

LEROY-TOURS-GERALD WATER SUPPLY CORPORATION

ANNUAL MEMBERS' MEETING

JANUARY 26th, 2023

President John Simcik called the meeting to order at 7:00 P.M.

DIRECTORS PRESENT: John Simcik, Robert Plansky, Dennis Debbendener, Carol Baker, Cole Canady, Cheryl Helms, Lyn Middleton, Don Ramsey and Stephen Symank. Staff present: Barry Hand, Diane Delgado, Roy Davis and Adam Miles

PRESIDENT'S REMARKS- Mr. Simcik welcomed the members and thanked them for attending. Announces there are 34 members are present, 135 ballots received prior to the meeting. Then declared a quorum present.

HEARING OF MEMBERS' AND VISITORS' CONCERNS- Liz Smiley made a request of a list of the account numbers of those who voted be added to the website.

CONSIDERATION OF MINUTES OF THE LAST ANNUAL MEETING- Mr. Simcik read the minutes of the 2022 Annual Meeting. Member Kitty Powledge moved to approve the minutes as written. Mr. Middleton seconded the motion. All in favor, the motion carried.

REPORT FROM THE BOARD PRESIDENT-

LTG Water Supply Corporation,

We wanted to give you a special update about some good news we recently received. Below we will break it up into sections, and detail what has transpired, in an effort to be completely transparent.

EPA Violation/Complaint:

On July 29, 2021, in a public meeting held by TRWA, the EPA informed the board we could not stop forward progress in correcting our water quality issue. In a board meeting held August 12, 2021, the board decided to fire the engineer working on the application to the USDA RD Loan, for no apparent reason. On September 16th, 2021, we received a complaint from the EPA for lack of forward progress on correcting our water quality violation. We were warned before we fired the engineers, but the board did not heed the EPA's warning! This led to a fine of \$30,000. On October 26, 2021, a special board meeting was held to contract KSA Engineering to submit our USDA RD Loan. By this time, the EPA had already ruled we were in violation of their warning.

Now for some good news. On November 7th, 2022, the board officers, LTG attorneys, and our engineer, had a meeting to discuss the possibility of a reduced fine. Due to the diligent foot work of the board in 2022, we were able to show not only that we were in forward progress, but that we had made up some time in the process. Due to this, the EPA offered a settlement of \$5,000, and issued its final order

February 6, 2023. This agreement gives specific instruction that we are not to deviate from forward progress in correcting our water quality issue. If we deviate in any way, we are liable to be fined again, and mercy will not be given. So here is what we've done to correct our water quality issues, and resolve the EPA's concern.

We have finally secured funding for the water quality improvements that need to be made. Not only is the water quality going to improve, but supply issues will not affect us as drastically as they do now, which keeps us in compliance with TCEQ. The USDA RD Loan was finally approved on January 24, 2023, for the amount of \$4,145,000. Drastically lower than expected, but this was due to additional funds that were given by a grant from the USDA in the amount of \$4,076,000. An additional grant from McLennan County, through the ARPA funds, was given to us in the amount of \$789,152. In addition to the loans and grants, LTG Water Supply Corp. has already contributed \$99,104, in the year 2020. Making the combined project cost \$9,109,256.

Now for what's to come. We will be receiving a lot of information moving forward, as the project begins. Engineers have to get bids, easements have to be filed, financial matters have to be settled. We will continue to keep you updated on next steps, future cost adjustments, and anything else that may arise from this project that is estimated to be completed by the year 2025. Thank you all for your patience, and we look forward to continuing to serve the members of LTG Water Supply Corp. Cheers to clean water!

