

April 26, 2022

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.

Meeting was attended by: Terri Chenoweth, Troy Spencer, Danny Hays, John Simcik, Dennis Debbendener, Roy Davis and Diane Delgado

Hold a general public meeting to inform the Leroy Tours Gerald Water Supply members of the proposed USDA-RD Loan. Loan Specialist will need to be in attendance.

Check on the 200' Boundaries that Leroy Tours Gerald Water Supply has on file with Public Utilities Commission. These are currently being addressed with the Public Utilities Commission.

Required Budgets -Need final approved budget for FY2022, first full year of loan with no grants issued of an O&M budget, PER all receivable revenue - Rate structure. KSA Engineer Danny Hays along with the Secretary Treasurer Dennis Debbendener will work on these future budgets. Discussed the rate change that will be on the billing statements going out the end of May. Discussed the different types of connections we have and how they are charged.

Short-lived assets, an itemized list needed. As described in RUS Bulletin 1780-2, a table should be provided which includes the asset, the expected year of replacement, and the anticipated cost of each.

See Example:

ASSET	QUANTITY	REPLACEMENT YEAR	COST (EA)	TOTAL	ANNUAL RESERVE REQUIREMENT
Pumps	2	1-5 yrs	\$50,000	\$100,000	\$20,000
Meters	50	6-10 yrs	\$3,000	\$150,000	\$15,000
Pumps	2	6-10 yrs	\$50,000	\$100,000	\$10,000
Meters	50	11-15 yrs	\$3,000	\$150,000	\$10,000

Managing Small Public Water Systems (RG-501) TCEQ - A series of publications that helps owners, managers, or operators of small water utilities understand and comply with rules and develop tools for planning and operation. Will help in implementing things moving forward

USDA-RD Loan project priority: Leroy Tours Gerald Water Supply's number ONE priority

1 Priority will be the Surface Water Project to resolve the MCL level of compliance for arsenic which includes: Building of Plant 6 purchased in 2020 by Leroy Tours Gerald Water Supply located at 198 East Hilltop this is adjacent to the City of Waco Utility Dist. Pump/Storage Site, the transmission line from Plant 6 on Hilltop to Plant 5 on Bode Rd. completing this line at Plant 4 on Whiskey Hollow. The reinstatement of Plant 3 in Tours for future growth and water pressure requirements. Replacement of old meters with Radio Read meters to help insure more accurate revenue from water usage.

Easements for the Surface Water Project are currently being updated to ensure all filings are complete.

Acquiring an attorney with water experience on staff to review all financial documents, contracts, titles, agreements, etc. as needed pertaining to the USDA-RD loan.

Discussed the funding of different projects and how that could affect other funding projects. Leroy Tours Gerald Water Supply if needed could remove items from the USDA-RD loan application so they may submit these projects to other sources for funding needed.

Need agreements between Leroy Tours Gerald Water Supply and KSA Engineer for the next phase for the Engineering design for the Surface Water Project and System Improvements. Engineer will have multiple contracts for the different upcoming projects. KSA Engineers will be handling all Notices & Bids during the bidding phase.

Reviewed expenses that were incurred since 2020 relating to the Surface Water Project.

Where things go from here-

Revise Budget, Income & Rate schedule, review application for completeness and any other items that may be requested.

State office will receive application after any additions and or corrections have been made as requested by the USDA loan specialist Terri Chenoweth.

Once approved application will go to under writing, grants will be reviewed at this time.

Final Review:

2-3 weeks on Engineering report, an amended environmental may be possible if needed during review.

Engineers will be in design when everything is ready bidding will begin. 6 to 9 months

Loan resolutions will need to be made, Deed of Trust, Conflict of Interest, Uncollectable, Board training for all Directors.

Could receive up to a Max grant of 45%.

Once all things have been met then Leroy Tours Gerald Water Supply will get the answers regarding the loan and can then choose 100% of the proposed application or remove items if costs are too high and no grants are given.

Board accepts the loan to lock in interest rate at the time.

Engineering of final plans, etc.

Hire water experienced attorney

All plans, legal and grant agreements are adopted by the Board of Directors

90 days for closing.