
MINUTES
of the February 11, 2021
Regular Board of Directors Meeting

Directors Present: Dixon McNair, President; Seth Gunn, Vice President; Jo Ann Friemel, Treasurer; Bobby Gilmore, Secretary; Chester Johnson, Director
Directors Absent:
Others Present: Bradley Loehr, Engineer; Lori Steffek, Office Manager

The meeting was called to order by Mr. Dixon McNair, President, at 4:00 p.m. on February 11, 2021, at the Fayette County WCID - Monument Hill District Office located at 100 Country Club Drive in La Grange, Texas.

Agenda Item #1 Approval of Minutes from the January 14, 2021 Regular Board of Directors meeting: The Minutes from the January 14, 2021 regular Board of Directors meeting were presented for approval.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the Minutes of the January 14, 2021 regular Board of Directors meeting as presented. The motion passed unanimously with all Directors being present and voting.

Agenda Item #2 Treasurer's Reports and approval of bills: The January Operating Fund available beginning of the month balance was \$303,811.49. Property tax revenue for the month was \$15,503.80. Total cash receipts for the month were \$52,359.67. Total expenses for the month of January were \$22,736.15, leaving the District with a total combined end of the month operating fund bank balance of \$333,588.98.

Mrs. Friemel reviewed Operating Fund disbursements, for January 15 – February 11, 2021, pending approval for a total of \$45,175.93. Unusual expenses include payment to Deen's Construction (\$4,085) for January water repairs; the purchase of two 2" water meters from Secure Vision of America (\$1,791.16); payment to Inframark for non-contract operations (\$5,348.88) which included the jetting out of a manhole on Oat Ct on a weekend; payment to BEFCO for time spent on the emergency GST project (\$2,665.00); payment to CFG for the weld repair at WP1 GST (\$3,250.00) and payment to FWSC for bulk water purchased in January (\$3,504.32).

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the January 2021 Operating Fund Treasurer's Report, and to pay the Operating Fund disbursements as presented for a total of \$45,175.93. The motion passed unanimously with all Directors being present and voting.

Mrs. Friemel reviewed the January 2021 Construction Fund Report with the Board. The beginning of the month combined balance was \$487,651.16. Total interest earned was \$38.28 which reflects interest earned at NBT and Texpool. Disbursements for the month of January totaled \$1,550.00. The Construction Fund end of the month combined balance was \$486,139.44.

Construction Fund disbursements pending approval, in the amount of \$600.00, for the period January 15 – February 11, 2021 includes two payments to BEFCO (\$300 each) for time spent on the Tiemann easement / sanitary sewer project.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the January 2021 Construction Fund Treasurer's Report and to pay the Construction Fund disbursements as presented, for the period January 15 – February 11, 2021, for a total of \$600.00. The motion passed unanimously with all Directors being present and voting.

Mrs. Friemel reviewed the January Debt Service Fund Report. The beginning of the month balance was \$119,412.31. The District received \$27,642.25 in property tax revenue (including penalties and interest) and \$342.28 in interest income from RTSB MM account and the RTSB Certificate of Deposit. The RTSB Money Market Debt Service Fund end of the month balance was \$74,361.22. The RTSB Certificate of Deposit end of the month balance was \$73,035.62. The combined end of the month balances for the money market account and the certificate of deposit was \$147,396.84. There were no disbursements pending approval for the period January 15 – February 11, 2021. Mrs. Friemel reminded the board that the District should be making a bond payment in late February/early March.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the January 2021 Debt Service Fund Report with no disbursements presented for approval for the period January 15 – February 11, 2021. The motion passed unanimously with all Directors being present and voting.

Agenda Item #3 President's Report: No report was given.

