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**MINUTES**  
of the July 12, 2018  
Regular Board of Directors Meeting

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**Directors Present:** Dixon McNair, President; Seth Gunn, Vice President; Bobby Gilmore, Secretary; James Benes, Treasurer; Chester Johnson, Director

**Directors Absent:**

**Others Present:** Bradley Loehr, Engineer; Lori Steffek, Office Manager; Melodi Oltmann, CPA, Medack & Oltmann, LLC

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The meeting was called to order by Mr. Dixon McNair, President, at 4:04 p.m. on July 12, 2018, at the Fayette County WCID - Monument Hill District Office located at 100 Country Club Drive in La Grange, Texas.

Mr. McNair welcomed Mrs. Melodi Oltmann to the meeting and asked her to proceed with the presentation of the District's financial audit.

Mrs. Melodi Oltmann presented and reviewed the District's financial audit for the fiscal year ended March 31, 2018. She reported that the District received total revenues of \$466,135 and incurred total expenses of \$566,120, resulting in a negative change in net position of (\$99,985). The District's net position for FYE March 31, 2018 was \$589,109 vs. its net position of \$689,094 for the FYE March 31, 2017. She stated that the losses sustained by the District as a result of Hurricane Harvey, which totaled approximately \$65,000, had substantially impacted the negative change in net position. She also reported that the District was expecting to receive approximately \$40,000 from its insurer, TML Intergovernmental Risk Pool, for reimbursement of monies expended on Hurricane Harvey related repairs less its \$25,000 flood deductible. At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$941,762. Of this amount \$140,239 constitutes unassigned fund balance available for use in the General Fund (the District's chief operating fund) activities at the District's discretion. The remainder of the fund balance is restricted for the Capital Projects and Debt Service Funds. The Debt Service Fund has a total fund balance of \$100,219, all of which is restricted for payment of debt service. The Capital Projects Fund has a total fund balance of \$701,304, which represents funds remaining from the series 2017 bond sale.

Mr. James Benes made a motion, seconded by Mr. Bobby Gilmore, to accept the financial audit, for the fiscal year ended March 31, 2018, as presented. The motion passed unanimously with five Directors being present and voting.

Mrs. Melodi Oltmann left the meeting at 4:18 p.m.

The Minutes from the June 14, 2018 regular Board of Directors meeting were presented for approval. The question was raised on the legality of individually naming those who are significantly past due on their accounts within the Minutes. Mrs. Steffek was asked to check with the District's legal counsel and report back to the Board at the July meeting.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the Minutes of the June 14, 2018 regular Board of Directors meeting as presented. The motion passed unanimously with five Directors being present and voting.

Mr. Benes reviewed the June 2018 Operating Fund Treasurer's Report with the Board. Available beginning of the month balance was \$137,204.40. Total cash receipts for the month were \$69,342.94 due to having received full payment, in the amount of \$40,871.83, from TML Intergovernmental Risk Pool for the District's Hurricane Harvey claim. Total expenses for the month of June were \$30,244.33, leaving the District with a total combined end of the month operating fund bank balance of \$176,303.01.

Mr. Benes reviewed Operating Fund disbursements pending approval for a total of \$37,566.23. Extraordinary expenses for June include payment to Medack & Oltmann for the FYE March 31, 2018 financial audit in the amount of \$7,000; purchase and installation of (10) Kamstrup  $\frac{3}{4}$ " x  $\frac{5}{8}$ " water meters from Secure Vision of America for the sum of \$2,328.10; Deen's Construction for water and sewer repairs in the amount of \$1,430; chlorine system PM performed by Chem Equip in the amount of \$1,761.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the June 2018 Operating Fund Treasurer's Report, and to pay the Operating Fund disbursements as presented for a total of \$37,566.23. The motion passed unanimously with five Directors being present and voting.

Mr. Benes reviewed the June 2018 Construction Fund Report with the Board. The beginning of the month combined balance was \$697,901.94. Total interest earned was \$870.90. Total bond related capital improvements for the month amounted to \$104,344.72 which represents final payment and retainage to Holly Water Wells for the completion of Well #4, payment for the videoing of sewer lines performed by National Works, payment to Deen's Construction for manhole improvements and flush valves installed to assist with lowering the District's TTHMs, and engineering performed by BEFCO. The combined end of the month balance was \$594,428.12.

