BEAR CREEK SUD

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Date: April 21, 2020 **Time**: 6:00PM

MINUTES OF REGULAR BOARD MEETING
TELEPHONIC MEETING

Call to order by: President Herman Stork

Directors Present: Herman Stork, Bryan Block, Leticia Harrison, Robert Haynes, Colby McClendon, Deborah Fato

Directors Absent: Chris Elder

Public Comment: None

Consent Items:

Approval of Minutes of Regular Meeting on February 18, 2020.
Approval of February 2020 Financials.
Approval of February 2020 General Manager Report
Approval of March 2020 Financials.
Approval of March 2020 General Manager Report

Director Block: Camille, I know Bear Creek SUD has already spent like $2,100 on the election, will the budget have to be amended any more than the $10,000 already budgeted for the election in November or will the budgeted amount be sufficient?

President Stork: It is my understanding if we do the election in November, it will not cost as much, correct me if I am wrong. But if we do a special election or anything other than when the government says we can do our election, it's going to cost us if we can get judges to run the election.

Director Block: I understand there has to be something in November. It is just that my question is that because we're going to have it in November, it's going to cost more money than what it normally cost us to hold the election.

Camille: Yes it will probably cost us more money. We do not know how much that will be yet because the County will put all entities that are having election in November together and determine what the prorated amount for each entity will be. At one point Rockwall County informed us that if we were going to be on the same ballot with all entities, it would cost Bear Creek SUD approximately $36,000.00 for their part. It was going to be around $32,000.00 to be on the Collin County ballot. Since there are so many entities that have cancelled the May election and all will be having their election in November, the cost may go down, but we don't know how much. It will probably be more than the $10,000.00 that was originally budgeted. Until we receive notice from both counties, we will not know the cost.

Director Block: I kind of figured that. I thought it would be more than the $10,000 budgeted. At some point in time, we can amend the budget for the election.

Camille: Yes, once the counties let us know. When the county finds out how many entities are going to have an election in November, then Bear Creek SUD will be notified. Since the election is moving to November, the Director election will have to be on the ballot with all other county elections and customers will be able to vote at any polling location for the area. It costs a lot more money to be on the county ballot and being able to vote at any polling place in the area, instead of having the election in the Bear Creek SUD office. Until Collin County knows how many entities will be having election in November, they will not be able to determine the cost. Collin County Elections stated they would hold the money that had already been paid as a down payment for the November election.

Director Fato: I had a call with the Texas Secretary of State Election Division Legal department this week or last week and I wanted to point out some benefits to the ratepayers at having the election in November. It works better for the ratepayers because you are compelled to be at a standard Collin County polling place, closest one to us, would be Lavon City Hall. Early voting, they have representatives there until seven o'clock whereas the SUD closes at 4:30. So it's better for ratepayers to get in early voting at the City Hall location that stays open later. It doesn't close for lunch and it just makes it easier for the ratepayers to vote at City Hall instead of having to make a special trip to the SUD. So whatever shared expenses you're going to have, you won't have to incur hiring, renting voting machines, and hiring judges to be at the SUD. So it is actually more beneficial to the ratepayers to have it in November.

President Stork: It would actually cost more to have it at Lavon City Hall because you are lumped in with everyone else.

Camille: It normally would cost less than $10,000 to hold the election at Bear Creek SUD facility, rent the machines from Collin County and pay the judges and clerks. For Bear Creek SUD to have the Director election on the ballot at Lavon City Hall and the Rockwall locations, then it will probably be a cost upwards of $30,000 from each county compared to less than $10,000.

Director Fato: Where did you get that $30,000 figure?

Camille: From the counties.

Director Fato: When it gets time to plan out next November, we'll be curious to do it there.

President Stork: We will end up having to do it there in November, so we will know for sure what it is going to cost.

Director Fato: Right.

Attorney Fancher: Camille and I had talked about this since we were pretty much already required to this November election. You know we will obviously see and then I can foresee us at the December board meeting or January of this next year to make a decision about whether you would want to move your elections because it will require a resolution and a big to-do and it will need to be sent off to the Secretary of State. So I think after this election, then we can revisit the election date in the future for sure.

President Stork: Me, personally, I mean, I'm looking at $60,000 or $50,000 versus $10,000. That is a no brainer. That is just more of a burden on the ratepayers.

Attorney Fancher: The counties will be able to give you an estimate of the cost in probably July or August of what this November election will cost, which is obviously going to be lower than regular November elections since everybody is combined now. But what Collin County and Rockwall County should be able to do is give you the cost of a regular November election when you don't have all these combined entities. This is kind of a special combined election. What would 2021, 2022 look like in a normal November election.

President Stork: That would be good, we will find out then.

Camille: I have some comments about the budget and some things on the General Manager's report before the consent items are approved. On the February budget, income after expenses showed that we made $44,667.90. If you deduct the capital item expenses that were spent in February minus the pump station 2 engineering, which we don't count that because that is part of the Texas Water Development Board loan, there was $120,381.05 spent. Therefore, there was a loss of $75,713.16 for the month of February. If you take off all the money that was spent on capital items in March, the budget showed an income of $91,723.42 after expenses. But if you deduct the capital items of $86,479.21 you only have an income of $5,244.21. The income for March was higher because of the sale of 22 meters which were mostly in Lavon Farms.

Director Fato: How much are you charging per meter?

Camille: For a ¾" meter the cost is $4,250.00. $3,100 of that is aid to construction which goes to the construction of building of our infrastructure. The aid to construction money is for what that meter impacts the system in water capacity in the ground storage and elevated storage and line installation. $900 is for the actual physical meter itself and all material installed. There is

a $200 deposit and a $50 inspection fee for the customer service inspection on the property once the house is built, for a total of $4,250.

Director Fato: If Lavon Farms is a PID, isn't the taxes covering that infrastructure thing?

Camille: Bear Creek SUD does not get money from the PID. No money from the PID is contributed to Bear Creek SUD. The PID money goes to the City of Lavon. Bear Creek SUD does not get anything from PID money.

President Stork: Anymore questions?

Camille: The amount that was approved on the 2020 budget for the rate study for Expergy was $20,000. At this point, $19,585 has already been spent. Mr. Joyce still has to present his final presentation after all the questions and changes that were made after the January 14, 2020 meeting. If we do have a town hall meeting and he presents, there will be additional money required. The budget will need to be increased to cover the additional costs from Mr. Joyce.

Director Block: How much more do you think.

Camille: We do not know at this time.

President Stork: Do you think $5,000 will be enough or do we need to do more.