Agenda Item #4 Operations Report: Mrs. Steffek reported the following during the Operations Report:

1. Water Plant 1 – The GST exterior rust spot was welded/repaired on January 19th. The tank was drained and cleaned at which time it was revealed that the GST was no longer viable in its present condition. It will need to be rehabbed or replaced ASAP. This will be discussed in greater detail under Agenda Item 6.
2. TCEQ –
 - a. All work on the orthophosphate system has been stopped until the GST situation has been remedied, thus delaying TCEQ final certification of Well #4.
 - b. The District received notification on February 8th that it had passed its Comprehensive Compliance Investigation (CCI), that was conducted in December 2020, without any violations.
3. FWSC –
 - a. The Interconnect was engaged on January 18th. After experiencing issues after switching to their water, there was a meeting in the field with Bradley Loehr, Dixon McNair, Wayne Kocian, Lori Steffek, Jim Rebecsek, David Wood and Larry Bartosh to review how the interconnect valving works in conjunction with the District's valving on the upper and lower planes of the system. It was a very productive meeting, and many details will be added to the District's maps thanks to Mr. Loehr's detailed notes and schematics.
 - b. FWSC was contacted as soon as it was discovered that the District would need to remain on their water indefinitely, until the GST situation is resolved, to see if the \$3.20 price per 1,000 gallons of water purchased could possibly be renegotiated to a lower rate given the extraordinary circumstances. The FWSC Board of Directors voted to not change the price per 1,000 gallons since it costs them \$5.05 per 1,000 to produce/treat the water we receive from them.
 - c. The non-working 2" water meter at the Spur 92 Interconnect was replaced with a Kamstrup AMR meter on February 11th.
4. 1-3 Oak Ct – There was a sewer backup at 3 Oak Ct on Sunday, January 16th. Waste Water Treatment Systems was notified, by Wayne Kocian through Inframark, and dispatched to La Grange from Austin. Once on site, it was determined that the blockage was also affecting 1 Oak Ct since the cleanouts at both locations were backed up.
5. 225 Summit Dr – there was a major 6" line split during the night of Sunday, January 31st. David Deen was dispatched to make emergency repairs, which were completed at 5:45 a.m.
6. Lisa Patterson, Attorney –
 - a. Frontier Communications – the District received a letter from Frontier Communications attorney stating that the District owed them over \$1,000 for a cut line that occurred sometime in Feb-March 2019. The line was unmarked, and Deen's Construction, rightfully, won't pay for the damages. Ms. Lisa Patterson was contacted, and she wrote a letter to the attorney informing them that the statute of limitations had expired a year ago and the District would not be reimbursing anyone.
 - b. Ms. Patterson has been working closely with Mr. Loehr and Mrs. Steffek to make sure that District can make real progress on either rehabbing or replacing the GST without having to follow the long,

drawn out normal approval process through TCEQ. She has informed the District that it meets the criteria for emergency, which enables the project to be fast tracked. Once completed, Ms. Patterson will work with Mr. Loehr in getting a formal letter and specs submitted to TCEQ for their approval, after the fact.

- c. Tiemann / Pace Easements – Progress on the easement came to a halt when the GST situation became the most critical situation for the District.
- 7. Public Funds Investment Act Training – Mrs. Friemel will be virtually attending TRWA’s PFI training on March 16th, as required by law.
- 8. 304 Buckeye Trail – the property owner at 304 Buckeye Trail has requested permission to cut down the water valve green pipe riser to ground level, as it is an eyesore. Mr. McNair stated he would take a look and let Mrs. Steffek know.
- 9. W-2’s – were submitted to all employees on January 11th and filed with the IRS through the Manage Payroll subscription service. The District received confirmation that the IRS was in receipt of those forms on January 20th.
- 10. 1099 and 1096 filing – All 1099’s were mailed on January 25th and Form 1096 was filed with the IRS through the Manage Payroll system on February 11th.

Agenda Item #5 Engineer’s Report: Mr. Bradley Loehr’s report was presented in Agenda Item #6.