Mr. Benes reviewed the pending Construction Fund disbursements for \$29,968.85. Disbursements include two payment to Deen's Construction for manhole improvements and the installation of two flush valves at a combined cost of \$9,735; payment to Zapata Electric for line of sight radio system parts at a cost of \$1,497.45; payment to MDN Enterprises for manhole materials at a cost of \$769.95; payment to National Works for sewer line and manhole video surveying at a cost of \$8,976.45; retainage payment to BEFCO Engineering for Well #4 in the amount of \$6,000, as well as payment for engineering related to the District's Sanitary Sewer & Evaluation Survey in the amount of \$1,155 and radio system / Aquavox Scout at a cost of \$935; payment to Arbitrage Compliance Specialist for the District's required annual arbitrage reporting in the amount of \$900.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the June 2018 Construction Fund Treasurer's Report and to pay the Construction Fund disbursements as presented for a total of \$29,968.85. The motion passed unanimously with five Directors being present and voting.

Mr. Benes reviewed the June 2018 Debt Service Fund Report with the Board. The beginning of the month balance was \$102,451.54. The District received \$1,143.36 in property tax revenues and \$36.66 in interest income during the month. The debt service fund end of the month balance was \$103,631.56. No disbursements were made, or pending, from the debt service fund during the month of June.

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

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

1. Sanitary Sewer –
  - a. Manhole excavation update:
    - i. 204 Rolling Hill (Janecka) – manhole repair is complete.
      1. Mr. Janecka's yard is in need of being repaired/re-sodded

- b. With the manhole repairs having been completed, National Works can now return to clean out sewer lines on Lookout and Rolling Hill (Toensing and Krhovjak), then video the sections of line on Lookout (Corker) and Rolling Hill (Toensing) that they were unable to complete.
2. Valley View Dr –
  - a. 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.
  - b. 398 Valley View Dr flush valve has been painted red and automatic timer will be installed in the next day or two.
3. Bluff Manor Apartments –
  - a. 231 Spur 92 flush valve has also been painted red. Presently working on using a 6" PVC pipe as a sleeve over the fire hydrant flush port in order to divert water to the ditch without causing further erosion at the flush site.
4. Hydrants – Lori will have something to report to the board next month concerning costs and availability of companies/individuals to make on-site repairs.
5. Water Plant #1 –
  - a. Met with Nathan Hess on June 12<sup>th</sup> to discuss the erosion taking place along the back edge and behind the back fence of the plant, grading down the entrance at Well #3 so that the gates can swing inward, removing (5) trees at WP1 and filling in below the concrete overflow pad for the discharge line for the ground storage tank at WP1.

Mr. McNair moved to Agenda Item #11 "Consider and take appropriate action on having Hess Landscape do grounds clean up and erosion control at Water Plant #1 and Well #3 site locations. Mr. McNair reviewed with the Board the estimate provided by Hess Landscape:

Well #3 – Grade Entrance at gate and adjust gate	\$85.00
Plant #1 – Remove trees in front of plant	\$485.00
Remove trees in lot behind WP1 and remediate erosion with rip rap boulders	\$3,450.00
Fill in below concrete pad for the ground storage tank discharge line	\$75.00
Fill in erosion taking place in front of WP1 and along driveway from flushing well	\$550.00
<b>TOTAL</b>	<b>\$4,645.00</b>

Mr. Seth Gunn made a motion, seconded by Mr. James Benes, to have Hess Landscape perform all work outlined in their estimate at a cost not to exceed \$6,000. The motion passed unanimously with all five Directors being present and voting.

