

Medina Water Supply Corp

Minutes of Board of Directors Meeting on 6/10/2024

at Medina Community Center

Meeting called to order at 6:00 pm by Board President Dan Poston.

Directors present:

Dan Poston – President

Harvey Young – Vice President

Janet Miller – Treasurer

David Reed

Roger Mora

Charles Anderson - Secretary

Jon Miller

Quorum present

Also present:

Kevin Ayers – contractor

Jill Young

Michael Sowders – contractor

Bob Buck

Mike Guidry

Shawn Brown –Texas Land Men

Lori Guidry

Weston Jenkins -Texas Land Men

Emerson Arnold

Reading of Previous Meeting minutes

Dan asked if the directors had reviewed the previous minutes. Some directors had, but others had difficulty downloading or printing the attachment. Secretary Charles Anderson read the minutes to the group to bring the items to remembrance. A correction was to the price of the Ardurra Engineering bid price. With those amendments Jon Miller moved to accept the minutes, Harvey Young seconded the motion, motion carried by 7 positive votes.

Public Comments (5 minutes per speaker)

Bob Buck signed up to make a comment. Dan Poston called on Bob for his comment. Instead of a comment, he reserved the right to make comments during specific agenda items.

Treasurer's Report

See included reports May 2024.

Janet Miller stated we had a loss of \$356.41, with a year to date loss of \$30,644.96

Janet highlighted the following outgoing payments:

- Two payments to Business Services Company for the Socioeconomic Survey totalling \$6,000
- A payment to CPA firm to file our non-profit Form-990 for \$650.00

Janet stated that going forward the document will be sent out prior to the meeting for review.

Roger Mora moved to accept the Treasurers report, seconded by David Reed. Motion carried with 7 positive votes.

Accounts Report

The Accounts Report was provided in written form by Kevin Ayers. See attached report.

For the account in arrears \$134.93. No leak adjustments this week. No bulk water sales due to drought. The office was closed on May 27, 2024 for Memorial Day holiday.

Harvey Young suggested that Kevin investigate our Sales Tax Exemption status. Even though we are tax exempt through the IRS as a 501c-12, we are not automatically exempt from sales tax. Kevin reached out to TRWA legal, and discovered another avenue we could take, we could work with the TCEQ to get classified as a rural

water provider. Kevin has a list of documents and the application for this classification. We can submit electronically and if we get classified as a Rural Water provider, this is all we need to get Sales Tax Exempt status. Kevin already has downloaded the forms to use to claim the exemption. Kevin to report status next Month.

Dan Poston asked question about how Flush, Loss, and Sold amounts, and how loss is calculated. Flush is not counted as loss.

David Reed moved to accept the report, seconded by Jon Miller. Motion carried with 7 positive votes.

System Operator's Report

See included reports April 2024 Field Report.

Michael picked up the 2" pipe from Ferguson to save shipping cost.

On Memorial day the Stringtown plant had low pressure at the Stringtown plant due to a tripped breaker on the compressor. Tried to restart the plant, but the pumps were airlocked. The plant was shutdown briefly the air was drained off, pumps primed, then the plant brought online. Kevin stated that after he was informed that the breaker was tripped, he now checks the breaker every time he takes chlorine readings. Dan Poston suggested we add "Check the Breakers" to the chlorine checklist. Harvey Young asked if the breaker is undersized. The breaker is the correct size but was set incorrectly for the voltage, this has been corrected. Harvey then asked why it is starting just now, Michael speculated that as the compressor ages, the wear and tear on the contacts may be the cause. Michael stated that it should not be a problem in the long term because, after the new pressure tank goes in, this would only be used as a standby.

Dan asked about a picture attached to the report. This was a small retaining wall around a hydrant that was getting covered, with soil up to the openings.

Called out in the report was a developer wanting to put in 10 new smaller homes near the school. There will be 2 new meters installed. Jon Miller asks about anticipated water use. These smaller houses (1000 to 1200) are to be rented out by the school as part of the employment package.

Roger Mora moved to accept the Operators report, seconded by Janet Miller. Motion carried with 7 positive votes.

Old Business

Texas Land Men – Weston Jenkins, and alumni of Medina ISD, identified an issue with teacher retention due to a housing shortage. The first phase will be 5 homes 3 – 3 bedroom, 2 bath homes and 2 – 2 bedroom, 2 bath homes. The homes will be setup and operating by August 1, 2024 tentatively. The completion date for phase 2 (five more homes) has not been determined yet. Currently doing site work. Septic has been approved and has capacity for 15 units for extra capacity. Jon Miller asked what the septic system was approved for as far as daily gallons. Weston nor Shawn knew the answer to this question. Dan Poston expressed concern that we are operating very close to our capacity, but we have taken steps to increase capacity. Michael said there is a solution to low pressure and manage the supply. Jon said he estimates phase 1 to use 17,000 monthly and 30,000 monthly for both phases. Harvey recommended that Weston get hold of Bandera River Authority about the disposition of the existing well. Dan Poston advised that we are in the process of getting a larger pressure tank for the Stringtown plant. Charles Anderson asked about the August 1st date. Weston indicated that this date is the end of construction for phase 1 and beginning of occupancy. Janet Miller asked about the type of homes, Weston indicated that these are manufactured homes currently being built in Colorado, and will be trucked in when complete.