Agenda Item #6 Discuss, consider, and take appropriate action regarding emergency construction contract(s), financing and rate adjustments for rehab or replacement of the WP1 Ground Storage Tank: Mr. Loehr presented to the board two rehab options (one with a new steel floor and the other with a concrete floor) and one purchase option for the ground storage tank at water plant 1. Mrs. Steffek informed the board that the financing option from Government Capital would preclude the concrete floor option since this would render the tank immovable (one of the requirements for financing). Mr. Loehr also presented pricing for the rehab of the pressure tank at water plant 1, as it has been needing repairs and getting this done at the same time as the ground storage tank would be preferred since the system is already down, and the costs associated with it would be less since the contractors would already be on site. Mr. Loehr reviewed the GST bid breakdown, as follows:

Item No.	Description	CFG Industries Rehab Total Cost	J&K Utility Services- New GST Total Cost
1	Blast/coat 125K galvanized, bolted GST interior only	\$45,000.00	\$142,450.00
2	Dehumidification for GST Interior Coating System	\$6,500.00	
3	Mobilization and bonds associated with GST	\$2,500.00	
AA13	New Flooring- ¼” steel	\$35,000.00	
7	Cleaning & Disinfection of both tanks & BacT samples	\$500.00	
AA8	Blast/coat 125K Galvanized, bolted GST roof exterior only	\$7,500.00	
AA16	Remove outside tank ladder safety cage and install Saf-T climb	\$5,200.00	
AA18	OSHA safety placards	\$450.00	
	Construction total for GST	\$102,650.00	\$142,450.00
4	Blast/coat 10K steel welded pressure tank interior and exterior	\$20,000.00	\$20,000.00
5	1” SS 3000# coupling on top of existing PT	\$1,000.00	\$1,000.00
6	Mobilization & bonds associated with PT	\$1,500.00	\$1,500.00
7	Cleaning & Disinfection of both tanks and BacT samples	\$500.00	\$500.00
AA10	30” Steel end cap manway for the PT	\$5,000.00	\$5,000.00
AA18	OSHA Safety Placards	\$300.00	\$150.00
	Construction total for PT	\$28,150.00	\$28,150.00
	Construction Total	\$130,950.00	\$170,600.00

Blasting, coating and welding inspections are estimated to cost an additional \$10,000.00. Confirmation of this amount was still pending at the time of the meeting. Mr. Loehr also presented other options for the tank rehab that weren't critical to the project but simply add-on's that the board might want to consider. The board and Mr. Loehr engaged in a lengthy discussion concerning needs, wants, options and time frames for the scope of the project. Given that the District is currently purchasing water from Fayette Water Supply Corporation at a cost \$3.20 per 1,000 gallons, the length of time it would take to complete the project is a significant cost. CFG could complete the rehab project by mid-April (anticipated bulk water expense \$17,140) and J&K Utility Services demolition of existing tank/construction of new tank would be completed mid-July (anticipated bulk water expense \$41,412). Bulk water cost estimates were based on the previous year's (2020) water use.

Next, Mrs. Steffek presented to the board financing options as prepared by Mrs. Stephanie Cates with Government Capital. Mrs. Cates had prepared financing options for the sum of \$150,000 and \$200,000 depending on whether the board decided to go with the rehab of the existing tank or demolition/construction of new tank.

Borrowed Amount \$153,000 (\$3,000 Issuance Costs (0.02))

Annual Term	3 Payments	4 Payments	5 Payments
Interest Rate	2.05%	2.15%	2.25%
Payment Amount	\$53,105.14 (P&I)	\$40,327.80 (P&I)	\$32,696.13 (P&I)
Payment Dates	Beginning one year from signing and annually thereafter		
Estimated Closing	March 2021		

Borrowed Amount \$204,000 (\$,000 Issuance Costs (0.02))