OFFICE MANAGER - In 2022 there were 12 new memberships. All Reports required by government agencies were completed and submitted on time. Water samples are sent quarterly to a Texas State Lab for testing. We had 4 Arsenic Violations in 2022 these samples were over the EPA compliance level. The public notices of the Arsenic levels are regularly posted on the back of the monthly bills and the LTG website. I would like to ask that members please visit the website and to sign up for the alerts. This is the best way to receive a water notice: low or no water pressure and boil water notices or any other notice deemed necessary to go out in an alert. This is the best way to get it straight to you. I would also like to inform the members that even if you do not want to use the on line or phone payments offered through the website, you will still want to sign up to be able to view your bill, and receive late notices. This year LTG Water has been incredibly busy. With the EPA, PUC, USDA-RD loan application. With Attorney's, Engineer's and McLennan County regarding the ARPA funds. If you would like to know more about any of these please go to the website for details. We are adding new things all the time. Not just the agendas but a wide variety of information; Minutes, Policies, Bylaws, Notices of upcoming changes. Please visit the website for all official information regarding Leroy Tours Gerald Water Supply or contact the office.

FIELD MANAGER – All government reports were submitted on time and accepted. Total number of work orders issued over the year was 633. There are 3 different types of work orders: Inspection, Mr. Childers and Hand Plumbing. We have had a lot of water leaks this year causing the water loss to be high this year. We have all been over worked this year. Oncor has also been replacing new poles and I've been marking the lines as best as possible.

FINANCIAL MATTERS- Mr. Debbendener went over the December 2022 end of year Account sheet listing all accounts and the P&L report. Informed the members one of the USDA-RD loans was paid off as of January 2023. Mr. Debbendener went over the CPA report of the corporations' financials from 2021. These will be available on the website. We cannot have more than \$250,000 in account at one bank. We have multiple banks we are using to keep us at or under this amount.

OPERATIONS REPORTS- There have been a number of water leaks. Some small some are big we get to them in order of importance. Breaks happen due to the Cold or Heat, Wet or Dry this ground just moves all the time. We are flushing the lines after every repair is done, these are done gently as to not stir up the iron. This iron can cause dirty colored water. Please contact the office when this occurs. Please make sure your address is listed on your house or mailbox. Update your number at the office. The Plants: We have issues with unbalanced power at the plants. This will cause the wells to kick out. The power will come back unless it happens to many times in a row. This will happen year-round when there is high power usage. This will cause lower water pressure. We try to get to these as fast as we can so we don't run out of water. We have had to change out some buster pumps, transfer pump. Well pumps to the cooling tower basin, transfer pump pumps from the cooling tower basin to the storage tank. Again, our biggest problem is the unbalanced power. Why we lose our water pressure or a water main break. We go running throughout the system looking for water breaks. Time to time we do have a break, we do have a series of valves that we do cut off to isolate a few people. We do not let the water go off in the water main, we do a flush. We do not have to do a boil notice for every repair. When we get Waco water there will not be as many problems, the unbalanced power is from pumping the water from the well.

KSA ENGINEERS- USDA approved project with 45% grant and meeting was held this past Tuesday (1/24/2023) to review funding documents. Next step is approval of the engineering design contract at the February board meeting. Anticipated construction start is approximately 1-year from start of engineering design and is expected to take between 15 and 18 months. EPA updates are current with next update due in early April.

ELECTIONS- WHEREAS, The Leroy-Tours-Gerald Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for Three (3) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and WHEREAS, (6) people submitted applications for these open positions, thus creating an election for each position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE LEROY-TOURS-GERALD WATER SUPPLY CORPORATION DECLARES ELECTED TO THESE POSITIONS:

John Simick (96), David White (85), Cole Canady (84)

The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

The newly elected Directors introduced themselves.

Proposed Bylaw changes: FOR (117) AGAINST (12)

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

Section 4. The Board of Directors shall adopt and maintain a conflict-of-interest policy designed to promote the business of the Corporation and serve the interests of the Membership. A duly elected Director or Officer who has not acknowledged, accepted, and signed the conflict-of-interest policy may attend any business meeting of the corporation. However, any purported vote made by a Director or Officer that has not acknowledged, accepted, and signed this policy will not be counted in the official tabulation of votes for Corporation purposes.

PASSED AND APPROVED this 26th day of January, 2023

ADJOURNED- Mr. Polansky made a motion to adjourn the meeting. Mr. Canady seconded the motion. The motion carried. The meeting was adjourned at 8:02 P.M.

Robert Polansky, President _____

John Simick, Secretary/Treasurer _____