

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
MINUTES FOR WEDNESDAY JULY 17, 2024 11:30AM**

1. A workshop and meeting of the Board of Directors for East Cedar Creek FWSD was held at the Administration building in Gun Barrel City, Tx on July 17, 2024. The meeting convened at 11:30am, President Jim Willi presiding.
2. Pledge of Allegiance.
3. Members present in person were, President Jim Will, Vice-President Larry Bratton, Treasurer Bill Goheen, Director Rob Rea, Director Pat Mullaney, and Director Terri Bradley. Other attendees in person were General Manager James Blodgett, Office Manager Angie Crowsey, Bookkeeper Donna Wood, Mike Ward/Mike Ward Accounting & Financial Consulting, PLLC, Ted Henley, and Robert Skinner. Other attendees by telephone/video conference was Russell Slayton/The Monitor. Shriram Manivannan/KSA, and customer Darlene Cooper arrived later in the meeting.
4. A quorum was established.
5. Motion was made by Mr. Goheen and seconded to adopt the Agenda. Motion carried unanimously.
6. **WORKSHOP:**
 - a. **Discuss and review the audit for FY 2023-2024.** Mr. Ward and the Board reviewed the final draft of the audit report. Mr. Ward advised that he was giving a clean unmodified report, which is what you want from your audit report and congratulated the District and thanked the staff for providing all documentation needed to complete the audit. Mr. Ward noted that all the financial accounts were reconciled, which is a huge deal because a lot of other places he has audited do not have their accounts reconciled and he cannot go forward with the audit until this is done. Mr. Ward and the Board reviewed the balance sheet which shows the District's net position. Mr. Ward noted that the District ended the year with 39.2 million in total assets, which is an increase of about 2% from last fiscal year and also noted that the District ended the year with about 20.2 million in liabilities which is about 4.3% decrease from last fiscal year. Mr. Ward stated that the bottom line is that the District had about a 9.7% increase in net position from last fiscal year. Mr. Ward and the Board reviewed the restrict versus unrestricted net position from the balance sheet. Mr. Ward pointed out that the District had a significant amount of earnings this year from investments, and most were from bond debt holdings and stated that the District will be having to look at arbitrage of these accounts. Ms. Crowsey confirmed that the District is working with an arbitrage service, and they have begun the interim rebate calculation. Mr. Ward advised that the District's outstanding debt decreased slightly over the year. Mr. Ward reviewed with the Board the audit section that shows the notes to the financial statements which explains all the accounting methodologies that took place through the year, any kind of changes, what is restricted and unrestricted, and noted other accounting topics to read about. Mr. Ward advised that if the District wanted to look at obtaining more bonds that they could review the report for long-term obligation debt which gives a snapshot at the end of the fiscal year. Mr. Ward and the Board reviewed the required supplementary information. Mr. Ward stated that the District is in really good shape and had a successful year, has increased assets and decreased liabilities a little. Mr. Ward advised that nothing came to his attention that flagged any kind of suspicious activities, which is always good. Mr. Ward ended by noting that the District ended the year with a 2.75% debt ratio. The Board asked if Mr. Ward had any recommendations for the District after performing the audit and he advised that he did not have any further recommendations because

everything he needed was provided to him ahead of time, which is unusual because he normally has to ask for documents. Mr. Ward stated that the District's decision years ago to switch inventory to an expense when purchase versus when materials were used has helped with the loss and extra adjustments for inventory at the end of year.

Convene into Regular Meeting. The Board convened into the regular meeting at 11:51am.

7. **Discuss and/or take action to approve the minutes from the regular meeting on June 19, 2024.** Motion was made by Mr. Rea and seconded to approve the minutes from the regular meeting on June 19, 2024. Motion carried unanimously.
8. **Discuss and/or take action to approve the 2023-2024 annual audit by Mike Ward Accounting & Financial Consulting, PLLC.** Motion was made by Mr. Goheen and seconded to approve the 2023-2024 annual audit by Mike Ward Accounting & Financial Consulting, PLLC. There was one correction to one of the Board member's appointed term dates. Motion carried unanimously.
9. **Public Comments.** During the public comment period Mr. Rea asked if management or the Board knew of any conflicts if he was appointed to a local city planning and zoning board. Ms. Crowsey advised that she will pull her notes from a long time ago when she was asked to research something similar for a Board member. Ms. Crowsey advised that she would forward those to Mr. Rea. Ms. Bradley advised that she was asked by the local fire department if the District could put a note and/or reminder on the bills or social media about fire protection month coming up in October. Ms. Bradley gave an example that it would be something similar to asking customers to remember to change the batteries in their fire alarms. It was noted that the only concern from the office was if there was a required statement that had to be made for emergencies then it would override the statement. It was noted that special consideration should be taken in doing anything that would set a precedence for other entities. The Board asked that the subject be put on next month's Board agenda item for consideration
Mike Ward and Donna Wood left the meeting.
10. **Consent Agenda:** The Board did not request any items to be removed for discussion.
 - a. KSA Engineer's Report
 - i. Task Order #24 General Services.
 - ii. 2022 Bond Projects. 1) Task Order #101208 Generators. 2) Task Order #101210 NWWTP Catwalk
3) Task Order #101212 SWWTP Improvement 4) Task Order #101213 Brookshire GST 5) Task Order #101213 Brookshire GST 6) Lift Station Improvement #57 & #59 7) Task Order #101215 SS AMR
 - b. General Manager's Monthly Report.
 - i. Key Monthly Activities.
 - ii. Staff Changes.
 - iii. Work Orders.
 - iv. Project Status.
 - v. Operations Report.

