

LEROY TOURS GERALD WATER SUPPLY CORPORATION BOARD OF DIRECTORS MONTHLY MEETING

July 14th, 2022

1. Determination of Quorum, Call to Order-

Robert Polansky called the meeting to order at 7:00 p.m.

Board Members Present: Robert Polansky, Carol Baker, Cole Canady, Cheryl Helms, Lyn Middleton, Stephen Symank and Don Ramsey Absent: John Simcik and Dennis Debbendener. Also in attendance: Terri Chenoweth-USDA-RD, Charlie Buenger – attorney, Staff: Roy Davis, Diane Delgado & Barry Hand

Robert Polansky opening comments to the Board of Directors- From the time this meeting is called to order to when it is adjourned, we are here to discuss water business. As outlined by the agenda, we need to do in a professional manner. Nothing else should be tolerated or accepted. This is not a place for grips for board members or employees. We are doing strictly business here.

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

Carol Baker- Appreciated what Mr. Polansky said in his opening comments to the Board. The actions at the last meeting were appalling, the board should address the behavior during the meeting.

3. Review, Discuss/Take Action on minutes from May 12th, 2022 Board of Directors meeting –

Ms. Baker requested change or addition be made to item number 4 in the last two sentences. Mrs. Helms believes in 7b the board had approved the purchase of accounting software in 2021. Mr. Ramsey would like to have the minutes reflect only items that took place, discussed subject, action, tabled or voting.

Cole Canady made the motion to accept the meeting minutes from July 14th with a correction. Correction is to have the last three lines of 7d stricken. Mr. Davis asked Ms. Baker if she wrote a couple of posts that were found on Facebook. Ms. Baker said she didn't know. Mr. Davis read parts to the Board and informed the Board that if the lies continue, he will be getting a lawyer because this needs to stop. Lyn Middleton seconded the motion. Voting on meeting minutes: Majority in favor. Mr. Ramsey voted NO on the meetings minutes. The majority has it, the motion passes.

4. Mr. Buenger has information to present to the Directors-

Mr. Buenger went over the basics of being a director. Job is to set policies about operations & regulations. Try to understand these rules and the need of planning for the future, Budgets to achieve, etc. Use your professionals to help. Managers manager this system you manage the managers as a group. Not overstepping. You have no rights as an individual but as a group you vote. Legal responsibilities and the liabilities that follow actions for the corporation and the liabilities of the individual director.

Mr. Buenger spent the month catching up on were LTG is now. Meeting with Mr. Hays. Mr. Davis took Mr. Buenger through the system, looked at plant 6 location and toured the system lines.

5. Discuss change in Job Title and responsibilities for Mr. Davis (with no financial changes)-

The Board discussed the change of job title. This will put one person to answer for things during this upcoming project. Item will be on the next agenda for a vote. Mr. Polansky read the following responsibilities. The following is the verbiage used in the TRWA 2018 Rate Study Report Proposed General Manager Job Description General Manager: This position is responsible for office and & field administration, planning and reporting. Additionally, this position is responsible for the utility's public relations and must be familiar with corporate, local, state, and federal compliance policies. The General Manager reports directly to the board of directors or the council and may supervise office, plant, distribution and operations employees, contractors and other management personnel.

6. Review, Discuss/Take Action KSA Engineers update on the Surface Water Project-

Speakers will be Mr. Hays with KSA, Mr. Davis and Mr. Hand

Mr. Hays brought the Board a handout of the life cycle cost analysis as of 7.14.2022 going over the 6 Alternative options they have for the project. McLennan County has set aside \$ 4.4 million for systems with arsenic. This will be broken down by other water sources by the number of meters each system has. The money must be spent on arsenic remediation. LTG is projected to receive \$ 800 thousand. This money has been added to the analysis. It will help bring down the cost of the project. Money must be spent by 12.31.2026. Mr. Hays went over the cost analysis sheet showing 4 main alternative options and 2 reduced scope alternative options breaking down each section. Also, the purposed cost per meter to repay the loan. Mr. Hays has made updates to these estimated costs that were given in February.

