

LEROY TOURS GERALD WATER SUPPLY CORPORATION BOARD OF DIRECTORS MONTHLY MEETING

May 12th, 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 -

None at time.

3. Review, Discuss/Take Action on minutes from April 14th, 2022 Board of Directors meeting -

Carol Baker made the motion to accept the meeting minutes from April 14<sup>th</sup> with a correction. Correction is to change: a complaint about a hostile work environment against a director and or directors. To be corrected to read: a complaint about activities of directors. Lyn Middleton 2<sup>nd</sup> the motion. All in favor, motion passes.

4. Review, Discuss/Take Action regarding Monthly Reports -

- A. Directors Report - The Board went over the report. John Simcik asked which member used 77,000 gallons.
- B. Financial Matters- The Board reviewed the Account balance sheet and the P&L. Ms. Baker asked about the P&L changes that had been made for past months. Totals have also changed. Mrs. Delgado stated that when categories change in the accounting program it changes the items on the P&L. The P&L is reviewed every month and adjusted as needed. CD information is updated quarterly.
- C. Office Manager Report- There were 41 late notices with an outstanding balance of \$ 7,951.10. The office router had issues for a week. It would turn on and off. This was replaced.

Working with the engineer Mr. Hays on information requested by the USDA-RD loan specialist during the meeting between the USDA and LTG on April 26th. The minutes from the USDA meeting are attached.

Another order was sent by the PUC after the requested information was downloaded by the PUC from Order No. 9. 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. May 2<sup>nd</sup>, PUC staff filed Order No. 10 requesting more information after their review. Filing of supplemental information is due June 2nd. I have reached out to PUC on the requested information. Spoke with the financial examiner/rate regulation department on the information they have requested from the office. I have spoken with Duff engineers on the mapping deficiencies and they have been working with the infrastructure department and are ready to file the requested changes. They will be filing the requested financial information once it is ready.

Emergency Preparedness Plan (EPP) is due June 1st. This is currently in progress. Office staff, operator and engineer are working to have this completed on or before the due date.

Information new Board of Directors may not be aware of. Leroy Tours Gerald Water Supply does not supply its employees with any kind of benefits like medical insurance or any kind of retirement. This is why your employees depend on yearly raises. The last raise was calculated after the TRWA Salary rate study came out in 2018. At that time, it was found that we were in the bottom 10% of the lowest paid for similar size corporations. In 2020 the raises brought up the pay to reach the middle of the bottom of the 10% range.

- D. Field Manager Report – 50 work orders were given out; 1 Emergency call out for a hit line. Working on the costs of materials for new meter installs. Waiting for the updated lists from suppliers. The costs for new connections may change monthly if it is found to be needed due to material increases. Also, Hilco was going to have an increase on propane. Roy read two articles from the TRWA Quench publication. Issue 6 2021 – A CCN holder cannot deny service to any qualified applicant within their service area. A CCN gives a utility a monopoly within its service area which comes coupled with a duty to serve qualified applicants within those boundaries. Issue 1 2022 – The PUC and TCEQ rules state that the system is never to “deny service” within their CCN/service area. It is up to the applicant to accept and abide by the conditions of service. It’s up to the system to provide that service once conditions are met. Working with the engineer to ensure all ADA requirements are met. Mr. Symank asked about the driveway improvements needed. Mr. Davis replied that the driveway needs to be widened and lengthened.
1. Line tracer- Talked about line extensions. The new lines on Bode Rd. and 308 both have tracer wires. What this means is LTG will need to eventually purchase a line tracer. This will aid in locating lines before any digging takes place. All new lines will now be required to have the tracer wire. Research into frequency line locators brought up multiple choices. An onsite demo is scheduled for the first part of June. The tracer starts at \$2,000 up to \$20,000. Mr. Polansky asked how often would it be needed? If the line is hit who repairs it? Mr. Hand stated that new meter installs, 811 locates or any time there is a repair the line tracer can be used. Hand plumbing can make repairs to the wire if needed.
- E. Operator Report- Some leaks and new connections were done in April. Bode Plant lost pressure causing the well to not come on. Opened the interconnect until the electrician got it working. Finally found that the connections had fallen causing it to have the issues. Installing a delay on the boosters will help when the power goes out. They have installed this on the Bode Plant and will do Whiskey Hollow next. The tanks were not coming back on until they reached a certain level. Oncor is starting to mark for new poles. There haven’t been any 811 locate requests yet.