Mrs. Steffek reported the following during the Operations Report:

1. Kamstrup Water Meter Trial –
  - a. Additional (3) ¾" x 5/8" meters were installed by Secure Vision of America personnel on June 19<sup>th</sup> to replace (3) non-working Sensus meters.
  - b. One additional ¾" x 5/8" and one 1" water meter were installed by Deen's Construction on June 21<sup>st</sup> and June 22<sup>nd</sup>. These were problematic installs that the installer from Secure Vision of America did not feel comfortable in performing for the District.
  - c. Meters were read on June 26<sup>th</sup> and no failed reads were experienced.
  - d. Experienced some difficulty with the READy Manager meter reading software due to a software update that hasn't gone smoothly for Kamstrup. Customer Support at Kamstrup was outstanding and very attentive to resolving the issue and following up to make sure meter reading had been successful.
  - e. Overall, still very pleased with the system, its simplicity and ease of function.
2. TCEQ –
  - a. TTHMs –
    - i. Due to the failure of 2Q2018 TTHM samples, the District has been informed by TCEQ that we must submit, by August 20<sup>th</sup>, an Operational Evaluation Report. Inframark will be generating and submitting the report on our behalf.

- ii. Met with Gene Kruppa, Wayne Kocian, Dixon McNair, Charles Orelup and Keyur Gorji on July 11<sup>th</sup> to address the continuing TTHM problems and to search for possible suggestions and solutions.
  - b. Lead & Copper –
    - i. Annual Lead & Copper sampling was conducted from June 14<sup>th</sup> – June 19<sup>th</sup> and sent to Environmental Laboratory Services for processing on June 20<sup>th</sup>.
    - ii. Lab results were received on July 3<sup>rd</sup> with no results exceeding the maximum contaminant level (MCL).
    - iii. Public notices to all the participants will be delivered the week of July 16<sup>th</sup> and the Certificate of Delivery, attesting to the delivery of the sample results, will also be mailed the week of July 16<sup>th</sup>.
- 3. TML IRP Insurance Claim for Hurricane Harvey damages –
  - a. Payment of \$32,147.13 was received on June 12<sup>th</sup>
  - b. Payment of \$8,724.70, for bulk water purchased from FWSC, was received on June 16<sup>th</sup>.
  - c. The claim has been paid in full and no further action is pending.
- 4. Water Well #4 –
  - a. Well #4 was put online and sent into the distribution system on July 9<sup>th</sup>.
  - b. Initially, Wayne Kocian is experiencing some issues with trying to get the chlorine residual within a stable range.
  - c. Additional Lead and Copper sampling will need to be conducted in late 2018 or early 2019 and will need to be repeated once each quarter for one year. An additional 10 samples, for a total of 20, will be required for each of those four sampling periods.
- 5. Director's Election November 6, 2018 –
  - a. On June 21<sup>st</sup> the Notice of General Election was posted at the office, as required.
  - b. Harold Streicher, the Fayette County Attorney, will work on getting a price for the Fayette County Elections Coordinator, Terri Hefner, to conduct the election on behalf of the District, in late August/early September. He's waiting to see if the District cancels the election, due to all three directors running unopposed, before working on the contract.
  - c. Important Election dates –
    - i. Deadline to post notice of general election: June 21<sup>st</sup>
    - ii. First day to accept application for a place on the general election ballot: July 21<sup>st</sup> Last day to accept applications for a place on the general election ballot: August 20<sup>th</sup>
    - iii. Last day to file a declaration of write in candidacy: August 24<sup>th</sup>
    - iv. First day to cancel the election: August 24<sup>th</sup> after 5 p.m.
- 6. Past Due Accounts –
  - a. Harvey Wenske (402 Buckeye Trail) is currently \$498.28 past due. He made a 2<sup>nd</sup> payment of \$320.78, via check, on June 27<sup>th</sup>. He appears to be making a good faith attempt at getting caught up and following the payment schedule provided to him by the District.
  - b. Shane Drosche (214 Richard Rd) is \$343.08 past due. They made a \$200 payment on July 2<sup>nd</sup>.
  - c. Darrin Tousek (211 Richard Rd) is \$348.43 past due and haven't made a payment since 12/17/2017. The house is vacant and for sale. There is no way to lock the meter.

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

- 1. Water Plant 2 – there is a rusted piping outlet coupling on the pressure tank that will need to be re-welded. Since it's an ASME coated tank, the welding will need to be done by an ASME certified welder.
- 2. Sanitary Sewer Evaluation & Study –
  - a. National Works will be in the District the week of July 16<sup>th</sup> to video survey the following locations:
    - i. 204 Lookout Drive (Corker's) to end of Lookout Dr.
    - ii. 115 Rolling Hill Drive (Toensing's) to 207 Park Drive (Coronado's flowerbed).
    - iii. 502 Rolling Hill Drive (Krhovjak's) to across the street at 503 Rolling Hill Drive (Grigg's).
- 3. SCADA / Radio / Omni-Site –
  - a. Radio to Radio System (WP1 to Well #3) – Zapata Electric began work on July 12<sup>th</sup>. The Panel has been set outside and waiting on concrete to cure.
  - b. Aquavox Scout system – once order, the lead time is approximately 6-8 weeks.