Camille: At this point, to cover everything, if we have a town hall meeting and he has to present to the board and at the town hall, then it is probably going to be at least another $10,000. In the month of February we were invoiced $10,798 and the month of March, he invoiced $1,590.00.

Director Block: But $20,000 we already approved. I can understand if you charge additional money for the town hall meeting, but why is he charging additional money to go back again and finalize the rate study? Why would you get additional charges on top of that?

Camille: I am sure because of all of the additional questions that were asked of him to make changes and the comparisons of different water companies to Bear Creek SUD, he did not do on the original presentation. I estimated, I don't know that.

Director Block: I understand. Okay.

President Stork: Do we need a motion. We can get ready to do that.

Director Fato: For one, okay. For the February minutes, I just wanted to comment that I don't think it was accurately represented the back and forth between Camille and myself when I said that the $332,000 salary figure she provided to Mr. Joyce for his report and analysis was accurate. And Camille's comments about how she gave Mr. Joyce exactly what he asked for she stressed that more than twice were not reflected in the minutes. And I just wanted to say since you've been quoting me for several months of minutes before, I'm surprised that my comments

are not in quotes then and accurately captured, as you've been so diligent about in the past. But I wanted to let the other rest of the board know that if Camille had represented the true salaries, then Mr. Joyce wouldn't have had to circle back for additional analysis on the salary question.

Camille: The salaries were accurate. That is the base salary of every employee for 2,080 hours at their hourly rate. That $332,000 is the base salary. That is without on-call pay, overtime pay or any extra pay that we do not know, that is guaranteed.

Director Fato: Going by the salaries in 2018 and 2019.

President Stork: Hold on, let Camille finish because if he requested the salaries it would be the 2,080 times whatever they make. That's the exact number that they would have been supplied, because it is not based on overtime or anything like that.

Camille: That is what is guaranteed. That is what the employees will get for working 2,080 hours a year at what their hourly rate is. It does not take into consideration overtime pay or on-call pay because that is not guaranteed. That is why the budget is set higher because you have to consider emergency situations, on-call, people getting called out at night time and on weekends. We have to include that in the budget, but the actual salary information was 100 percent accurate.

Director Block: Right, we don't know what Jay Joyce meant when he went to you and ask for that information. He's not here, nor can we until we have that meeting with him face-to-face, then we can ask him the question because I am sure you've provided to him exactly what he asked for. And so until we can come back and have another meeting with him when he does this presentation, then we can go back and ask him more questions. But as we go on, add additional questions of him, we should just be prepared, we're going to be spending more money. That's all we're doing.

President Stork: We're just spending more money. That's all we're doing, spending more money. Anyway, I'm looking on our deal, it shows in here every month where everybody the hours that they had to work on overtime and call out. That is something that Camille is saying you can't put that on their hourly for the year. That is exactly what they are going to make. You can't determine how much overtime they are going to make, just guess. For March, Chad had 23, Richard had 23 and Cory had 14. Amber had eight and Samantha had 11. So you can't, you've got to put extra money in the budget for any overtime or anything like that. Otherwise, we're going to be amending it all the time.

Director Fato: And I understand that completely. For instance, when we had snow about in 2015, I realized that some of the guys stayed and camped out at the SUD, which was commendable so they would be available during snow days for emergencies and things like that. I understand that completely. But what we were asking for was what the salaries were paid in the previous year, not what was budgeted for 2020, but what has been paid in the past. And if you go to the annual report, it shows on the last page of that 29 page report or something. The

annual salaries in comparison and that is what should have been represented in this report. Because that's what we want compared.

Camille: What they put on the annual report is what got paid. That's with overtime and everything else.

President Stork: Right. That's not, that's not what is the normal salary. That's everything included. Two different figures.

Attorney Fancher: All right, moving on.

Camille: On the General Manager's report. I received a call from a TCEQ investigator on March 11th, stating that a complaint had been received from a citizen expressing their concern about sediment on Lake Road and Highway 78, next to Mo's Exxon that was caused by our contractor that is installing the new water line on Highway 78. The investigator from TCEQ told me that he had visited the site on March 10th. He did not find any significant amount of sediment on the road to warrant any violation to Bear Creek SUD. The investigator asked me a lot of questions. I answered all of his questions and things about how large the project was, where the project had started, where it was going and he wanted to know if we had provided a site notice or an SWPP Plan to TCEQ. Bear Creek SUD was not responsible for filing those notices to TCEQ. That is something that the contractor had to file as part of the bid contract. The contractor did file the notices and I did get a copy of them and I sent them to the TCEQ investigator. I got a letter from the investigator thanking me for all of our cooperation in the matter and for our compliance efforts. He said Bear Creek SUD was not at any fault. He said whoever called in wanted to put blame on Bear Creek SUD and that we were not at fault. Neither was the contractor. All the paperwork had been filed with TCEQ. Why he did not investigate that before he came out, I don't know. But just want to let everybody know we were not at fault on anything and we will not receive a violation and neither will the contractor.

President Stork: Did anybody else recognize that there was somebody else doing boring right there in front of Mo's, because it looked like they were putting orange pipe in.

Camille: I believe that is Peoples Telephone that is running fiber there. I believe, I don't know that.

President Stork: When I went by there when we got that complaint, there was a boring rig out there. It had purple pipe in it. So I'm not sure if our contractor did that.

Director McClendon: Herman, they are putting in a new telephone all the way up to Nevada on Highway 6.

President Stork: Right, not to mention we got too much rain around here and it could have been mud from anybody.

Camille: Let me bring you up to date on some of the subdivisions we have going on. None of the construction work has stopped. I don't know if everybody has noticed that everybody's continued to work.

President Stork: They are still rolling and rockin.

Camille: Lakepointe, the line installation in Phase 1 of the subdivision is complete. It has been tested. They have started installing meter boxes and the taps. Richard has been doing the inspection of that subdivision. The off-site line that Lakepointe is doing, they have gone down Lake Road, now they are on Hilltop Drive doing the work there. Traditions Phase 2, which is the subdivision that is going to go in between Traditions East and West on Geren Drive. We are doing the walk-through of the water infrastructure this Friday. The contractors, our engineer, all of the Bear Creek SUD crew will be out doing the walk-through on Friday morning. Bear Creek Phase 3, which is on C. R. 483, that project has been released for construction. So they will start working on the infrastructure soon. Crestridge Meadows Phase 1, they have completed the meter box installation. They have submitted their plans for Phase 2. We reviewed the plans twice and sent them back with our comments. I expect Phase 2 to start construction very soon. The RaceTrac gas station is back on. They have submitted their plans again for us to review. They have been submitted back with our comments. Our off-site water line being done by Western Municipal has completed the installation on Highway 78. They are working on the 16" line that is going from the pump station up to Highway 78 across the field. The tie-in at Lakepointe Development and at Bently Farms has been completed. That is the last one that I have.