Mr. Hays went over with the Board terms & conditions from USDA; make any changes they take the grant money. In design- break it down into multiple bids, must do items & alternates. Base bid is most important. Alternatives can be done or removed to meet the budget.

Ms. Chenoweth explained that any funding will go into consideration when they go into the loan process. They will look at the project, costs, alternatives, effect on rates, etc. Example is if you're working with a 12-million-dollar budget and bids come in at 14 million, we start knocking off those alternatives set in place. You will get an Interim financing loan for pre development, construction costs.

Ms. Baker asked when does the loan payment start? Terri Chenoweth explained that as soon as the loan is closed the following month you would begin making payments.

Mrs. Helms asked Can we use the County money for some of the Interim loan? Mr. Hays said he will find out.

7. Discuss date and time of Public Meeting for the proposed project -

The Board discussed options and requirements for the public meeting. Meeting was set for August 1st @ 7pm at Tours Hall for \$300.00. Mr. Canady made the motion to book Tours Hall for the Public meeting. Mr. Middleton seconded the motion, All in favor, motion passes.

8. Review, Discuss/Take Action regarding Monthly Reports A thru E-

A. Directors Report - The Board went over the report.

B. Financial Matters- The Board reviewed the Account balance sheet the P&L and the Accounts payable. Mrs. Delgado gave the Board the Rates for the upcoming 2 Certificates expiring soon. Ms. Baker made the motion to move the 2 Certificates expiring to Citizens State Bank for the special 11-month higher rate. Mr. Canady seconded the motion. All in favor. Motion passes.

C. Office Manager Report-

There were 47 late notices with an outstanding balance of \$ 9,193.12. Conflict of Interest was updated and, in your packet, to sign. PUC and EPA most recent filings are included in packet. The Public Utility Commission Order No. 11 was issued July 1st, requesting more time for Commission Staff to review the filing of supplemental information that was filed May 26th. The EPA extension was due June 22nd was filed on June 22nd. The EPA response was filed June 28th. Fourth extension granted date is August 15, 2022. The office had received a notice from TCEQ regarding: Implementing our Drought contingency plan. Mr. Hand had confirmed that a stage 1 target could start at the last Board meeting. Before sending bills out Mr. Hand was contacted to ensure the members were getting the most accurate Stage notice at the time. The stage was changed to Stage 2. High water readings are Knoxville Ranch 121,000 gallons and there was a high reading of 66,200 gallons from RV Resort. The board discussed the stages and what that would mean to members as the stages change. Also, discussed the City of Waco drought contingency and how that could impact LTG.

D. Field Manager Report –

53 work orders were given out, 3 Emergency calls for hit lines. We have a leak that we have not found that has contributed to the water loss. Been out looking. Discuss possibility of purchasing a drone. This would be personal drone but could help when out looking in bad areas hard to reach.

E. Operator Report-

Worked on several leaks. Whiskey Hollow experienced some electrical issues. Bode Plant lost power. Backup purchased in 2017 went out. Heard there will be rolling black outs. Work has started on Oncor poles in the surrounding area. This could help with some of the electrical issues. Discussed plans for a container home Airbnb that is planned for development. Mr. Buenger confirms that McLennan County will not allow for a master meter. Each of these must have a separate meter installed.

Review, Discuss/Take Action on any item under Old Business -

a. Bylaws update

Mr. Polansky went over with the Board that the USDA-RD has recommended LTG update Bylaws. The Board held discussion. The Board will submit changes to the bylaws to the USDA for approval. Mr. Canady made a motion to send the changes to the USDA for approval. Mr. Middleton seconded the motion. All in favor, motion passes.

9. 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

10. Action on Topics discussed in closed session

No action at this time

11. Adjournment: 8:43 pm

Lyn Middleton made the motion to adjourn. Cheryl Helms seconded the motion. The motion carried unanimously.