at it now. Bernie: We need to be working on next year's budget now. Mayor Ellis: I know that several of the department heads are already starting to work on theirs right now. That way we can hit the ground running and know what direction we're going.

Mayor Ellis stated we need to go into Executive Session for a personnel issue. We're going to invite Chief Puckett and Chief Troutman back so can I get a motion to adjourn to Executive Session. Don Cundiff made motion to adjourn to executive session. Larry Hatfield 2nd. Motion carried 6-0.

Faith Portman made motion to return to regular session. Alan Wetzel 2nd. Motion carried 6-0.

City Attorney Wantland: Personnel matters were discussed. Information was garnered. And the City Council is taking no action at this time. Will result in what I refer to as further investigation before a decision is made.

Larry Hatfield made motion to adjourn. Alan Wetzel 2nd. Motion carried 6-0. Meeting adjourned at 8:17 p.m.

R. Scott Ellis III, Mayor

Attest: _____
Tammy Richmond, City Clerk