Motion was made by Mr. Goheen and seconded to approve the consent agenda. Motion carried unanimously.

11. **Discuss and/or take action to approve or deny request for culvert replacement(s) approved in 2016 that was suspended due to lack of approval of work request by customer.** Motion was made by Mr. Goheen and seconded to discuss this item to approve or deny request for culvert replacement(s) approved in 2016 that was suspended due to lack of approval of work request by customer. Mr. Blodgett advised the Board that he did contact the City of Payne Springs about the culvert and found that they require at a minimum of a 15" culvert where Ms. Cooper's existing culvert is 10". Mr. Blodgett advised that the City would install the culvert but will not do the head walls which is the concrete on the ends and noted

that they were only able to get 18" culverts which would make a big hump in the driveway. Mr. Blodgett advised that because of the expense of replacing both culverts, that he is recommending turning this over to the District's insurance company. Mr. Goheen advised that he agreed with the recommendation because the District should not bear any costs of replacing two (2) culverts when the only agreement in 2016 was for one (1) culvert and the costs was only around \$520 at that time to just repair the one culvert. Ms. Cooper passed around a few pictures of the current culvert condition, and one picture of a trench machine from the grant project which took place around 2008. Ms. Cooper showed pictures of her driveways from her home and her rental property on the same property and stated she wanted both driveways repaired. Mr. Goheen amended his motion, and it was seconded to deny the request for culvert replacement(s) and to turn this issue over to the District's insurance company. Motion carried unanimously.

12. **Discuss and/or take action to approve the successful bidder for the Brookshire WTP Ground Storage Tank (GST) project.** Motion was made by Mr. Bratton and seconded to discuss and approve the successful bidder for the Brookshire WTP Ground Storage Tank (GST) project. The District's Engineer Mr. Manivannan presented the bid sheet showing only one bidder, Mayim Municipal Builders LLC. had submitted a bid in the amount of \$2,353,000, with an alternate bid schedule of \$26,000.00. Mr. Manivannan advised the Board that the bid was coming in just under the original estimated cost of the project. Mr. Manivannan gave the Board an overview of the materials and scope of work to be done. Mr. Manivannan advised the Board that the successful bidder would be Mayim Municipal Builders LLC., as the successful bidder and they had no reason to disqualify them. Motion carried unanimously.
13. **Discuss and/or take action to approve upgrading the sewer infrastructure to provide adequate sewer service for the Hillsdale project.** Motion was made by Mr. Rea and seconded to approve upgrading the sewer infrastructure to provide adequate sewer service for the Hillsdale project. Mr. Blodgett presented a handout to the Board showing several options for this project. Mr. Blodgett advised the Board that the Hillsdale project is for about seventy (70) homes in this area. The Board and Mr. Blodgett discussed the line size for the project and Mr. Blodgett pointed out that this area was already in the District's future master plan to upsize to a 6 inch but that the Hillsdale project only needs a 2.5 inch. Mr. Blodgett's handout showed that the Hillsdale developers would only be paying for what the costs would have been without the upsize line that was already in the long-term plans for growth. The plan shows that Hillsdale would pay \$52,000.00 and the District costs would be around \$67,750.00. The Board discussed approving extra funds in the amount of \$20,000 for contingencies including having to pay for TxDOT permits that will have to be done. The Board advised that no work should be done until the Hillsdale developers pay their portion first. Motion was amended by Mr. Rea and seconded to approve upgrading the sewer infrastructure to provide adequate sewer service for the Hillsdale project with Hillsdale paying the costs of \$52,000 and the District responsible for the costs of \$67,750.00 plus \$20,000 for contingencies. Motion carried unanimously.
14. **Discuss and/or take action to approve to purchase storage sheds for both northside and southside not to exceed \$18,000.00 for a budgeted expenditure for the 2024/2025 capital improvements to be paid out of the Operating Reserves account.** Motion was made by Mr. Rea and seconded to approve to purchase storage sheds for both northside and southside not to exceed \$18,000.00 for a budgeted expenditure for the 2024/2025 capital improvements to be paid out of the Operating Reserves account. Mr. Blodgett advised that this was a budgeted expenditure that will provide storage at two District sites both north end and south end. Motion carried unanimously.
15. **Discuss and/or take action to approve to purchase a mower not to exceed \$7,000 for a budgeted 2024/2025 capital improvement expenditure to be paid out of the Operating Reserves account.** Motion made by Mr. Mullaney and seconded to approve to purchase a