President Stork: Sounds like nothing slowing them down.

Camille: No, our office has been very busy.

President Stork: There is so much work going on, it is amazing. Anything else on the report on the consent agenda?

Director Block: Nope, I am good. Everybody good with it.

Director Haynes: This is Robert, I want to make a motion that we accept the February and March Consent Agenda.

Motion made by Director R. Haynes, seconded by Director B. Block to approve Consent Items. The President called roll for the vote:
Director Fato: I approve of the minutes but for the lack of exchange between Camille and I on the February 18th minutes, but se-la-vie on that, otherwise approved.
Director Harrison – Approved
Director Block – Approved
Director Haynes - Approved
Director McClendon – Approved
Motion carried unanimously. Director Elder absent.

Regular Agenda Items:

A. Discuss and act upon Resolution 2020-04-21-01 postpone May 2, 2020 Election of Directors:

President Stork: Pretty self-explanatory. We have already talked about it some but the governor has pretty much told us that we wait until November. So Camille, you want to comment on any of that we have that election here and it has all the stuff in here. Everybody's read over it.

Camille: We couldn't find a judge, even if we had wanted to hold the election. We called several people that were judges previously and that were on the list that Collin County provided to us and we couldn't even find anybody that wanted to administer the election because of the safety and health concerns of themselves.

Director Fato: Could you please restate for the Board who all is on the Ballot.

Camille: Robert Haynes, Leticia Harrison and Michael de-Angelo

Director Fato: Dillon

Director Block: So we can make a motion for the postponement of the election.

Attorney Fancher: Right, to approve the Resolution to postpone the election. That's right.

Motion made by Director B. Block, seconded by Director D. Fato to approve Resolution 2020-04-21-01 to move the Bear Creek SUD Director election to November 3, 2020.
The President called roll for the vote:
Director Block – Approved
Director Fato – Approved
Director Harrison – Approved
Director Haynes – Approved
Director McClendon - Approved
Motion carried unanimously. Director Elder absent.

Director Fato: I wanted to add from my call with the Secretary of State's legal division. I asked about the terms expiring for the incumbents. And if that resulted in a vacancy or no. The Secretary of State Election Division legal counsel says that you guys are, Letty and Robert, are in holdover status. And that does mean that you can still make motions, you can still vote, and your terms are held over until November.

B. Discussion and possible action regarding suspension of cut offs due to emergency COVID-19 declaration:

President Stork: Camille, what do you have on that.

Camille: We have not done disconnects since the end of March. We decided not to do any disconnects for any of the people that had not paid their bills by the end of March, because of the COVID-19. That was not the result of a PUC order or anything. We just decided we would not do any disconnects during that time period because everybody had been affected by it. We did have 44 customers that were scheduled to have their meter locked at the end of March. We tried to make contact with all of those people. We called, left messages, and sent emails just to see if they had been affected. Did they want to set up a payment plan? We tried to make contact with them. We were able to make contact with everyone except 13 people. We got no response from those thirteen. Of those 13 people, we put door hangers on their door and asked them to contact the office about setting up a payment plan or to let us know had they been affected by the COVID-19. We got no response. We only had one person to actually contact us of the 13 door hangers that we put out.

Director Fato: I'm sorry, this is Deborah. I accidentally cut myself off. When I tried to put myself on mute, I accidentally hung up. So, could you please repeat the last like two minutes of what was talked about.

President Stork: Did you hear the part where we were talking about COVID-19 and the disconnects. Where did you come in?

Director Fato: No, I cut myself off after the vote on the motion to extend the elections. So, I didn't hear anything about the COVID-19, late fees topic.

President Stork: Okay.

Camille: At the end of March, when we would have done disconnects on March 27th, we had already decided before then we would not do any disconnects for March because of the COVID, the Corona virus. So, we decided not to do any disconnects not because the Public Utility Commission told us not to. We just decided not to do that. There were 44 people that were on the lock list at the end of March. Of those 44, we contacted by phone or email and tried to get in touch with everyone to see were they affected by the Corona virus. Did they want to set up a payment plan? How could we work with them? We did not get a response from 13 of those people. Those 13 people, we put door hangers on their door and ask them to contact our office. Of those 13, we had one person to contact the office. The other 12 did not contact the office at all and of those 12 all but five have paid their bill now. Those five still have not made contact with us or have not made payment arrangements or told us they have been affected by the Corona virus. No contact whatsoever. In April, on April 10th when the bills were due, we did not assess any late fees in April. We mailed out 160 late notices in April and told the people to contact the office. We put a notice on the bill stating to please contact the office if you need assistance with your bill and a payment plan. So far, we have

not had any contact from anyone that we sent late notices to. I know Kristen and I have talked about how long we will let people extend. We are not in a financial position to let them extend indefinitely for sure, especially the people we don't know. The people that won't contact us or let us know or try to make any kind of payment arrangements. Those are the people that I am concerned the most about. I have one person that is on that list that owes $700 right now. There has been no contact from that person. So that person has well exceeded their deposit for sure. A lot of people that are on that list have exceeded their deposit already. So I guess we have to look at what we are going to do, 60 days of no late fees, no reconnect fees, and no disconnects. Are we going to do 90 days or how long are we going to do it or we just going to wait and see how long this lasts.

Director Fato: Would anyone be opposed to me going and knocking on people's doors and make an inquiry? Because I know a lot people talk to me who wouldn't necessarily respond to the SUD. So I would volunteer to follow up and investigate on those late people just to see what their story is since I'm on a work from home situation and in town. I would be more than happy to assist with that. If anyone's adverse to that or has any reasonings as to why Kristen, that's not an acceptable proposal, let me know.

Camille: Confidentiality issues.

Attorney Fancher: Right. Deborah that is my concern. If we do anything that is outside the normal standard protocol that would be coming from the District's office. There is privacy concerns there, number one. And number two, I also think there is also concerns given the Corona virus situation. I'm not saying you have it, but I'm also saying you know. I'm not saying that if there was a door to door like the other person has it. So, between the number one, my main issue is privacy or number two is also a health concern. I would say we need to follow standard procedure which would be all communication coming from the office.

Director Fato: Okay, well, that's why I asked. I'm willing to help.

President Stork: I understand that, but legalities and things like that. So we wouldn't want to start doing something that we haven't done. Because like I said, COVID-19, we wouldn't want somebody getting sick or them saying that we transferred it to them.