5. Review, Discuss/Take Action KSA Engineers update -

Since the last board meeting, we have corresponded with USDA regarding their review of the engineering report and application and a meeting with USDA was held on April 26, 2022, at the LTG office. There are some minor revisions required to both the engineering report and the application. The application has been “returned” to LTG so that these revisions can be made and we were provided comments on the engineering report. The comments on the application and engineering report pertain to the following:

Engineering Report - Adjust the project budget to include costs for land purchase and other minor formatting revisions in the engineering report. Provide additional detail for the short-lived assets analysis including an itemized listing of short-lived assets. Update the proposed operating budget for LTG based upon the above revisions. This will include a more detailed estimate of a proposed rate schedule.

Application - Revise the proposed operating budget based upon the revisions to the engineering report. There is also a minor environmental issue with the generator and well plugging at Plant 1. This was not a part of the original environmental report but can be amended with only minor work as the work here would fall under a Categorical Exclusion. KSA will be coordinating with the USDA environmental reviewer for requirements and will facilitate under our current engineering report agreements.

We anticipate the following schedule moving forward - Completion of USDA required revisions and resubmittal of the application by the end of May. Completion of USDA required environmental revisions for Plant 1 by the end of May (pending receipt and confirmation of requirements).

Submittal of design engineering contract for LTG board approval at the June meeting with submittal to USDA following execution.

6. Review, Discuss meeting with USDA-RD Loan specialists -

United States Department of Agriculture Rural Development Loan Specialist Terri Chenoweth requested to have a review of the filed application with Leroy Tours Gerald Water Supply Corporation with Engineer, Board President John Simcik and Secretary Treasurer Dennis Debbendener along with office staff. Mr. Simcik went over the minutes with the board. Discussed finding out what training the directors would need. The minutes for this meeting are attached.

7. Discuss/Take Action on Old Business –

- a. Public Utility Commission- Pending CCN mapping deficiencies, etc. – Mr. Simcik let the board know he had been in contact with both Duff and PUC on these issues and was informed there was an issue with GPS coordinates and overlapping. More was reported in office managers report.
- b. Certificates for Board of Director Service – Mr. Simcik suggested to the board that it would be nice to give directors a certificate if they have serviced. The board discussed different ways to show appreciation for their time on the board.

8. Discuss/Take Action- Reviewing & Amending any and all FY2022 Budget -

a/b. The Board discussed amending the budget. Going over the number of projected meters and changes in line items. Ms. Baker stated she does not want to give a cost-of-living increase to the employees. Because of the rate change why would we give the employees an increase in pay.

Mr. Middleton made a motion to approve the proposed budget. Mr. Canady seconded the motion.

In favor: Mr. Middleton, Mr. Canady, Mr. Symank, Mr. Debbendener, Mr. Polansky

Opposed: Ms. Baker, Mrs. Helms and Mr. Ramsey

The motion passes.

9. Discuss/Take Action – Wages –

The Board discussed giving the employees a cost-of-living increase. Mr. Debbendener made a motion to give a 5% increase to all employees. Effective October 1<sup>st</sup>, 2022. Mr. Middleton seconded the motion.

In favor: Mr. Middleton, Mr. Canady, Mr. Symank, Mr. Debbendener, Mr. Polansky

Opposed: Ms. Baker, Mrs. Helms and Mr. Ramsey

The motion passes.

10. Review, Discuss/Take Action Ethical Standards and Conflict of Interest Policy –

Mr. Middleton went over the policy with the Board. The Board discussed the proposed policy.

Mr. Middleton made a motion that on the basis that at any time this document can be opened and rediscussed it can be added to or taken away from at a called meeting or at a regular meeting if it is put on the agenda to do so.

In favor: Mr. Middleton, Mr. Canady, Mr. Symank, Mr. Debbendener, Mr. Polansky

Opposed: Ms. Baker, Mrs. Helms and Mr. Ramsey

The motion passes.

Mr. Middleton made a second motion if anyone has any discussion or wants to change anything bring those changes to the next meeting and they will be discussed and put on the document.

All in favor. Motion passes.

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: 8:56 pm

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