

**Kempner Water Supply Corporation**

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**Subject:** Minutes of the Annual Budget Workshop and Board of Director's Meeting on August 27, 2025, are in summary only and not a transcript of the recorded meeting.

**Attendees:** Board - Billy Malady, Paul Williams, Kara Bathurst, Brandon Butts, John Daugherty and Kenneth Spoon. Sam Kier and Dan Christy attended via Teams video conference. Stella Clements was absent.

Staff - Bruce Sorenson, Stacy Ellis, Bo Wilson, TJ Amstead, Chris Mick and Susan Isenburg.

Guests - Angie Amstead and Eric Mitchell.

**1. Called to Order and Establish Quorum – 5:04 pm Quorum Present**

**2. Pledge of Allegiance and Honor to the Texas Flag.**

**3. Open Session – None**

**“NEW BUSINESS”**

**4. Discussion and possible action to approve the Budget/Financial and Planning Committee Meeting Minutes on August 7, 2025.**

Sam Kier made the motion to approve Budget/Financial and Planning Committee Meeting Minutes on August 7, 2025. Dan Christy seconded the motion. 5 in favor, 3 opposed.

**5. Discussion and possible action to approve the 2025-2026 Fiscal Year Budget.**

Billy Malady made the motion to approve the 2025-2026 Fiscal Year Budget. Kara Bathurst seconded the motion. 5 in favor, 3 opposed.

**6. Discussion regarding Waterworth Presentation.**

Calvin Coles (Waterworth) introduced Waterworth's strategic planning and financial analysis tool, which helps utilities use their financial and capital data to make better long-term decisions. The tool provides clear visuals and allows staff to run different financial scenarios such as project costs, timing, inflation, and revenue adjustments.

Jacob Pahnke demonstrated the model built from KWSC's system data, showing:

- Operating expenses (historical and projected with 3% inflation).
- Debt service (current and proposed for future capital projects).
- Capital improvements (based on the long-range plan).
- Revenues (from water sales, grants, and loans).
- Cash position trends and operating thresholds.

He highlighted that the baseline model currently projects deficits by 2031, which underscores the need for scenario planning. He showed how easily the tool adapts to changes, such as cost increases or new funding sources, and how it can forecast rate adjustments to maintain financial stability.

No action taken.

**7. Discussion and possible action to approve August 5, 2025, Board of Director's Meeting Minutes.**

Kara Bathurst made a motion to approve August 5, 2025, Board of Director's Meeting Minutes. Brandon Butts seconded the motion. 8 in favor, 0 opposed.

**8. Discussion and possible action to approve July 2025, Financial Statements.**

Sam Kier made a motion to approve July 2025, Financial Statements. Paul Williams seconded the motion. 8 in favor, 0 opposed.

**9. Discussion and possible action to approve Letters of Intent from Professionals**

Joe Spoon made a motion to accept the Auditor's letter of intent. Kara Bathurst seconded the motion. 8 in favor, 0 opposed.

Joe Spoon made the motion to approve the janitorial services letter of intent. 8 in favor, 0 opposed.

\*\*\* Dan Christy lost Teams Connection\*\*\*

**10. Discussion and possible action regarding Old Business.**

**a) Contracts with Central Texas WSC, City of Lampasas, Salado Water Supply, BRA and SUD Pros and Cons.**

- **Lampasas Contract:** Long-term contract remains unchanged despite renegotiation attempts. Kempner members subsidize costs, creating inequity. Lampasas must cover fair costs, especially if future water needs or cost-sharing arise.
- **Salado Contract:** Ongoing talks to remove Salado from force-main due to noncompliant connection, backflow issues, and design flaws. Proposal: Salado funds a pump station and line in exchange for additional capacity, which they are discussing at their meeting tonight.
- **WCID1:** Water sales limited due to bond restrictions; Kempner must be a SUD to purchase. (Remove from old business.)
- **Central Texas Water Alliance:** Board approved application and appointed GM as representative. August 26 meeting addressed bylaws, Region G notification, and other organizational matters.

**11. Manager's Report:**

Concerns raised over Central Texas plant compliance; plan to install analyzer for 24/7 monitoring of residuals. WCID1 water sales limited due to bond restrictions; Kempner must be a SUD to purchase. Options discussed for buying/selling water and future contractual obligations. Central Texas Alliance:

consulting firm hired; Kempner recognized as a major player due to large CCN. Progress expected to be slow (3–5 years).

- **Project updates:** 1 MG tank awaiting TCEQ approval; Lampasas River line complete; Lutheran Church line construction to start Nov.; Generator project may exceed \$500k budget.
- **Operational issues:** Turbidity and Manganese affecting water quality; chemical costs up; auto-flushers in use but limited by rural infrastructure; high flushing workload for crews.

## **12. Board of Directors' Announcements:**

Brandon Butts – Would like to eliminate committees and have all discussions with the entire Board. Just because we have Committees, does not mean we have to use them.

Kara Bathurst – Change the calendar of events.

Paul Williams – Nothing

Sam Kier – Nothing.

Dan Christy – Nothing.

John Daugherty – Nothing.

Kenneth Spoon – Nothing

## **13. President's Comments**

Billy wanted the Calendar of Events ready for review in September. He thanked everyone for their contribution and participation in the meeting.

## **14. Adjourn**

Sam Kier made the motion to adjourn at 7:18 PM. Kara Bathurst seconded the motion. 8 in favor, 0 opposed.

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**Dan Christy, Secretary/ Treasurer**