Attorney Fancher: Right. Just so you know. I wanted to give you a heads up while you are thinking of what to do with the situation. So, the PUC has issued an order and like Camille said, Bear Creek decided to go ahead and suspend cut-offs before they even acted. So ya'll we're on the very beginning wave of utilities that were making concessions or making these arrangements for people. So, what the PUC order says is it only applies to IOUs, which are the independently owned utilities in the state, to suspend cut-offs through May 15th. So, if you said okay, we're going to suspend cut-offs for 60 days from the date that they should have normally been cut off under our normal procedures, that would be the end of this month. So that's what 60 days looks like. So that's why I wanted you to have that background of what the PUC order is. Again, the PUC order is not mandatory for Bear Creek SUD. In fact, the PUC says, utilities like SUDs and cities do whatever they want to

do. So ya'll, Bear Creek SUD is going above and beyond the law and at this point is how much you're going to go above and beyond the law. Again 60 days is the end of this month. In other words, those that do not make payment arrangements by the end of the month, would get their meter locked. If you did 90 days, that would be at the end of the next month. If you followed what the PUC is requiring the IOU's, that would be May 15th, to kind of give you the benchmark options because those are the most that's what I am seeing the most. I am seeing utilities 60 days, 90 days or I'm seeing this May 15th date the PUC give other IOUs.

Director Block: Camille, I'm sure you could probably tell which people are the same ones regardless that are late or doesn't pay. I'm sure that's a pattern. I'm sure there's some new that really do need help. I personally think we should, we're going to end up eating money no matter what if we go to 60 days or 90 days. So we're going to eat some of this money regardless. Because some of these people are just going to walk away. No, I mean at this point, in fact, I think we should probably, I personally think we just give it another month. Don't do anything. Table it and look at it again at our next board meeting. Then we have to start really, and see where we're at as a county, and they are going to go back to work by then. You know, I mean, because what's going to happen no matter what we do. I mean, maybe some will be going back to work by then, maybe in a month. They may not. They may be two months or three months. They go back to work, but we can't go on for the next six months and not have payments at a certain point, you know. I just think we'd look at it in a month from ow. That's my opinion.

Camille: In a month everybody should be at least getting their stimulus check by then.

President Stork: Really. Are they going to spend it on things they need to spend it on? Are they just going to blow it? That's the key.

Director Fato: Okay, thank you Bryan Block, for representing a kinder, gentler attitude with the SUD. I commend and applaud your comments. I would propose that we table this and revisit this at the June meeting and see who all has not been able to comply with the June 10th due date on their water bill and revisit this and see how many people in total are hurting that couldn't make the May payment even and see if that 160 number has grown. But I propose that we table and revisit this in the June meeting and give the ratepayers an additional chance to recover or come forth or explain their hardships.

Director Harrison: I wanted to suggest that in the meantime that we are communicating to them however they are getting their late notices and their bills, we communicate to them that the PUC order does not apply to us. Because I can imagine some of these people might think that the PUC May 15th date has them covered. And then my other comment, I want to make is a stimulus check. I mean, a person might have other bills to pay, like a mortgage or rent so it may not necessarily mean blowing it, if they're unable to pay their water bill with it.

President Stork: Right, it can only go so far.

Director Block: Right, that's something we look at in May or another month from now, not in June.

Director Haynes: June would be three weeks into June.

Director Block: Right. I mean May.

Director Haynes: I agree with May. Because we will be three weeks into May when we have our meeting.

Director Block: There's no excuse. People know they need to pay their bill, but at least they can have the common courtesy. No we're basically just letting them ride right now. But to at least reach out and say, I can't pay right now, at least reach out to the office. Just not calling and not saying nothing, not even applying, that's not right. If you can't pay a bill, at least reach out to the one you owe the money to at least kind of work something out. I can at least give you 50 bucks or 20 bucks or something. I am doing my best. I'm looking at May, the people that have not even reached out to us in May with after I'm sure you will probably come they will go back and ask the same people again. If they can contribute something to the bill, but the ones that don't have any communication with us whatsoever. When it comes to the May bill, we may have to do something I don't know. At that point, I'm not sure what we're going to do.

Director Fato: Why can't we put out some kind of hardship notification in the April bills that go out like on the 28th, or whenever the meters get read, that will be due by May 10th. Something that says contact the website and fill out an application hardship, you know, testimony declaration or something like that, that allows people to explain what their hardships are, I lost my job, my dad died, my husband died, the ratepayer died, you know something like that to at least explain their hardship and give them an avenue to respond, other than calling in.

Attorney Fancher: It is my understanding they don't have to just call in. It's also they can email they can use whatever the other contact methods are, but what I will say I have told Camille this and I'm telling my other utility clients because this is coming straight from TCEQ/PUC and other attorneys. I would not recommend shouting it from the rooftops. I would not recommend a blanket statement in a bill because what happens is you get every person, even those that don't have the hardship that didn't otherwise know about it. There were plenty that were paying and able to pay their bills and they start sending those in. And then you're in a position where during the last economic downturn in the 2008 timeframe, utilities across the state there were TRWA and other studies about utilities and how they were impacted. And those that did, blanket statements like that saw a dramatic increase in the number as compared to those that just notified those that were late. So I think the way that the office is doing it now where those that are late are given a statement that says, please notify us by email or phone call if you have a COVID hardship and we'll get on a payment plan. And that's what most utilities are doing in order to stay solvent during this tough time.

Camille: The April bill has already gone to the printer, so we cannot put anything with the April bill that's due May 10th. That's already been sent to the printers.

Director Fato: All right. Can you remind me please again why the Bear Creek SUD is not aligned to the Public Utility Commission' guidelines.

Attorney Fancher: They are not under the original jurisdiction of the PUC when it comes to disconnects and customer service issues, only on investor owned utilities that are not a governmental entity. That's just based on the way that the statutes governing PUC and Bear Creek are set up. And because essentially they want the governmental entities like ya'll for your Board to have the original say in what your rates are and what your customer service policies that are all in line with chapters 49 and 65 of the water code. But that is why it's been set up that way.

Director Fato: Loosely stated, does that mean we're too small to be affected?

President Stork: I understand the hardships. I understand that, but what I think she's trying to say is we are already going to be negative, if we let people keep going and going, they're going to walk or they're not going to pay at all, and I don't know that we can absorb six months or three, you know, four or five months of no money. In other words, you're going to find some that it's like you said, if you put that out there, there's going to be some people that have the money, they're going to take advantage of, and there's just no way we have an open checkbook, we're not going to have to do that. I don't think we need to do it that way, because it would allow a lot of people that would probably do things that they're going to say, well, we're just not going to pay that bill, well, we'll do something else. But at some point, it may be June or whatever it is, you know, we can decide like I'm good with tabling it till May. But in May, we may need to look at it and see exactly where we're at as far as the government and how we're going back to work because I believe some of the businesses are actually going to get to start going back to work if I was looking at the news right the other day. So hopefully, if not everybody, should start getting back to work in some capacity. But if we let them go for six months, there's going to be people you're never going to get that money back.

