
MINUTES
of the August 9, 2018
Regular Board of Directors Meeting

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

The meeting was called to order by Mr. Dixon McNair, President, at 4:02 p.m. on August 9, 2018, at the Fayette County WCID - Monument Hill District Office located at 100 Country Club Drive in La Grange, Texas.

The Minutes from the July 12, 2018 regular Board of Directors meeting were presented for approval.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to approve the Minutes of the July 12, 2018 regular Board of Directors meeting as presented. The motion passed unanimously with four Directors being present and voting.

Mr. Benes reviewed the July 2018 Operating Fund Treasurer's Report with the Board. Available beginning of the month balance was \$176,303.01. Total cash receipts for the month were \$33,390.76. Total expenses for the month of July were \$40,477.14, leaving the District with a total combined end of the month operating fund bank balance of \$169,216.63.

Mr. Benes reviewed Operating Fund disbursements pending approval for a total of \$26,028.46. Extraordinary expenses for July include reimbursement to Mr. Benes for his attending the TRWA Technical & Training Conference in Galveston in the amount of \$1,014; reimbursement to the property owners who were flooded during Hurricane Harvey for the credit balances they had on their water bill account;

Mr. Bobby Gilmore made a motion, seconded by Mr. Seth Gunn, to approve the July 2018 Operating Fund Treasurer's Report, and to pay the Operating Fund disbursements as presented for a total of \$26,028.46. The motion passed unanimously with four Directors being present and voting.

Mr. Benes reviewed the July 2018 Construction Fund Report with the Board. The beginning of the month combined balance was \$594,428.12. Total interest earned was \$2.71 due to not having received the TexPool bank statement prior to the board meeting. Total bond related capital improvements for the month amounted to \$14,325.01 which represents payment to BEFCO Engineering for work on capital projects; payment to National Works for video sewer line survey and repairs performed by Deen's Construction. The combined end of the month balance was \$580,105.82.

Mr. Benes reviewed the pending Construction Fund disbursements for \$19,208.21. Disbursements include payment to Electric Motor Service in the amount of \$15,809.46 for all the electrical work performed at all plant locations in preparation of the SCOUT control system installation; Pay request #7 to National Works for video survey of sewer lines and payment to Deen's Construction for clean-up work performed at 204 Rolling Hill as a result of manhole improvements made at the same location.

Mr. Bobby Gilmore made a motion, seconded by Mr. Seth Gunn, to approve the July 2018 Construction Fund Treasurer's Report and to pay the Construction Fund disbursements as presented for a total of \$19,208.21. The motion passed unanimously with four Directors being present and voting.

Mr. Benes reviewed the July 2018 Debt Service Fund Report with the Board. The beginning of the month balance was \$103,631.56. The District received \$40.89 in interest income during the month. The debt service fund end of the month balance was \$103,672.45. No disbursements were made, or pending, from the debt service fund during the month of July.

Mr. Bobby Gilmore made a motion, seconded by Mr. Seth Gunn, to approve the July 2018 Debt Service Fund Report as presented with no disbursements made or pending. The motion passed unanimously with four Directors being present and voting.

Mr. Dixon McNair, in his President's Report, reviewed the following:

1. Sanitary Sewer – Manhole excavation update:
 - a. 204 Rolling Hill (Janecka) – Mr. Janecka's yard has been leveled and Van Stacy has been contacted to make the repairs to his sprinkler system. Part of his yard will need to be re-sodded.
2. Valley View Dr – We haven't received an estimate back from Deen Construction on the replacement of the entire length of 2" line from 316 Valley View to 501 Rolling Hill.
3. Water Plant #2 – Colter Zoch was contacted to trim the low-lying branches hanging over the driveway
4. Hydrants – Mrs. Steffek has spoken with David at Mercer Construction. He's busy on a project in Fulton, TX and will contact her when he's available to come out. He wouldn't provide a price per hour or for a day's work. Instead, he wants to come out, look at each hydrant that needs repair and put together a cost estimate due to many hydrants no longer being manufactured and the inability to obtain needed parts.

