

LEROY TOURS GERALD WATER SUPPLY CORPORATION BOARD OF DIRECTORS MONTHLY MEETING

June 9th, 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 -

Cheri Beuerlein – The Conflict of Interest has been on the agenda for three months. It is on the agenda again. This tells me that if you haven't signed the Conflict of Interest, you must have a conflict and you should get off the Board.

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

Ms. Baker made the motion to accept the meeting minutes from May 12th with a correction. Correction is to add to Financial Matters under Monthly Reports: Ms. Baker asked about the P&L changes that had been made for past months. Totals have also changed. Mr. Middleton 2nd the motion. All in favor, motion passes.

4. Review, Discuss/Take Action: Consideration and possible action on proposed attorney employment agreement engaging the services of Charlie Buenger dba Buenger & Associates to serve as corporate counsel for Leroy Tours Gerald Water Supply Corporation-

Ms. Baker stated she had concerns with hiring Mr. Buenger again. Ms. Baker said the attorney did not make sure our engineers were talking with the EPA. The other concern was the contract being favorable to him but not to LTG. This is a two-year contract. Mr. Middleton stated that if there is a cause we can break this contract. Mrs. Helms asked about the current attorney. Mr. Simcik discussed not having a contract with Tekell & Tekell. The office did not receive one. Mr. Debbendener made a motion to hire Mr. Buenger again. Mr. Simcik asked if everyone would like to hear from Mr. Buenger. Mr. Middleton said yes. The Board discussed how the USDA has requested that we have an attorney with water experience.

Mr. Simcik brought up how information was not being provided to all the directors last year. Mr. Ramsey said it was the secretary who was not sending out the information. Mr. Simcik stated that no she had been told not to give out information unless you approved it. Mr. Ramsey said if it was something that wasn't supposed to go out, we didn't send it. Things that got sent out went out at proper times. Mr. Simcik stated that anything that deals with this corporation comes before this board. Mr. Ramsey said are you the board, you think you're the only one on the board and you've got your little kiss butts and followers. Mr. Buenger interjected that they were off the agenda. A contract with Tekell & Tekell was not the issue, the issue is hiring Buenger & Associates or not. Mr. Middleton seconded the motion.

Voting:

those in favor: Mr. Middleton, Mr. Symank, Mr. Debbendener, Mr. Polansky and Mr. Canady

those not in favor: Ms. Baker Mrs. Helms and Mr. Ramsey

Those for hiring Mr. Buenger have the vote. The motion passes.

Mr. Simcik said there was no reason LTG cannot have two attorneys.

The contract was signed.

5. Review, Discuss/Take Action on Conflict-of-Interest Policy-

Mr. Middleton went over the requested additions to the Conflict-of-Interest Policy with the Board. The board discussed the sections under review. Ms. Baker and Mr. Ramsey have issues with the policy these are as follows: would like the addition of policy statement and the addition of G 1,2,3 & 4 and addition of a disclosure statement. Want to strike numbers 1,3,5 and 6 all of number 9 and number 12. Mr. Buenger explained that the board of directors is in charge of this outfit. When you are a Board of Director you have one vote you do not run anything, you have no rights. As a board member you do not have any right to come in here and tell anyone to do anything or get anything. As a board you have a right to vote and talk among yourselves and decide things. But by yourself you have no rights to do anything. You have a President who serves as your liaison to come in here & be your liaison but you don't have the right to come in & tell the employees what to do. Or complain to the employee or to gather documents. If you want documents you go to the board, we need these documents because we believe there's a problem. The board as a whole decides to get them then you get them. There is a chain of command. There are a lot of problems here. Respect the chain of command. If you hear of a problem, you bring it to the board to talk about it. If anybody wants something everybody gets it not one person, everybody gets it.

Mr. Middleton made a motion to add sub section G 1,2,3 & 4 and if everyone is in agreement then I call for a vote. Mr. Polansky requested that the legal definition for nepotism be used. Mr. Middleton made the motion to add section G to the policy that was approved at the last meeting. Mr. Debbendener seconded the motion.

Voting:

those in favor: Mr. Middleton, Mr. Symank, Mrs. Helms, Mr. Debbendener, Mr. Polansky and Mr. Canady

those not in favor: Ms. Baker and Mr. Ramsey

Those in favor of the Ethical Standards and Conflict of Interest Policy have the vote. The motion passes.