Director Block: Right. That's what I'm hoping if we give it another month or so. People that have met that, that hopefully, the people that were there not even responding whatsoever that gives them one more month to respond back to us in some shape or form of that they need help or we can work something out with them. And then we can look at it if they still haven't reached out, then we will have to talk about what our next plan of action would be. I think we should give people another month and just let it ride. Like that lady that has the $700 bill, I mean, that's a large bill and continues to add up. I think you just look at it in a month and say.

Director Fato: All I want to say about this is we have what 2800 maybe almost 3000 ratepayers now, only 160 of those have failed to, you know, step up with their bills. But that

doesn't mean that all of them are criminally minded. You know, you guys have got to stop thinking of everybody as trying to cheat you.

President Stork: I know. I don't. I agree there could be everyone of those could be legit. But I just know, in the past, there's some people that are going to take advantage of that.

Attorney Fancher: Right.

Director Fato: As is normal with everybody, but you just don't want to, you know, not give the good people a fair shake.

President Stork: I absolutely agree with you 100 percent on it. But here's the thing, I got to look at it, though, is this let's just say these 160 people decide not to pay, that means that the2800 people less the 160 are going to have to make up that somewhere down the road.

Attorney Fancher: After this, I will send you a link to a PUC document that they've issued on this topic. And your point, Herman, is exactly one that they bring up that the bottom line is that if you do have utilities that have to eat those costs, for example the $700 bill that keeps going up that the person may or may not walk, those easily add up. Especially, when there's multiple. So what happens, there is eventually a rate increase based on when a utility has to absorb this kind of hit. And so hopefully, it won't be much for this utility. But the point is, that the PUC is already thinking in that direction, about what this is going to look like. So I will after we get off of this, I will send you that link. So, you have it. To Letty's point about it has some good information in it. And it's certainly something that can be used as a reference about what the PUC is saying about how it applies to SUDs.

Director Fato: Thank you. I would appreciate that.

President Stork: So, I'm taking it right now that we have a basically, we're wanting to put this on the table until, are we talking May or June. Which one are you talking?

Director Block: I think we revisit in May. I think we have the same topic, just revisit in May and just see where we're at and just get another update where we're at, then we can go from there.

Camille: We also need to decide, are we going to amend our budget to cover the Corona virus expenses that the company is incurring? Because we're probably going to have to add a line item, when we come up with some numbers that it is going to cost the company to cover expenses associated with the Corona virus.

President Stork: We probably should put a line item for that.

Director Fato: I think we should make a budget line item because this is going to be going on more than just a month, especially if you open too early.

Director Block: Yes, this is probably going to go on. We could possibly be in this for a couple of months, at least. I think we want to amend the budget, but maybe we don't amend it until like September or something. Let's get a couple of months behind and see kind of what our numbers are going to be. I'm not saying we're not going to take action after May on some of these people that haven't paid but as of right now we'll just take another look at what most everybody's taking either a couple weeks or months at a time and we're looking at everything. I don't really like putting things out for two months from now, I don't know what's going to happen. In like a month, then go back and look at it again and go from there.

President Stork: Everybody good with that?

Director Fato: I'm good with that.

Director McClendon: I'm good with that.

Director Harrison: Yes.

Director Haynes: Good.

Director Block: Do we need to make a motion or just table it until next month?

President Stork: Table that one.

Director Fato: Table this topic to the next month, to the May meeting.

Motion made by Director D. Fato, seconded by Director B. Block to table possible action regarding suspension of cut offs due to emergency Covid-19 declaration until the May Board meeting.
The President called roll for the vote:
Director Fato – Approved
Director Harrison – Approved
Director Block - Approved
Director Haynes – Approved
Director McClendon - Approved
Motion carried unanimously. Director Elder absent.

C. Discuss House Bill 3834 – Cyber Security Awareness Training:

Camille: Kristen, you want to comment on that.

Attorney Fancher: So, you have yet more requirements as board members, elected board members, you are now required thanks to our last legislative session to take cyber security awareness training. And, there has been a little bit of delay in all the sources available. But my though is to implement. Camille, or myself, however, we want to do that, will send you a

link and the due date plan is June, June 15th. We basically each board member and Bear Creek SUD employee, anybody that has access to Bear Creek technology, so computer systems, whatever, has to do this. That would be all the board members and all the staff. At the end of the training, you get a certificate that essentially is similar to the Open Meetings Act training, that you chose to do it and you get a certificate and we check a box and say that you have complied with the law.

Camille: We have already set up a company to do the training. I need everyone's email address you want this information sent to. You will get a link from the company to log in and do their training and then you will get the certificate. The company will forward that information back to me and we will update the website where we have to report this information to. I will need an email address from everyone that they want to get this information to. If everybody is ok with their original email address that I send your board packets to, I just need to know that.

President Stork: I'm good with my email address.

Director Block: I'm good with my email address.

Director Fato: I'm good with Deb Fato. Kristen can you please define the cyber security we will be having to train for, exactly.

Attorney Fancher: It's basically my understanding, I haven't see any of these trainings, the ones that we will be sending you, they are all new. I have never seen one of these videos before. Because there is a new requirement. It is my understanding this past legislature is, because a lot of you know, smaller local governments similar to the size of Bear Creek are having cyber security issues with a staff or board member. Using the technology and then using the technology and then we're at. They are clicking on a link, what I believe this is going to do is tell you, okay, if you get an email that looks suspicious, don't click the link in the email. I think it is going to be a lot of it. I don't know to what extent they are going to go. I believe it is an hour or less in time, so it is similar to the Open Meetings Act training. And again, based on the fact there have been a lot of breaches in security. The issue is, where board members email addresses get hacked, and then they are connected to the District and the next thing you know the District has the virus and then there is customer's information that has been compromised. That is what this is going to be designed to prevent.

Director Fato: Okay, thank you.

President Stork: We go through this every year at work, and really, it is just like she just said, there is people that are sending you. Some there will be a name or somebody, they will send you an email and they say we are trying to collect or we are trying to do this survey or something like that. Or they will make it really good like in our work, they make it so well, that I go and check their name on our address list and make sure they are even in the company. We have a security that we send it in. It's called phishing and they check the email out and they will send an email back and they will say. This is malware. This is

spyware. This is malicious. We will just delete it. But it is very serious. The sooner we can take that class, the better.