Mrs. Steffek reported the following during the Operations Report:

1. Kamstrup Water Meter Trial – Meters are working well and still very pleased with the system and ease of use.
2. TCEQ –
 - a. TTHMs –
 - i. As of August 9th Inframark has not yet submitted to TCEQ the required Operational Evaluation Report as a result of the District's failing 2Q2018 TTHM samples
 - ii. 3Q2018 TTHM samples have not been scheduled or taken as of August 9th.
 - iii. Water Equipment & Treatment Services would like to conduct another pilot study of both Well #3 and Well #4's water to determine the best method for treating or preventing TTHM production.
3. Water Well #4 –
 - a. Well #4 was put online and sent into the distribution system on July 9th.
 - b. Well #4 was throttled back to approximately 300 gpm on July 30th to see if the aerator could work more efficiently and if chlorine demand would lower. 220 gpm is as low as the pump manufacturer recommends going without doing permanent damage to the pump.
 - c. Gene Kruppa is opposed to the throttling back of either Well #3 or Well #4 since this could cause screens to plug due to no/low flow and because wells, like batteries, develop a memory of water flow and this could permanently alter the wells production capability.
 - d. Mr. Benes reviewed the last 40 days of chlorine demand:
 - i. Well #3 used .344 average lbs. per 1,000 gallons
 - ii. Well #4 used .177 average lbs. per 1,000 gallons
 - iii. Well #4 throttled back used .142 average lbs per 1,000 gallons (20% less than full production of well).
 - e. Customer Complaints – 846 Country Club Drive notified the District on August 6th of a bad smell coming from their water that they're never experienced before. Mr. Wayne Kocian flushed from

the hydrant on either side of the property on Aug. 6th. On August 9th, the property owners contacted the District again to say that the smell was worse than it had been and that they believe it has a sulfur, or rotten egg, smell.

4. Director's Election November 6, 2018 –
 - a. Last day to accept applications for a place on the general election ballot: August 20th
 - b. Last day to file a declaration of write in candidacy: August 24th
 - c. First day to cancel the election: August 24th after 5 p.m.
5. Past Due Accounts –
 - a. 402 Buckeye Trail is currently \$631.51 past due. Another payment, in the amount of \$305.35, is due August 15th.
 - b. 214 Richard Rd had their water disconnected on July 31st due to their past due amount of \$343.08. They were assessed a \$50 reconnection fee. Their water service was restored on August 1, 2018 after the District received payment, in cash, of the past due amount and reconnection fee.
 - c. 211 Richard Rd made a payment of \$300.00 on August 1, 2018. The house has been rented and the new tenants will be paying in a timely fashion. The property owners will still be responsible for the previous outstanding balance of \$94.61

In his Engineer's Report, Mr. Bradley Loehr discussed the following items:

1. Well #4 & Holly Water Wells – Air relief discharge valve was turned, the loose fence surrounding Water Plant #1 was not repaired and the water level airline is not functional. Mr. Loehr was asked to contact Holly Water Wells to have them fix the loose fence and the water level airline on Well #4. It was reported that there were trees blocking Holly Water Wells from gaining access to Well #4 and that they would have to be removed prior to their being able to fix the water level airline. Arrangements had been made with Hess Landscape for them to remove the trees, however, the work had not been done yet and Mrs. Steffek was asked to handle the situation and do what was needed to get the trees removed.
2. SCOUT system – 4-6 weeks on installation; the order amount exceeded the previously Board approved amount by \$35 due to accidentally leaving off the annual cost of the computer software subscription at a cost of \$570 at each of the 5 locations.

Mr. McNair moved ahead to Agenda Item 9 since it addressed the Board modifying its previous motion at the June regular meeting for the purchase of the SCOUT system not to exceed a cost of \$28,000.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to increase the SCOUT system purchase price from an amount not to \$28,000 to an amount not to exceed \$32,000. The motion passed unanimously with four Directors being present and voting.