Annual Term	3 Payments	4 Payments	5 Payments
Interest Rate	2.05%	2.15%	2.25%
Payment Amount	\$70,806.86 (P&I)	\$53,770.40 (P&I)	\$43,594.84 (P&I)
Payment Dates	Beginning one year from signing and annually thereafter		
Estimated Closing	March 2021		

All interest rates were estimated by Mrs. Cates and presented as slightly inflated since the market had been very erratic in recent days. Mrs. Cates had expressed her belief that the rates at the time of closing would most likely be lower than those she quoted above. Also, worth noting, there would be no penalty for early pay-off of the loan. Mrs. Steffek informed the board that if they decided to finance the project, they would need to approve and execute the "Resolution to Retain Professionals in Connection with Obtaining Financing for Property" provided by Government Capital Corporation.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore to:

1. Award the project to CFG Industries for the Water Plant 1 ground storage tank and pressure tank rehab (Base bid item nos. 1-7 and additive alternate item nos. AA8, AA10, AA13, AA16 & AA18 as indicated above)
2. Approve and execute the "Resolution to Retain Professionals in Connection with Obtaining Financing for Property" provided by Government Capital Corporation; to borrow \$153,000 (including issuance costs of 0.02), from Government Capital Corporation, for a period of 5 years with annual payments due beginning one year from signing and annually thereafter; at a rate estimated to be 2.25%; with no pre-payment penalty; with estimated payments to be \$32,696.13 (P&I) and authorize Mr. Dixon McNair to execute all necessary documents to close the loan.

The motion passed unanimously with all directors being present and voting. Copies of BEFCO's prepared bid sheet presentation and Government Capital's interest rate presentation are to be attached to the minutes as permanent records.

Agenda Item #7 Discuss, consider, and take appropriate action on proposed water & sewer rates for FY 2021-2022: Due to needing to replace the GST at WP1, a rate increase will need to occur. After meeting with Mr. McNair, Mrs. Friemel and Mr. Loehr last week, it was determined that a significant water rate increase would need to occur this

upcoming fiscal year. The District will need to borrow money for the rehab or replacement of the GST at WP1. The District must secure enough in monthly revenue to meet the financing commitment. Several rates were discussed with the most realistic being to increase the current \$38.50 water base rate to \$43.50 per month which will yield approximately \$19,500 in additional water revenue annually. Sewer rates will increase by a multiplier of 1.65, which was determined at the February 13, 2020 regular Board of Directors meeting and will continue until such time as the Board decides to amend it. The multiplier will be applied to the new sewer rates adopted by La Grange Utilities in November 2020. The sewer base rate will increase from \$41.12 to \$41.68 per month for residential service. The commercial sewer base rate will increase from \$46.91 to \$47.56. The out of district sewer base sewer rate will increase from \$93.82 to \$95.12.

Mr. Bobby Gilmore made a motion, seconded by Mrs. Jo Ann Friemel, to approve and adopt a base water rate of \$43.50 for a single ¾" x 5/8" water meter connection, \$108.75 for a single 1" meter, \$348.00 for a single 2" meter and \$696.00 for a single 3" meter; to increase the current residential base sewer rate to \$41.68; to increase the commercial sewer rate to \$47.56; increase the "special connection" sewer rate for the nursing home to \$1,131.08; to increase the out of district sewer rate to \$95.12; to increase the per 1,000 gallons in excess of allotment sewer rate to \$6.12 for residential customers and \$6.68 for commercial customers; to leave the staggered water rate structure as is; all new rates will be effective as of April 1, 2021. The motion passed unanimously with all directors being present and voting.

