

LEROY TOURS GERALD WATER SUPPLY CORPORATION BOARD OF DIRECTORS MONTHLY MEETING

April 14th, 2022

1. Determination of Quorum, Call to Order

John Simcik called the meeting to order at 7:00 p.m.

Board Members Present: John Simcik, Robert Polansky, Dennis Debbendener, Carol Baker, Cole Canady, Cheryl Helms, Lyn Middleton, Stephen Symank and Don Ramsey

2. Hearing Members/Visitors concerns- 3 minutes per person

Liz Smiley commented that the board passed increasing the rates due to regulatory and operating expenses going up. She discussed her lack of getting a raise since her retirement. Employees received a raise in 2020. It is a little suspicious that you're amending the budget right after you raise the rates. Both sides, everyone should be represented on the board.

Review, Discuss/Take Action on minutes from March 10th, 2022 Board of Directors meeting

Carol Baker made the motion to accept the meeting minutes from March 10th as corrected. Robert Polansky 2nd the motion. All in favor, motion passes.

3. Discuss/Take Action on the removal of check valve, vault & valves located on Berger Rd.- Owner has requested to address the Board on this issue

Mrs. Soukup purchased the land and would like to build a home. TX Dot has stated they would have to put the driveway on Berger Rd. Roy Davis explained to the Board about this valve & vault location and that it does not give the homeowner enough space to safely put a driveway in this requested area. Mr. Simcik asked Barry Hand if he knew anything about this vault. Mr. Hand stated that the vault had been by passed several years ago and is not used for the purpose for which it was intended. The Board was informed that current and past engineers have stated that it would not be used any longer and can be removed. Barry Hand stated the removal cost could be around \$2,000 for pipes, valves and labor. The Board discussed the removal of the vault with the homeowner on splitting the costs. The homeowner was in agreement. Cole Canady made the motion to meet in the middle and split the cost. Robert Polansky seconded the motion. Majority in favor. Lyn Middleton abstained. Motion passes.

5. Discuss/Take Action- Personnel matter to hear a complaint or charge against an officer or officers

Roy Davis read a complaint about the activities of directors. The complaint was discussed by the directors involved and Mr. Davis.

Lyn Middleton made a motion to move on with the agenda. Don Ramsey seconded the motion. All in favor, motion passes.

6. Review, Discuss/Take Action regarding Monthly Reports

A. Directors Report

The Board went over the report.

B. Financial Matters-

The Board reviewed the Account balance sheet and the P&L. Mr. Debbendener discussed the 2 CDs due to renew in April. He reported that when he spoke with the banking institutions, he was given .75% at Members Choice and .7% at Citizen State Bank. He sees no reason to make any changes going forward on where they were.

C. Manager Report-

There were 39 late notices with an outstanding balance of \$ 5,303.96.

Last meeting the Board approved putting in the newspaper an intent to file USDA-RD application. Mr. Hays sent what was needed to be advertised. I informed him we had already done this. Mr. Hays requested the filing and said that this has been completed and would not need to be done again. This intent to file is on the website.

Worked with KSA Engineering to go over the work needed on our side to finalize the USDA-RD loan application. Made the necessary changes for the engineer. When Mr. Hays part was complete, I worked with Mr. Simcik on the remaining documents that needed to be signed to submit to the USDA-RD. The application was signed and submitted March 21st.

The attorney sent in a request for an extension to the EPA on March 15th. The EPA granted this request for an extension on March 22nd giving the new date of June 22nd, 2022.

Another order was sent by the PUC after the requested information was unable to be downloaded by the PUC from Order No. 7. Order No. 9 was issued April 6th, 2022, giving until April 13th. Duff Engineers and the PUC staff have worked hard to get this information downloaded. As of April 12th, Duff was able to send the information. We are waiting to hear if this was uploaded and will satisfy the Order.

There was a discussion at the last meeting confirming that the USDA still has 2 deeds that are not ready to be released at this time. Mr. Debbendener and myself went to the Bank to view and go through and add to the safety deposit box. – Warranty deeds added were Plant 5 addition, a copy of Plant 5 Warranty deed, and easement. Still need to find a copy of the Warranty deed for Plant 4. There is a list of items both in the box and in the office of the items that are in the box. Last year there were 3 sign ins, Don Ramsey opened the box twice and Carol Baker once. Cheryl Helms did not access the safety deposit box.

Don Ramsey asked if the Insurance had been completed. Mr. Simcik stated that yes, he had gone over it making the necessary changes and signing off on the renewal.

Carol Baker asked who was looking over the invoices and check book. Mr. Simcik stated that Mr. Debbendener and himself have been approving the invoices when signing checks. That Mrs. Delgado gives them a folder that has all the invoices for payment ready for review any time checks are made. Mr. Simcik stated that he also initials all invoices after review.

D. Field Manager Report –

47 Work orders were given out - 6 Emergency call out.

1. Disposal of old/bad meters – Can the meter reader keep old or unusable meters after replacing them? LTG does not have the space or time to break them down for resale. Lyn Middleton made the motion to let Johnny Childers keep the meters he replaces. Robert Polansky seconded the motion. All in favor, motion passes.

E. Operator Report-

Main Line breaks: Heritage Pkwy 2" line, RV Resort 2" line hit 4 times, Bode-So. Baese 4" line

Drove the line checking for leaks. Went over leaks, waiting on the Road Bore guy. The RV Resort connecting the new line ran into having many leaks. The leaks were not really the fault of the corporation, we do not have anything but the widget. The foreman was shown where the shut off valve was, so he could turn it off if they hit the line again. Unbalanced loads at the Bode Plant are still an issue. Kevin Matus told Mr. Hand to put a delay on the booster. A delay will help with big surges. Update on the continuous problems at Bode Plant. Everything has been going smooth. Suggested to go ahead and plug Plant 1.