Mr. Simcik requests a pause in the meeting to give Mr. Randolph a certificate of appreciation for 24 years of Service as a Director

6. A member would like to discuss a hydraulic study report given on his property for 2 meters-

Mr. Berger owns property on 308 and applied for 3 meters. The engineer approved these meters with improvements for two of the 3 meters. Mr. Hand and the engineer have suggested LTG increase the line size for future growth. Mr. Simcik agrees it is in LTG's best interest to do a 4" pipe. Mr. Berger has agreed to pay for the approved size and is asking that Leroy Tours Gerald Water to pay the difference. Mr. Berger will need to pay for the 2" line plus fittings and labor.

The Board discussed the options and the benefit of this change.

Mr. Polansky made a motion Mr. Berger pays for installation of 2" line, LTG pays the difference to put in 4" line Mr. Berger pays his portion upfront to get the contract in. If the price varies by at least 20% or more we need to revisit it. Mr. Middleton seconded the motion. All in favor. The motion passes.

7. 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 the P&L and the Accounts payable. Mrs. Baker said Citizens State Bank is at .6% they are usually higher. Mr. Debbendener will check the rates on the two certificates due to mature Ms. Baker asked again about the P&L changes. Mrs. Delgado explained that the accounting program has issues and had explained this last year. Mrs. Helms agreed she remembers there were issues with the program. Mrs. Helms recommends looking into Quick books. Mrs.

Delgado will look into Quick Books. The officers will look into the P&L to address any issues. Mr. Polansky stated this will not require you to bring it up again.

C. Office Manager Report-

There were 30 late notices with an outstanding balance of \$ 6,636.64. Mr. Hays and Mr. Canady requested information that will help figure rates. I made a spreadsheet with three years of readings in the tier structure we currently have. Made multiple pages that could be adjusted as needed. The Public Utility Commission Order No. 10 issued, requesting more information after their review. Filing of supplemental information was due June 2nd. I worked with Duff engineers to acquire all requested information which includes everything from mapping to the financials. All information was submitted on May 26th. The Emergency Preparedness Plan was submitted by the June 1st deadline. Duff Engineers helped with the work needed to complete this plan. The election ballot list has been available for review in the office as of March. The office received a notice from TCEQ regarding Implementing our Drought contingency plan. Mr. Hand has confirmed that a stage 1 target can start. This notice can be placed on the website and on bills. Mr. Simcik went over with the Board the Stages of our Drought contingency. High water reading from April at 77,400 gallons. In May there was a high reading of 87,200 gallons. Both were from Knoxville Ranch.

D. Field Manager Report –

58 work orders were given out, 0 Emergency calls for hit lines. Working on the costs of materials for new meter installs. The costs for new connections may change monthly if it is found to be needed due to material in-creases. The prices are good until we need to order new meters. Meter reader is currently changing out meter with 10 years or more. 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.

E. Operator Report-

Whiskey Hollow experienced some electrical issues. The electrician has made some repairs that controls transfer pump. No major leaks. Water loss is @ 7.25%. Meeting with home owner for the Berger rd. Vault removal. There is an issue on where to put a valve and their driveway. There are other issues with the vault that were unknowns until they started. The labor costs will go up.

8. Review, Discuss/Take Action KSA Engineers update –

USDA Application

We are finalizing the proposed operating budget for LTG using the information provided by LTG staff. This will include a more detailed estimate of a proposed rate schedule.

I received the required information from USDA for a supplemental environmental for the work at Plant 1 and LTG office in mid-May. It was a bit more involved than originally anticipated. We are putting together the necessary documents for submittal to USDA.

McLennan County ARPA Application

We received correspondence regarding an informational session hosted by McLennan County to discuss potential funding avenues for arsenic mitigation projects including the County's ARPA funds. That meeting was held on the morning of 6/9/2022 and a summary of the meeting will be provided to us. Based on my conversation with the County's consultant there should be information presented that clarifies the process/criteria for applying for the ARPA funds.

We anticipate the following schedule moving forward:

Completion of USDA required PER revisions, application revisions, and supplemental environmental, by the end of next week, 6/17/2022.

Update on McLennan County meeting once summary is received from consultants.

We have also corresponded with numerous individuals regarding potential development at the southern end of Janke Loop. There appears to be interest there, but they all have to weigh the cost of upgrading the existing water line to accommodate new connections.

9. Update on Bylaw committee progress-

Mr. Debbendener let the Board know the committee is working to have something ready by the next meeting.

10. Discuss/Take Action on Old Business –

1. Safety deposit Key

At the last meeting Mrs. Helms returned the key she had been assigned. One key is still uncounted for.

Mr. Ramsey said he returned his key to the Bank.

11. 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

12. Action on Topics discussed in closed session

No action at this time

13. Adjournment: 8:42 pm

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