3. Zapata Electric – radio and SCOUT will not recognize pulse 4-20 mA signal. Mr. Zapata determined what parts were needed and informed Mr. Loehr that if the District chose not to install the antenna tower, he could provide the analog card and new display at no charge to the District.

Mr. McNair moved ahead to Agenda Item 10 since it specifically addressed the Board making the decision on whether to install the previously purchased antenna tower or not.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to not purchase the antenna tower and to have Zapata Electric provide the analog card and new display at no additional charge. The motion passed unanimously with four Directors being present and voting.

4. Sanitary Sewer & Evaluation Study – Video Survey findings:
 - a. Park Dr (Coronado) to Rolling Hill Dr (Toensing) – coming from one direction, sewer line had a root ball and was obstructed; coming from a different direction and found 40 ft section of ductal iron that is encrusted.

- b. 500 block of Rolling Hill Dr (Griggs & Krhovjak) at Valley View Dr – every kind of PVC pipe was used. Every section transitions with a fernco for a total of 5 offsets.
- c. Lookout Dr (Corker) – Corker’s driveway to cul-de-sac- there is a crack at 12 o’clock and pipe has collapsed on top and bottom (like a pair of binoculars) closer to Corker’s driveway.

Mr. Loehr and the Board reviewed and discussed all the needed sewer line repairs, District wide, resulting in a prioritized list of repairs, in order, as follows:

- a. Koenig/Tiemann sewer line (below Lookout Dr & Valley View Dr)
- b. End of Lookout Dr sewer line
- c. Park Dr at Rolling Hill Dr (Toensing) replace 50 ft downstream section of sewer line
- d. Rolling Hill Dr (Griggs) replace sewer line underneath the driveway or re-route sewer line entirely from Krhovjak’s to Griggs to Country Club Dr.

Long term capital projects identified were as follows:

- e. Full replacement of challenging access clay & ABS truss sewer lines including Koenig driveway sewer line, Koenig-Corker sewer line, Corker’s Driveway sewer line, Lookout Dr to Rolling Hill Dr cross country sewer line.
- f. Slip lining several clay & ABS truss sewer lines on Rolling Hill Ct, Rolling Hill Dr East and Rolling Hill Dr West
- g. Consider re-design for remaining sewer line along golf course by gravity sewer line to River Lift Station. Abandon aged sewer lines along River Dr and lower Country Club Dr.

On-going capital project identified as follows:

- h. Commit to sewer line replacement project at a minimum of every 2 years.

Mr. Benes reviewed with the Board Mr. Bill Blich’s recommended proposed 2018 ad valorem tax rate. The Fayette County Appraisal District’s 2018 Assessed Valuation for the District is \$50,482,180. Mr. Blich was recommending that the 2017 tax rate of 0.2600 per \$100 of valuation remain unchanged for the 2018 tax year, with 0.1600 per \$100 of valuation would be for the District’s debt service and 0.1000 would go towards the District’s Maintenance & Operations budget. For 2017, property owners within the District would have paid an average of \$509.70 in taxes to the District. For 2018, at a continuing tax rate of .2600, that amount would be \$537.04, representing an increase of \$27.34 or 5.36%.

Mr. Bobby Gilmore made a motion, seconded by Mr. Seth Gunn, to accept the proposed 2018 ad valorem tax rate of .2600, to hold a public hearing on September 13, 2018 at 4 p.m. at the District’s office located at 100 Country Club Drive in La Grange, and to have the appropriate public notices published and posted notifying the District’s property owners of the public hearing and the proposed tax rate. The motion passed unanimously with four Directors being present and voting.

Mrs. Steffek requested permission from the Board to attend TRWA’s sponsored conferences, the Fall Management Conference and the District’s Conference, both of which are being offered at the same time, October 3-4, in South Padre Island. The fee to attend is \$345 and allows the attendee access to both conferences.

Mr. Seth Gunn made a motion, seconded by Mr. Bobby Gilmore to have Mrs. Steffek attend both TRWA sponsored conferences in South Padre Island on October 3-4 at a cost of \$345 plus travel, lodging and meal expenses. The motion passed unanimously with four Directors being present and voting.