Kevin then discussed the bid for the water meters. After consideration with Ardurra and Ferguson, they will be installing 2 x 1.5 inch meters to sustain the five homes for phase one. The developer is covering the cost to

install 2 meter and a hydrant for the development.

Stringtown Pressure Tank Installation – There were two bids received for the concrete pad. AB Concrete for \$6000 was the low bid but due to them questioning the engineering specifications on the concrete slab regarding depth of footing, water membrane, and use of specified materials, we have low confidence in them delivering a solution to specifications. The next bid was from MGB Construction for \$8000. Due to the experience of MGB working with Bulldog tanks and Cope Engineering they are considered a superior choice.

Harvey made a motion to accept the MGB Construction proposal for the concrete pressure tank pad at a cost of \$8,000. Jon Miller seconded the motion and it was carried with 7 positive votes.

Kevin will call MGB and get it scheduled. Harvey will work with Perry Crane of Kerrville

Business Services Company Agricultural loans. Kevin Ayers talked to Carlos at BSC about Agricultural Loans. The methodology used by BSC is accepted for both TWDB and Agricultural loans. The difference between the two categories of loans is the response rate of the survey. TWDB requires 50% survey response rate while the Department of Agriculture requires an 80% response rate. Our Socioeconomic survey resulted in a 75% response rate. During the survey we had 55 people not responding. Carlos said for an additional \$1,000 BSC could re-poll the non-responding households. We would need 15 more to response to get us to the 80% response rate. The data would qualify us for AG loans, we just need 15 more responses. BSC would then reformat for the Department of Agriculture and resubmit. AG loans are quicker to get. The \$1,000 is a flat fee for the fieldwork, and for the submission to the Department of Agriculture.

Jon Miller moved to spend \$1,000 to authorize BSC to complete the survey as presented. Motion seconded by Roger Mora. Motion carried with 7 positive votes.

Harvey asked about the communication plan with the accounts. Kevin will notify via letter and notify the Sheriff. Kevin posted it on the website, office door, and post office.

Dan Poston asked about Medina Chat, Kevin says he has used it before.

Property Insurance – Given the \$25,000 lightning strike deductible increase, Kevin reached out to two companies that are members of TWRA. Because we filed claims recently no one was willing to waive the lightning deductible. Our current insurance will cover us with this new deductible. Rate increased to \$4600, but that does include coverage for \$80,000 of new equipment.

Michael Sowders recommends that we install lightning arrestors on our service panels to protect the equipment. There was one at Finch plant but it was old and expended. Harvey asked if the arrestors could be used to waive the deductible, but Kevin said that was not the case.

Dan approves the arrestors and asks Michael to get the arrestors installed. Dan then moves to pay the current insurance bill. Motion was seconded by Jon Miller and was carried by 7 positive votes.

Finch Well Meters Installation -

Michael interjects with some good news, that when the Fluid Meter Services tested the Stringtown meters it was only off 5 gallons out of 500.

Kerr Pump has delayed the install on the Finch Well Meters in favor of emergency services, but they (Kerr Pump) has committed to June 24, 2024.

New Business

Wells Fargo Key Executives – Kevin Ayers went to the bank to update our account signers but was unable to as Ernest Gibson and Mary Lynn Spangler are the key signers. Janet Miller said that we had that fixed, but it

wasn't corrected in the banks systems. Paperwork was prepared and submitted previously but somewhere along the line the change was not completed. Kevin advised that we need a documented motion to remove the key executives and a letter to the bank.

Motion to remove Mary Lynn Spangler and Ernest Gibson as key executives on the Wells Fargo account was made by Dan Poston, seconded by Janet Miller, and carried by 7 positive votes.

Janet Miller moves that the board President Dan Poston and Vice President Harvey Young be selected as key executives. This was seconded by Roger Mora, and the motion was carried by 7 positive votes.

Office Rent Increase and alternate locations - Harvey was informed that office rent is going up \$100 (to \$400, a 33% increase), so he has been talking to some people in town. Talked to the owner of the car wash regarding office space. Harvey also talked to the owner of the building on the corner of Main and Patterson. The owner wanted to sell it, and asked for an offer. Harvey asked about leasing. Kevin adds that the current rent includes electricity and water. Michael added that Andy Lautzenheiser also allows us to receive shipments and provides occasional use of his forklift.

Repurpose and sell non-potable water, currently used to flush hydrants.

Michael was approached by a potential buyer offering to buy the water used to flush hydrants, a gas transmission company to be used to drill wells. Dan says we have to be careful about this water. It is okay to waste, but cannot be transported out of the county.

Dan asks board members to start thinking about what we can do to monetize this non-potable water we use to flush hydrants (32,000 gallons per month). Water could be collected as part of the flush operation. Harvey has reservation as we do not sell water during stage 4 drought. This water is waste and non-potable. Harvey recommends we contact San Antonio TCEQ. Couching this as a wastewater conservation effort should lead to approvals. Kevin Ayers to get contact information for TCEQ and provide it to Dan Poston. Dan is looking forward to calling them and working with the TCEQ.

Jon Miller moves to adjourn the meeting, seconded by Roger Mora. Motion carried by 7 positive votes.

Meeting Adjourned at 7:15 PM.

Minutes approved as _____ distributed _____ amended.