Director Fato: Just to exemplify, this happened to the Lavon EDC. When Micky Hollien worked there. She got an email from a hacker that posed as her boss and told her that she needed to get into the EDC funds and buy two like $500 give cards for a total of $1,000 and send them and the numbers on the back to a certain email address and she actually thought she was getting instructions from her boss and her order there was not to call her boss and verify on the phone, hey, I just got an email from you that told me to do this. She just went ahead and did it. And it ended up being $1,000 loss to the EDC and it cost Micky her job. So it does happen. And that's just one example, I can cite.

President Stork: There are people out there that send emails that look very realistic. I don't think Camille is going to ever send around a note. She is not ever going to send one asking you to buy something and send it somewhere but so if you get one of those, make sure you delete it. It is definitely going to be malicious. So we can have our company guy check on it for sure because it may link back like Kristen said earlier back to our company. Absolutely, whatever you do, just don't click on a link or open it. That is the key.

Camille: Everybody good with the email address that I use.

President Stork: I'll go down the list.
Deborah? Yes
Letty? Yes
Bryan? Yes
Robert? Yes
Colby? Yes
Herman? I'm good with it too

D. Discussion and consider participation in North Texas Municipal Water District's Phase II Rate study and water rate appeal matters pending before the Public Utility Commission of Texas:

Camille: I attended the first coalition meeting that was held and there were several entities that were there. We just talked about what was going to be happening and I know that some of the people, like the City of Rowlett, they have been going to the North Texas Municipal Water District Board meetings, even though they cannot say anything. They have still been attending those meetings. We met, it was very informative. There are a lot of entities that sell a lot more water than we do so, so they are definitely affected by this a lot more than we are, but we will be affected by it. I put in the packet an email that Julie Couch, City of Fairview, and she is the person that is kind of being the head person of this coalition group. They located an attorney in Austin, Leonard Dougal with Jackson Walker. He is representing several of these entities like the City of Fairview, the City of Rowlett, a lot of the ones that are definitely interested. At this point, there is only one Special Utility District that has joined in with this. You have to pay as the down payment, $5,000 that you have to

pay to Jackson Walker for Mr. Dougal, and then they estimate that they are going by how much water you purchased from North Texas about what your cost would be. They estimate, it would probably cost about $10,000 to participate in this. Yes, it is something we should definitely be wanting to know about, be interested in, but I don't think we need to participate. I don't think we need to be spending that kind of money because a decision is going to be made whether we participate or not. I do know that they told us that at the North Texas board meeting in March, the Board of Directors for North Texas and the member cities were quite adamant about making sure that non-member entities are charged a lot more than member entities. They are wanting to increase that amount by $0.50 per 1,000 gallons for non-member entities. Right now, Bear Creek SUD pays $3.04 per thousand gallons to increase that this year to $3.54 per thousand. Just in this year alone for Bear Creek SUD, would be an increase of $121,682. Definitely we are interested in this because we do not want that to happen. But, I don't think we need to get involved and be a participant and file paperwork with the PUC. It is going to be quite expensive. When you look at $10,000 compared to $121,000, it might be better. I guess that is something. Right now this year, for North Texas a year goes from October 1, 2019 through September 30, 2020. What we will pay for our take and pay contract is $747,159. If they increase that with the $ .50 per thousand gallons that would raise Bear Creek up to near $868,841 that we would pay to North Texas for our take and pay contract, that's if we do not go over our annual minimum demand, which I expect we will do that this year.

Director Block: When we first looked at this, wasn't it at the City of Rowlett that you went to a meeting.

Camille: Yes, the City of Rowlett hosted the first meeting and the next meeting was supposed to be at the City of Fate. Because of the Corona virus, it got postponed. There have been about 12 entities that have already joined with this coalition and filed intervention paperwork with the Public Utility Commission.

Director Block: Right, but when we first talked about it, it was just we were going to sign up and it's not really costing anything, I figured when it got in there, it was going to be legal fees involved. I knew that was coming, but I personally don't say it's going to happen regardless. I think we are going to be included when it goes up probably but I kind of feel like why poke the bear more than we have to maybe they will have some leniency on us. Because if we go out, they are going to know who is all involved. They are going to be impartial to everyone, but I think we will put our name out there even more because it's North Texas. When it comes to the contract negotiation or anything, I don't want to have a red flag on our name.

Camille: Exactly. I did receive an email from Tom Kula at North Texas telling every customer, non-member entities, that they have budgeted $5 million for fighting this rate appeal and that they will be passing those charges back to all entities.

President Stork: Yes, we are going to get hit with that regardless.

Director Block: We have no difference in our rate appeal, tired of spending money on that, telling people that $10,000, I did that just to get our name in the hat. It's only just to get your name on the piece of paper, then it is going to continue to go up. It is never going to stop. It will take forever for this to go through.

Attorney Fancher: Rights. Bryan to your point, I was on the call, the one because the last call you saw the email from Julie there. That's the town of Fairview representative. I was on the call with the attorney, Leonard Dougal. I know him pretty well. I have worked with him in Austin. I think the $500,000 budget that they gave is very low. I definitely see it being probably doubled. All said and done, I do think you are right. I think you are paying for it on either end. And one thing we went ahead and I emailed Julie to follow up and that is you saw the email that is why she returned the email because I pretty much already told her in writing. We are already in a rate appeal. We already have some budget concerns and just FYI and heads up don't expect us to participate so they have already been on notice of that and I do agree with what you are saying Bryan that the $10,000 gets you a filing with the PUC but you know what is that and I will say that the North Texas is really looking at ya'll trying to get you to pressure your friends, your other non-customer, non-member entities to stop to not intervene because it is just going to jack up the charges you know. I agree with this the thought of just trying to stay out of the fray because it is going to cost you and whatever is going to happen is going to happen no matter if Bear Creek SUD is involved or not to be honest.

Director Block: I doubt it is going to help us even if we stay out of it, maybe North Texas would have some leniency on us or something. If we ever have anything going forward if you get your name on that list. You got to read and go to it like being audited. Once the auditors and having more and more, but anytime we go to them to ask them for anything we want to drag out another year. We're not going to sell that piece of land to them or whatever the example may be. I think we don't poke that bear that much beyond, me personally.

Director Fato: I disagree vehemently. The Jackson Walker firm is a steller, couldn't be better represented law firm to take on this cause. I agree with Kristen and that their $500,000 estimate is to what it's going to take to do this is an understatement. This is going to be a good. If you don't jump on that bandwagon, you're going to suffer the consequences. But if you do jump on that bandwagon, you at lease have a say in this fight. So why would you want to like forego an opportunity, to take a stance is not advisable to this director. I think you should participate in that rate study and water rate appeal. And if they want to raise it by 50 cents, let me remind you we're paying $3.04 to buy a 1,000 gallons of water from North Texas. Your new rate increase notification that came out February 12th said we're charging $6.50 per gallon. So we're already making $3 more per gallon from what we buy, in profit. So it's not….