The FY 2021-2022 water / sewer rates and fees adopted were as follows:

WATER RATES

Monthly Service	Base Water Rate
Residential/Commercial ¾" x 5/8" meter	\$ 43.50
Residential/Commercial 1" meter	\$108.75
Residential/Commercial 2" meter	\$348.00
Residential/Commercial 3" meter	\$696.00

Water Usage (\$/1000 Gals.)	From	To	Rate
	0	10,000	\$2.50
	10,001	20,000	\$2.90
	20,001	30,000	\$3.20
	30,001	40,000	\$3.60
	40,001	50,000	\$3.90
	50,001	And up	\$4.60

SEWER RATES

Monthly Service (per connection)	Base Sewer Rate
Residential (3,000 gallon allotment)	\$ 41.68
Commercial (3,000 gallon allotment)	\$ 47.56
Special – Nursing Home (250,000 gallon allotment)	\$1,131.08
Out of District (3,000 gallon allotment)	\$ 95.12

Winter Water Use Averaging	Charge per 1,000 gallons in excess of allotment
Residential – Customers whose Winter Water Use Average exceeds 3,000 gallons per month will be charged an additional \$6.12 per 1,000 gallons in excess of their allotment	\$6.12

Commercial – Customers whose Winter Water Use Average exceeds 3,000 gallons per month will be charged an additional \$6.68 per 1,000 gallons in excess of their allotment	\$6.68
Special (Nursing Home) – The specified base rate of \$1,115.46 will be charged for monthly water use below the 250,000 allotted gallons. Water use in excess of the allotment will be charged \$6.68 for every 1,000 gallons above the allotment	\$6.68

The District's other fees are as follows:

Connection & Reconnection Fees		Water	Sewer
Connection (Tap)		\$500.00 min	\$500.00 min
Reconnection	<30 days	\$ 50.00	
	>30 days	\$125.00	

Other Fees & Charges		
Vacant House charge per month		\$ 43.50
Renter's Deposit		\$250.00
Customer Service Inspection Fee		\$125.00
Meter Tampering & Diversion Penalty		\$100.00
Returned Check Fee		\$ 25.00
Late Fees		10%, \$10 minimum

Agenda Item # 8 Consider and take appropriate action on accepting the proposed Draft Budget for FY 2021-2022 prior to the budget adoption public hearing scheduled for March 11, 2021: Based on the new water rate and sewer rates approved in Agenda Item #7, Mrs. Steffek reviewed with the Board the proposed Draft Budget for FY 2021-2022. Total annual revenues are forecasted to be approximately \$487,945 annually, or \$40,662.08 monthly, and include water (\$240,000), sewer (\$180,000) and ad valorem taxes (\$54,490), fees paid by the MHPOA for clerical services (\$13,200) and minimal interest income (\$255). Total expenses are projected to be approximately \$392,945 annually, or \$32,745.42 monthly. Non-bond related total Capital Improvements of \$95,000 are budgeted, with all of the funds (\$95,000) being allocated toward water improvements, specifically the new ground storage tank (\$80,000), pressure tank painting (\$10,000) and water line replacement (\$5,000).

The FY 2021-2022 Bond Capital Improvements Budget shows a total of \$485,000 in bond revenue remaining, with \$330,000 allocated toward the highest priority sewer line replacement project(s) and \$155,000 allocated towards the purchase of generator(s) for the District's lift station(s).

Mr. Chester Johnson made a motion, seconded by Mr. Seth Gunn, to accept the Proposed FY 2021-2022 Operating/Capital Improvements Budget as presented; to accept the FY 2021-2022 Five Year Capital Budget (including bond related capital improvement allocations), as presented; and to hold a budget adoption public hearing on March 11, 2021 at 4 p.m. at the District office. The motion passed unanimously with all directors being present and voting. Copies of both the proposed FY 2021-2022 Operating/Capital Improvements Budget and the Five-Year Capital Budget are to be attached to the Minutes as permanent records.

Agenda Item #9 Consider and take appropriate action on amending and/or renewing Fayette WSC Interconnect Agreement for FY 2021-2022: No action was taken as Fayette WSC was unable to amend the price per 1,000 gallons as it currently costs them \$5.05 to produce 1,000 gallons. The existing agreement will expire March 31, 2022.

