

Kempner Water Supply Corp.

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Subject: Minutes of the Annual General Membership Board of Director's Meeting on March 23, 2023, are in summary only and not, a transcript of the recorded meeting.

Attendees: Board - Richard (Ric) Dominowski, George McClintock, Dennis Kliza, Sam Kier, Paul Williams, John Daugherty, and Billy Malady. Wende Hammond was absent.
Guests - Brooke Barron with BGFN and Dan Christy.
Staff Present - Bruce Sorenson, Stacy Ellis, and Brandon Nault

1. Call to Order and Establish Quorum – 7:00 pm Quorum Present

2. Pledge of Allegiance and Honor to the Texas Flag

3. Open Session: None

4. Consideration and possible action to approve the March 24, 2022, Annual General Membership Meeting Minutes.

Sam Kier stated the date in the minutes is incorrect. It should be March 24, 2022, and he should be listed as a Guest at the meeting because he was present. Sam Kier made the motion to approve the March 24, 2022, Annual General Membership Meeting Minutes with corrections as mentioned. John Daugherty seconded the motion. 7 in favor, 0 opposed.

5. Discussion and possible action to approve the 2021-2022 Audit.

Brooke Barron, Auditor of Brockway, Gersbach, Franklin & Niemeier, PC went over the 2021-2022 Audit with the Board and audience. Stating it was a very clean audit, the financials were presented fairly, and Kempner WSC is in good financial standing. Sam Kier made a motion to approve the 2021-2022 Audit. Paul Williams seconded the motion. 7 in favor, 0 opposed.

6. Attorney's Report:

Pat Linder, Attorney of Davidson, Troilo, Ream and Garza, thanked the Board, and the Corporation's management for providing the law firm of Davidson Troilo Ream & Garza the opportunity to provide legal services to the Corporation. We continue to assist the Corporation's management in addressing the Corporation's legal and regulatory issues on an "As-requested" basis. In that regard on are advising management on the implementation of the Corporation's drought contingency and emergency water demand plan. Special counsel is handling a claim against Central Texas Water Supply Corporation and may provide a separate report on that matter. We are not aware of any other claims, litigation, or regulatory actions adverse to the Corporation at this time.

Andy McSwain, Attorney with Beard, Kultgen, Brophy, Bostwick & Dickson, PLLC has been involved in litigation with Central Texas Water Supply over how CTWSC charges for the water that it provides to Kempner. After multiple appeals, all the way to the Supreme Court, the original Judgement in KWSC's favor upheld. The case is over and CTWSC has paid the fees to KWSC as were required in the Judgment.

7. Engineer's Report:

The purpose of this report it to provide a summary overview of the services that LAN has provided to Kempner WSC in the last year.

LAN currently has two contracts with Kempner WSC. Both were signed in June of 2022:

1. Service Application Review
2. Large-Scale System Model

Both contracts are time & materials contracts, invoiced on an hourly basis.

LAN is responsible for reviewing and determining the suitability of water service applications for Kempner. LAN reviews each service application for its ability to meet TCEQ pressure and line size requirements. If warranted, a localized water model can be used to verify the anticipated pressures. A report is provided to Kempner WSC for each separate water service application. To date, LAN has reviewed approximately 20 applications. Kempner WSC has retained LAN to create and develop a Large-Scale Water Model of their existing water system to review the Kempner WSC water system's performance and needs. This effort has been ongoing for several months, and involves reviewing existing water contracts, current TCEQ code, wholesale customer demands, fire-hydrant flow testing, and on-site field visits of existing infrastructure, in addition to building the model in water modeling software. The intent of this Large-Scale Model is to simulate the performance of the existing infrastructure with Kempner's current and anticipated demand obligations. LAN has completed a preliminary version of the model and is in the process of calibrating and verifying the model with Kempner WSC staff.

Additionally, as part of the Large-Scale System Model contract, LAN provides on-call engineering support services for Kempner WSC. These include system questions and support, mapping updates, coordination meetings with staff and the board, and other similar services.

8. President's Report:

To the nearly 6000 members of the Kempner Water Supply Corporation (KWSC), I want you to know that our focus continues to be one that provides safe, high quality water services, and environmental conservation while maintaining a standard of excellence to all of our members. Over the past year, these objectives have been achieved by our team of highly dedicated professionals who strive daily to provide you with dependable support throughout the year. An example of their dedication was demonstrated this past January 2023 when the team tackled a massive break on a concrete transmission line. While it affected many members, the repair was accomplished in record time because of the grit of every team member to get the job done.

One noteworthy personnel change this year was the hiring of Bruce Sorensen, KWSC's new General Manager. Welcome aboard. Operationally, KWSC secured the professional engineering services of LAN Planning, Engineering, and Program Management.

KWSC continues to maintain zero deficiencies through rigorous testing of water to ensure that maximum contaminant levels (MCL) on all potentially dangerous or harmful contaminants are well below minimum standards set by the Texas Commission on Environmental Quality (TCEQ). Kudos to sound operational and leadership practices by our General Manager, Chief Finance Officer, Department Managers, and the efforts of their team members.

KWSC continues to work with future growth in mind and remains dedicated to increasing capabilities that are needed to accommodate projected growth. During the past year, major projects completed included the Stone Oak Elevated Storage Tank, CR 3420 Pump Station, FM 1113 and CR 3600 waterline Improvements, and most recently the Georgetown Ground Storage Tank Rehabilitation Construction project. Funding for all high dollar projects is accomplished by careful management and with a focus on getting the best value for budgeted dollars.

Once again, I must express my sincere gratitude to an extremely competent Board of Directors for the job they did throughout the year. Every Director was committed to refining policy and supporting a workforce that provided safe and high-quality water services to our membership. Because of their collective experience and expertise, KWSC is in a better place.

9. Manager's Report:

I am the New General Manager, Bruce Sorenson.

After coming on board in December I have spent considerable time going over Kempner's Policies and methods of operation. I have made changes where I think changes should be made. My goal is to operate the Kempner Corporation like a well-oiled machine. I have discovered that Kempner has very intelligent hard-working people that have helped me understand the inner workings of the Corporation. We have been working to get the system in compliance and upgrade and repair components within the production and distribution areas. We have been working with the engineers to come up with short-term and long-term goals. We have identified specific problems and have worked through these issues. I will continue to work with the board gaining their confidence by resolving issues and solving problems while trying to spend time in a responsible manner. I intend to save Kempner money in the long run and provide the members with confidence that we are doing the right thing. I realize in time that I will become more knowledgeable and proficient at managing the water supply corporation. I very much appreciate the opportunity.

10. Announcement of Election Results Report:

George explained we did not have more applicants than open positions on the Board so there was no election required and explained to Billy that since he was appointed to an open position and did not go through the election process, he would have to run again during the next election.

11. Adjourn

Sam Kier made the motion to adjourn at 7:30 pm. Dennis Kliza seconded the motion. 7 in favor, 0 opposed, 0 abstained.

George McClintock, Secretary/Treasurer