President Stork: That is not profit. You're not seeing that right though. I'm sorry, Deborah. That's not accurate. That's not profit. That's helping to run the company. I know you think that.

Director Fato: I welcome James Joyce's analysis of how much it actually costs to run the company. I'm just saying, do this water rate study thing. Now maybe if we had picked the guy that worked at North Texas State to be on the board, he could be of some influence or guidance. Anyway. I disagree with the part about foregoing this and just letting the chips fall where they may. If you don't want to stay in it, then you're welcome to pay all the costs that are incurred from it. But I would really think that it would behoove Bear Creek SUD to participate in that event and pay the $5,000 retainer to Jackson Walker.

President Stork: Well that's just.

Director Block: $10,000 isn't

Director Fato: Now, that's just $10,000. So we're already pretty limited. We're already paying $7,000 to wash the employee's clothes. I mean what's the difference? But you could deduct the uniform expense and then give Jeff Donaldson a lease on a water tower and you'd make that 10 grand right there.

Director Block: Oh, my gosh, you're getting way off topic.

Attorney Fancher: My thought is to put it to a vote, whoever put their motions up.

President Stork: Yeah, we're already in a rate appeal now. If we do this.

Director Fato: Yeah, I'm very well aware of that.

President Stork: And if we do this, you're going to get but if all we're going to do if we start paying more attorneys for something else. We're going to have to go up on the rates again. North Texas is going to pass that cost along and $5 million between however many entities it is you split it up. If it all goes back to our customers, we're trying to provide the cheapest water of all. We can do at affordable prices. And all this stuff is costing more and more money. I mean, I got to agree, if it was going to be in a position, either way we go, if we go with them or we don't go with them, we're still going to end up costing us money. Because when you start jacking with North Texas, it's going to get passed down. I mean, that's my two cents. Either way, it's going to cost, right?

Director Fato: It already does anyway, Herman, you need to take a stance, or just bend over and grab your ankles, one or the other.

Attorney Fancher: Okay. What I'll say at this point is, we don't have, I told Camille and Herman that I don't want to do executive session because of the complications to do that. I would say that any other conversation about that at this point needs to be in an executive session. So, I'd say either table it or make a motion at this point.

Director Fato: I move we table it.

Director Block: I'll make a motion that we, okay, go ahead.

President Stork: We're going to table it till the next month or till we can actually have an executive session.

Director Fato: I make a motion that we table it until we can investigate the ramifications a little bit better.

President Stork: Okay, Deborah's made a motion that we table it until we can get further information on it.

Director Block: Based on the letter they sent, they want an answer. They want it done like in the next couple of weeks.

Attorney Fancher: Right?

Director Block: So I don't think tabling it will make a difference.

Director Fato: Have we seen a letter?

Director Block: Yes in your board packet. Scroll to the bottom, there's letters going back and forth. I personally don't think we should enter into it, but we want to take it to the vote, we'll table it. That's fine.

President Stork: Right, Deborah just wants to table it, so if ya'll want to table it, I need a second to table it.

Motion made by Director D. Fato, seconded by Director B. Block to table possible action regarding participation in North Texas Municipal Water District's Phase II Rate Study and water rate appeal matters pending before the PUC of Texas..
The President called roll for the vote:
Director Fato – Approved
Director Harrison – Approved
Director Block - Approved
Director Haynes – Approved
Director McClendon - Approved
Motion carried unanimously. Director Elder absent.

E. Discuss Ratepayer Town Hall Meeting:

Camille: The main reason that we had to cancel the Town Hall was because the school notified us that they were not allowing anyone to go into the school. We had to cancel for April 7th. They have also told us that they do not know when or if we would be able to get back into the school. And of course, since we can't have anything over 10 people or more, we are going to have to hold off until that happens. So I guess my question is, do we just

table it until such time as all of the Corona virus stuff is lifted? Then, we can look at that again. Whether it is two months, three months or four months down the road, I don't know. But I know the school is not going to let us in and I don't believe they are going to let us in anytime during summer, either.

Director Haynes: Is it possible for us to use the town? You know, the city Town Hall, you know where the gymnasium area.

President Stork: Well, but you can't have more than ten people.

Director Haynes: No, I'm not talking about now. I'm talking about when they release this thing. If we can't get the school, say they release everything in July, we can do it before the school opens up.

President Stork: We might be able to do that even in the city hall may be able to do that in the gymnasium like you're saying if they release all that. We should just table this until we have a cheaper and better solution for us.

Director Fato: I had a telephone call with John Carlton today about the town hall meeting and about the continuation because we would have had to have effectuated mediation of this action by April 29th, which is a week from tomorrow. And that is obviously impossible, but spoke with John Carlton today about how long we will continue this or not, or whether we would even consider mediation or whether I should move forward to trial. And what John Carlton and I decided was that we're just going to see how this plays out. But we do need to have a town hall meeting, whether it's in July or however the COVID-19 pandemic plays out. You know, that's the only thing that's making this influx right now. But there should be no, if, in the, if we have a town hall meeting, it is going to be we're having it or we go to trial. So we're going to have it because that is my way of keeping attorneys' fees, the lowest possible on this, but I am not willing to continue it another three months because then that would go towards like nine months to a year of getting no response towards this petition action other than waiting for James Joyce's report. So my motion is that we table it until the May meeting to decide what we're going to do vis-a-vie the pandemic crisis results.

Director Block: Yeah, I think we should table it. But, the thing is, I would think it's probably going to be several months, before we could even think about having a town hall meeting because there's going to be a lot of people, a lot of constituents and our customers and things that are not going to want to come to a meeting because of what's going on till we get, they get normalcy or they want to get back together. A lot of people

Director Fato: I'm aware of that.

Attorney Fancher: Right

Director Fato: We discussed that. Move out to the next month?

Attorney Fancher: I spoke with John and yes, my understanding, is that you table it till May but the decision in May will likely be having a virtual Town Hall and that is likely if you have it before July that's probably the way this is going to look which we all know is not ideal. But that's my understanding of what's on the table is that it's likely if we're having it before July/August time frame, it's going to be a virtual Town Hall.

Director Fato: And we can record and videotape a virtual town hall meeting to where other people can tune in, or even have J. D. Miles with channel 11 news come in and broadcast it or something. But there's something we can do, but we owe the ratepayers an explanation as to how all this analysis went, how everything went, how the petition actions going, and stuff, because, you know, 300 people didn't come forward for nothing. So we owe them an answer.