Mr. Ramsey stated when he contacted Jurgenson pump the well depth at Plant 1 is 28,000'. They could go in and check it with a camera.

Mr. Simcik stated the Well at Plant 1 is not worth investigating its use, we may be able to put it in the loan to plug it. When checked, it is 6/10 of a gallon for every 3 gallons, the water is just too salty. Also, checked flap evaporators but they are high on electricity usage.

7. Review, Discuss/Take Action KSA Engineers update: This was not discussed at this time, but was emailed to all Directors after the meeting.

Cheryl Helms asked if there has been any word on the grant status. Mr. Davis will contact the engineer for update.

Diane Delgado reported that the EPA Quarterly report was done.

Emailed to the Directors:

EPA - Quarterly update submitted on 4/13.

USDA

- Engineering report and application submitted.
- Both have been received by USDA RD and are under review.
- I am coordinating with USDA RD specialist to work on a timeframe for completion.

At the last meeting some directors questioned why the new preliminary engineering report out come on meter pricing was the same when the total project cost went up.

Mr. Hays reported that both KSA and Duff reports contained the same information. It was only presented differently. Both reports assumed a debt payment based upon 100% loan at their respective project cost estimates using a 2.125% interest rate and a 40-year term. The Duff report presented a proposed monthly minimum rate of \$80.00. This included the existing minimum rate of \$34.50 plus an increase of \$45.50 to cover the cost of the USDA debt payment. The KSA report only presented the monthly customer amount that would be required to cover the USDA debt payment at the revised project cost estimate. Comparing the Duff and KSA numbers should be done off the amount required to cover the new USDA debt payment. The equivalent rate increases to cover the USDA debt payment were \$45.50 from the Duff report and \$71.51 in the KSA report. This difference is due to the revised project cost estimates. Both of these were, and are, subject to change based upon the final financing terms from USDA.

8. Discuss/Take Action- Reviewing & Amending any and all FY2022 Budget line items including but not limited to the following items-

- a. Meter Fees & Number of New Meters
- b. Wages 1. Raises
- c. Legal and Accounting
- d. P&L Insurance
- e. Professional and Engineering fees

f. Fuel Expense - Mr. Davis expressed vehicle expense cost in fuel has increased. Carol Baker made a motion to eliminate the monthly \$65.63 fuel allowance effective immediately for all employees who are paid for mileage and they need to keep a detailed log which can be verified and audited. Every employee will receive 58.5 cents, to be adjusted as the government adjusts it. Robert Polansky seconded the motion. All in favor, motion passes.

g. Reserve Fund/Capital Expense- Mr. Simcik stated any extra funds that come in each month goes into the Capital Expenses account. We need to start building this reserve to have 1 year of debit service funds per the USDA RD loan to be satisfied.

The Board Discussed the budget. Don Ramsey made a motion to table the budget until the next meeting. Carol Baker seconded the motion. Robert Polansky, Cole Canady, Stephen Symank, Cheryl Helms, Don Ramsey and Carol Baker voted in favor of the motion. Those opposed Mr. Debbendener and Mr. Middleton. Motion passes and will be tabled until the next meeting. Mr. Simcik requested if the Board could review the budget sheet given and send in your thoughts before the next meeting to himself or Mr. Debbendener to receive some input on the budget before the next meeting.

Cole Canady would like to discuss the buy in Equity, Membership and Connection costs. Making adjustments to stay on top of costs the water company pays. Checking into pricing on materials used and any labor increases. Lyn Middleton makes a motion to bill to what all costs are at time. Cole Canady seconded the motion. All in favor, motion passes.

9. Review, Discuss/Take Action- Procedures for the approval of recurring payments and other monthly bills

Mrs. Delgado presented a spreadsheet for the Board to review payments each month. Requesting that payments paid on line be approved by 2 officers but no longer need to have a check written. Lyn Middleton made a motion the Board would receive approved by officer signatures, a spread sheet showing invoices paid by check or online and a folder with these invoices. Cole Canady seconded the motion. All in favor, motion passes.

10. Review, Discuss/Take Action Waco Water Report

Nothing to report at this time. USDA RD is going to start working on the application in the next 3 weeks. Should take about 2 months.

11. Discuss/Take Action on Old Business-

- a. EPA Extension of time granted until June 22, 2022- Reported during Managers report.
- b. Public Utility Commission- Pending CCN mapping deficiencies- Reported during Managers report.
- c. LTG WSC Ethical standards and Conflict of Interest Policy - Need to be signed and returned.

Don Ramsey would like the Board to consider 2 Conflict of Interest policies he received from TRWA. These are from other Water Suppliers. These will be emailed so the Directors can review.

d. Safe Deposit Keys to be returned- Cheryl Helms stated she could not find the safety deposit keys. She will pay for the rekeying.

12. Closed Session: The Leroy Tours Gerald Water Supply Corporation reserves the right to adjourn into executive session on any of the items listed on this Agenda, if at any time during the meeting an item meets the criteria which allow for executive session under Texas Government Code, TITLE 5, SUBTITLE A. CHAPTER 551.

No session needed

13. Action on Topics discussed in closed session

No action at this time

14. Adjournment: 8:54 pm

Dennis Debbendener made the motion to adjourn. Lyn Middleton seconded the motion. The motion carried unanimously.