Mrs. Steffek asked the Board to consider phasing out the Sensus Iperl water meters w/ Itron radios and meter reading software and replacing all the existing water meters with Kamstrup water meters and READy Manager meter reading software. She reminded the Board about the 4-6 failing meters each month, the continually failing Itron radios and the ongoing costs associated with maintaining the Itron software subscription. The software maintenance support costs

approximately \$2,700 annually, and the software the District currently has is being phased out over the next two years, as well as the Hand-Held meter reader, at a previous purchase price of \$15,000.

Mr. Seth Gunn made a motion, seconded by Mr. James Benes, to purchase and install (25) Kamstrup $\frac{3}{4}$ " x $\frac{5}{8}$ " water meters now, at a cost of \$5,475 and to continue purchasing and installing (20) water meters every two months over the next two years, until all the Sensus water meters have been replaced with Kamstrup meters. The motion passed unanimously with four Directors being present and voting.

Mr. McNair discussed with the Board the proposed pilot study, if approved, to be conducted by Water Equipment & Treatment Services (WETS). The pilot study would help identify the cause and best solution for lowering the District's ongoing total trihalomethanes, which are consistently higher than the allowed maximum contaminant level of 80 mg/L. WETS would conduct the study on both Well #3 and #4's water at a cost of \$3,000.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to have Water Equipment & Treatment Services (WETS) conduct a pilot study of the District's water to determine the cause of, and treatment for, its TTHM's at a cost of \$3,000. The motion passed unanimously with four Directors being present and voting.

Mr. Benes discussed with the Board the possibility of opening up a debt service account with TexPool in order to receive greater interest income on the funds. He suggested opening up the account with \$75,000 and authorizing TexPool to make wire transfers between Round Top State Bank and Texpool, as well as semi-annual bond payments to BOKF, NA.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to open a debt service account with TexPool with \$75,000 of the debt service funds currently held at Round Top State Bank, and to execute all necessary paperwork required by TexPool for making wire transfers to and from both Round Top State Bank and BOKF, NA. The motion passed unanimously with four Directors being present and voting.

Mrs. Steffek presented to the Board the re-rate for the District's employee provided health insurance as furnished by TML Multistate IEBP. Mrs. Steffek explained that the District's employee premiums were decreasing by 25%, or \$227.22 per month. Currently, the District has a \$1,250 in network deductible, \$1,500 out of network deductible, \$3,000 out of pocket and \$30 office visit co-pay and it costs \$908.88 per month. The new premium, effective December 1, 2018, for the same coverage will be \$681.66.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to keep the existing medical insurance coverage with TML Multistate IEBP for the period December 1, 2018 through November 30, 2019, and to pay 100% of the new medical insurance premium of \$681.66 per month. As in years past, the employee will be responsible for paying 100% of the dependent medical premium and all dental and vision insurance premiums. The motion passed unanimously with four Directors being present and voting.

Mrs. Steffek informed the Board that the COBRA Continuation of Coverage Administrative Agreement between the District and TML Multistate IEBP would need to be renewed online, if the District wished to keep the Agreement in place.

Mr. Seth Gunn made a motion, seconded by Mr. James Benes, to renew the COBRA Continuation of Coverage Administrative Agreement between the District and TML Multistate IEBP and to have Mrs. Steffek e-sign the online document on TML's website. The motion passed unanimously with four Directors being present and voting.

There was no business to be discussed under Agenda Item 15 "Consider and take appropriate action on matters related to the Series 2017 Bond projects and all other associated projects".

Items were identified and placed on the agenda for the next regular Board of Directors on Thursday, September 13, 2018 immediately following the Tax Rate Adoption Public Hearing at 4 p.m. at the District offices, located at 100 Country Club Drive, La Grange, Texas.

There being no further business to come before the Board, Mr. James Benes made a motion, seconded by Mr. Seth Gunn, to adjourn the meeting. The motion passed unanimously with four Directors being present and voting.

The meeting was adjourned at 5:57 p.m.

Mr. Bobby Gilmore
Secretary

Mr. Dixon McNair
President