Agenda Item #10 Consider and take appropriate action on determining the District's financial auditor for FYE 03/31/2021: Mrs. Steffek obtained an audit proposal from Medack & Oltmann, LLP. Medack and Oltmann has been conducting the District's financial audit for the last seven fiscal years and proposed a cost of \$6,500 for this current year's audit, same as last year.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to have Medack & Oltmann conduct the District's FYE 3/31/2021 audit for the amount of \$6,500. The motion passed unanimously with all directors being present and voting.

Agenda Item #11 Consider and take appropriate action on renewing contract to provide clerical services to MHPOA: Mrs. Steffek presented the Clerical Services Agreement renewal between the District and Monument Hill Property Owner's Association. The agreement states that the District's office manager will provide clerical services to the MHPOA, as outlined in the agreement, at a cost of \$1,100 per month, the same as FY 2021-2022.

Mr. Chester Johnson made a motion, seconded by Mrs. Jo Ann Friemel, to renew the Clerical Services Agreement with Monument Hill Property Owner's Association to provide clerical services to MHPOA at a cost of \$1,100 per month for the period April 1, 2021 – March 31, 2022. The motion passed unanimously with all Directors being present and voting.

Agenda Item #12 Consider and take appropriate action on renewing contract with Deen's Construction for District repairs: Mrs. Steffek informed the Board that the Services Contract with Deen's Construction was scheduled to expire on March 31, 2021. Mr. David Deen, owner of Deen's Construction, informed Mrs. Steffek prior to the meeting that his hourly rate would stay the same at \$115 per hour.

Mrs. Jo Ann Friemel made a motion, seconded by Mr. Chester Johnson, to renew the Services Contract between Deen's Construction and the District for the period April 1, 2021 through March 31, 2022 at a rate of \$115.00 per hour for repair and/or maintenance services provided by Deen's Construction to the District. The motion passed unanimously with all Directors being present and voting.

Agenda item #13 Consider and take appropriate action on determining provider for grounds maintenance (mowing/edging) at all water / sewer plant facilities for FY 2020-2021: Mrs. Steffek presented to the Board the cost estimate from Hess Landscape & Pool Company for maintaining the grounds at all the water and waste water plants (including the office) within the District, as well as mowing/edging around the fire hydrants along Country Club Drive for FY 2021-2022. The per occurrence rates being charged remain unchanged from the previous seven years: \$50 per plant site to mow/edge/weed-eat; \$30 to mow around the "L" shaped area outside the fence at Well #3; \$35 to weed-eat around all the fire hydrants along Country Club Drive and \$20 to mow the View lift station.

Mrs. Jo Ann Friemel made a motion, seconded by Mr. Chester Johnson, to accept Hess Landscape & Pool Company's estimate to provide mowing/edging/weed eating services to the District for FY 21-22 at the following rates, per occurrence: \$50 per plant site to mow/edge/weed-eat; \$30 to mow around the "L" shaped area outside the fence at Well #3; \$35 to weed-eat around all the fire hydrants along Country Club Drive and \$20 to mow at The View lift station. The motion passed unanimously with all Directors being present and voting.

Agenda Item #14 Consider and take appropriate action on matters related to the Series 2017 Bond projects and all other associated projects: No business to be discussed at this time.

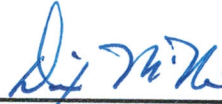
Agenda Item #15 Consider and take appropriate action on items to be placed on the next agenda: Items were identified and placed on the agenda for the next regular Board of Directors on Thursday, March 11, 2021 immediately following the Budget Adoption Public Hearing at 4 p.m. at the District office, located at 100 Country Club Drive, La Grange, Texas.

There being no further business to come before the Board, Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to adjourn the meeting. The motion passed unanimously with all Directors being present and voting.

The meeting was adjourned at 5:12 p.m.



Mr. Bobby Gilmore
Secretary



Mr. Dixon McNair
President