Mr. Benes informed the Board that Mr. Bill Blitch, the District's Financial Advisor, had emailed concerning the proposed Ad Valorem tax rate that would have to be accepted at the August meeting in order to hold a public hearing for adopting the rate in September. Mr. Blitch was expecting to recommend to the Board at the August meeting, a rate of 0.2760 per \$100 of valuation based on the Preliminary Appraised Property Values. The final appraised value would not be received until the beginning of August. The breakdown on the tax rate would be 0.10 for Operations and Maintenance and 0.176 for Debt Service (Interest and Sinking), representing approximately a 6% change.

Mrs. Steffek presented to the Board the annual renewal of the District's service contract with Itron, Inc. for the maintenance and software support associated with the automated meter reading system at a cost of \$2,209.63. Mrs. Steffek reminded the Board that the hand held meter reader was also covered under this contract and that the software support Itron provides to the District on a regular basis is critical to the District's daily operations. There was discussion concerning phasing out the Itron / Sensus water meter system and moving forward with replacing existing water meters with Kamstrup meters. Mrs. Steffek was asked to add the subject to the August agenda.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to approve the renewal of the District's annual service contract with Itron, Inc. for the automated meter reading system at a cost of \$2,209.63. The motion passed unanimously with five Directors being present and voting.

Mrs. Steffek asked the Board for approval to pay the annual renewal for the RVS water billing software used by the District, in the amount of \$595.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to pay the annual renewal for the RVS water billing software at a cost of \$595. The motion passed unanimously with five Directors being present and voting.

Mr. Bradley Loehr reviewed with the Board the additional scope of work for the Scout alarming and control system, as outlined in his email dated June 21, 2018 per Macaulay Controls Quote #1-032618KH Rev.3. Mr. Loehr reminded the Board that they previously approved an expense of \$21,345 for the Scout system, however, after having conducted a site walk through with Mr. Glenn Goode, with Macaulay Controls and Rocky with Electric Motor Service, the following items/changes were recommended by Macaulay Controls:

1. Item 5 – the District will eventually need an additional analog input surge protector at a cost of \$325
2. Items 6, 9 & 14 – Optional external antenna kits at a cost of \$250 per site, needed at 3 sites, for a total cost of \$750.
3. Item 10 – Pressure switches have already been replaced by Rocky, however, they are analog, not digital. Adding on the digital pressure transmitters would cost an additional \$1,800 (\$900 per site) but would allow the district to measure and monitor the 24 ft. GST Level and Pressure Tank Pressure.
4. Item 11 – Flexim Model #7407 Clamp on Flow Meter, at a cost of \$5,800 would allow the District the measure the flow from WP2 booster pumps. This meter is the same as the flow meter currently installed at the River Lift Station and could be used, temporarily, in the event of a meter failure at the River Lift Station. Also, as an option, the District could go with a lower end flow meter, the Model #5000, at a cost of \$4,000.
5. Item 16 – Mr. Glenn Goode with Macaulay Controls would install items 1-15 including the transducers and flow meter at Water Plant 2 at a cost of \$3,500.

Mr. Loehr asked the Board how they would like to proceed. The total cost of all add-ons was \$26,540.

Mr. Chester Johnson made a motion, seconded by Mr. Bobby Gilmore, to go with all proposed recommendations, except to purchase the Model #5000 flow meter instead of the Model #7407 flow meter, at a cost not to exceed \$28,000. The motion passed unanimously with all five Directors being present and voting.

There was no business to be discussed under Agenda Item 13 "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 meeting scheduled to be held on August 9, 2018 at 4 p.m. at the Fayette County WCID - Monument Hill District office 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 five Directors being present and voting.

The meeting was adjourned at 5:53 p.m.

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Mr. Bobby Gilmore  
Secretary

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Mr. Dixon McNair  
President