mower not to exceed \$7,000 for a budgeted 2024/2025 capital improvement expenditure to be paid out of the Operating Reserves account. Mr. Blodgett advised that the District plans on purchasing a Bad Boy brand mower with a 62" blade and that the old mower will be moved to the South Wastewater Plant. Motion carried unanimously.

16. **Discuss and/or take action to approve to repair the belt press not to exceed \$4,100 unexpected expenditure for the 2024/2025 capital improvements to be paid out of the Operating Reserves account.** Motion was made by Mr. Goheen and seconded to approve to repair the belt press not to exceed \$4,100 unexpected expenditure for the 2024/2025 capital improvements to be paid out of the Operating Reserves account. Mr. Blodgett advised the Board of the issues the belt press had been having and advised that the District had been running a night shift to keep up with demand. Motion carried unanimously.
17. **Discuss and/or take action to order an election for the November 5, 2024, election.** Motion was made by Mr. Bratton and seconded to order an election for the November 5, 2024, election. There will be three (3) seats up for election that are currently being held by Mr. Willi, Mr. Rea, and Ms. Bradley and it was noted that the deadline to file an application for a place on the ballot for this election was Monday August 19, 2024. Motion carried unanimously.
18. **Committee Reports.**
 - a. **Operations Committee.** No report.
 - b. **Personnel Committee.** No report.
 - c. **Finance Committee.** Mr. Goheen advised that the Finance Committee had not met but that Mr. Blodgett had submitted documentation to the Committee by email about the Hillsdale project for review.
19. **Review and discuss the June 2024 financial reports.** The Board reviewed the June 2024 financial reports. The Board advised that the debt ratio was good at 2.49%. It was noted that the water revenues were down compared to last year, but this has happened before when there has been a significant amount of rain. Mr. Blodgett advised that the staff was having to roll down the McKay WTP flows, which was unusual because during this time frame the plant is normally going up. The Board noted that the water loss report was in good shape.
20. **Discuss and/or take action to approve the payment of bills.** Motion was made by Mr. Rea and seconded to approve the payment of bills. Motion carried unanimously.
21. **Convene into Executive Session to deliberate personnel matters as per section 551.074 of the Open Meetings.** The Board convened into executive session at 12:46pm.
 - a. **Deliberate the appointment of public officers.** There was only one candidate who turned in a completed application to request for consideration of appointment for the Board of Directors vacant position. The Candidate was Ted Henley.
The Board reconvened out of the executive session at 12:57pm.
22. **Discuss and/or take action to fill, by appointment, the existing vacancy on the District Board of Directors.** Motion was made by Ms. Bradley and seconded to appoint Ted Henley to the existing vacancy on the District Board of Directors. Motion carried unanimously.
 - a. **Statement of Officer.** Mr. Henley signed the Statement of Officer.
 - b. **Oath of Office.** Mr. Henley took the Oath of Office in front of Notary Angie Crowsey.
23. **Discuss and/or take action to elect a new Board Secretary and/or change other Officers for the remainder of the 2024 term (November 2024).** Motion was made by Mr. Mullaney and seconded to elect Ms. Bradley as the Secretary of the Board and to leave all other positions as they were. Motion carried unanimously.
24. **Discuss and/or take action to appoint a member to the Operations committee and/or change other committees for the remainder of the 2024 term (November 2024).** Motion was made by Mr. Rea and seconded to appoint Mr. Henley to the Operations Committee with Mr. Rea, and to leave Mr. Goheen and Mr. Mullaney on the Finance Committee, and Mr. Bratton and Ms. Bradley on the Personnel Committee for the remainder of the 2024 term

(November 2024). It was noted that Mr. Willi will serve as the third member on all committees. Motion carried unanimously.

25. **Discuss and/or take action to approve removing former Board Member Joe Lomonaco from all bank accounts, adding Treasurer Bill Goheen to the 2022 bond accounts, and adding newly appointed Board Member to the District Operating Reserve.** Motion was made by Mr. Mullaney and seconded to approve removing former Board Member Joe Lomonaco from all bank accounts, adding Treasurer Bill Goheen to the 2022 bond accounts, and adding Ted Henley to the District Operating Reserve account.
26. Motion was made by Mr. Bratton and seconded to adjourn. Motion carried unanimously. The Board adjourned out of the meeting at 1:05pm.



Larry Bratton
Board Vice-President

08/21/2024
Date