Director Block: Yes, the truth. See the truth of what's going on with everything, happening, within Bear Creek SUD. I think it is vital to have a town hall meeting, but it could be 4, 5, 6 months from now.

Attorney Fancher: Right.

President Stork: The Town Hall would actually be better though, because you can actually get participants there, the virtual is going to be difficult.

Director Block: I think personally we just table it, keep tabling it every month until we can get together and have it at a regular venue. Unless the lawyers say that we have to make a decision at some point in time. And then we will come across that bridge when we cross it.

President Stork: I mean, if you think about it, it can be very hard to get people to call in and get on a phone number or look at a virtual deal versus going out there when you can actually talk to them.

Director Fato: And I wasn't very happy with this whole, you know, Corona virus pandemic crisis. You know, mucking up my petition action, but se la vie. You know, it is what it is the truth is the truth. That's what's happening. But that doesn't give us an excuse to just blow it off. So.

President Stork: We're not blowing it off. You can't have a meeting, if you can't have a building. And you can't have more than 10 people at a spot.

Director Fato: I know!

Director Block: Yeah, I mean, I think we're all I think we're all in favor. We all want to have a town meeting. We want a town hall meeting, no brainer. We all want to have a town meeting. It just when's that going to happen? We just don't know that at this point in time.

Director Fato: Right, because every single ratepayer wants to know where that $35 a month service fee is going and why it has to be that much. And we want a breakdown of how all

that plays out. And I don't think they're going to be too happy with the fact that we're washing the employees' clothes with some of that money. Want to be able to tell the ratepayers, how we are in a financial situation, where all the money goes and how it's all spent all they are owed that information.

Attorney Fancher: Yeah, and at this point, ya'll we certainly will have it on the May agenda. I think sounds like you'll table that don't actually need a motion unless you just want to do it. Let's move forward with that at this point.

Director Block; I'm good with the decision to table it until May.

Director Fato: Yeah, table it to May. I second Bryan's motion to table it to May.

President Stork: But we don't even have to do it according to Kristen. We may want to table something else yet. We'll just table that to May.

F. Discuss Pump Station 2 Project and Water Line Project:

Camille: We've resolved all the issues with North Texas Municipal Water District with the valves that they're requiring to move the take point to the 48" North Texas line when we are looking at the project going out for bid in August/September timeframe. So, hopefully that project will get started this year for the pump station 2 to get the 2 million gallon ground storage tank built with the new pumps and the pump station.

President Stork: Perfect, a lot of that's going to depend once again on this COVID stuff. But yeah, maybe we can get it out to bid and do the bid work.

Camille: Yes, as long as we can put it out to bid, then we have bid openings. We have pre-construction meetings with developers by video conference this past week. So, we'll do the same thing for bid openings if we have to.

Director Block: Tell me. I'm sorry, when do you think the bids going to go out Camille?

Camille: Probably August/September timeframe.

Director Block: Okay. Got it. All right.

Director Fato: Okay, Camille. Last time we discussed that at a meeting, I think it was in February or January. It was revealed that there was going to be a huge savings on the cost of this engineering project, because it was discovered that you didn't have to bury that 2 million gallon pump or tank underground that it would be above ground, which would be a great cost savings. So how much of a cost savings is there going to be than the originally scheduled amount that was portrayed as to why we needed to raise the rate in the October 30th Town Hall meeting that you had at NeSmith.

Camille: We do not know what the final numbers are yet because we had additional expenses because we had to change the take point from our original take point over to the new 48" line North Texas is wanting us to move to. They are not making us re-do our contract for that, which would typically make us renew the contract and that would cause a raise in rates with North Texas but they are not making us do. But they are making us put in valves on each side of that take point at the cost of right now they are over $100,000 each. So I don't know what the final cost is going to be on that yet. And we will not know that until we actually get the bids back and the contract is awarded to whoever gets the contract for building the tank. There have been some additional expenses involved in the line that was installed because of locations of other lines that are there lower and change because the City of Lavon has some storm drains in the way so we had to lower that line in places and that caused some change orders. So we will have additional expenses there. Until we get the final numbers on everything, I cannot give you an answer on that.

Director Fato: Okay, thank you. I'll look forward to your answers when they're ascertained.

President Stork: Perfect. Anything else on that one? Nope. Moving right along.

G. Discuss Highway 205 Water Line Relocation:

Camille: Okay, we're looking at all of those plans that we have for 205 and because of the reimbursement rate from TxDOT there were a lot of changes that we ended up making where we were going to replace some of the lines and upgrade them in areas that were not going to be in right-of-way. Now we've taken those out because it's going to be such an expense and TxDOT is not giving us a good reimbursement rate. So right now, our final numbers that we submitted back to TxDOT today is the cost of the project of being, just for the cost of installing the lines, and getting everything out of the TxDOT right-of-way. The cost of the project is $2,715,990.58 reimbursement from TxDOT started at 40.52%. That is also stating that TxDOT will pay 100% for removal of the abandoned lines they want us to remove. They have not told us they are going to reimburse us that amount, but that's what we put in our plan. So reimbursement from TxDOT would be $1,262,533.88 with a cost to Bear Creek SUD of $1,658,752.70. That does not count the five parcels that we have identified that have to be eminent domain and the cost of those five parcels just for the appraisal that we received back. The cost of five parcels is $57,168 and then we would have attorney fees on top of that for doing eminent domain on those five parcels.

President Stork: A lot of money.

Camille: We're looking at over $2,000,000 at a cost for Bear Creek SUD for the project.

President Stork: Yeah, but we got to front all of the money and then get it reimbursed.

Camille: Correct, it will be $3,000,000 that we front and then get reimbursed. Right now, that's just what the engineers are estimating is going to be the reimbursement rate. We don't have final numbers from TxDOT telling us that.

Director Block: Yeah, that's a big one.

Director Fato: When do you expect those numbers back from TxDOT.

Camille: They have had our plans for almost a year, and they just in the last month actually sent them back to us with their review on them. So I don't know if they will ever get in a hurry about doing anything. They did want all of the lines moved by this fall, which will not happen, for sure. And this is a project we have no control over. We have to do it.

President Stork: Yeah, no different than when they go down 552.

Camille: I think 552 is going to cost us 100%.

President Stork: Yeah, because we have nothing. Everything is in the right-of-way.

Camille: So we have to figure out what we're going to do, how we're going to come up with $2,000,000 to do this project that TxDOT is forcing us to do.

President Stork: Any suggestions?

Director Fato: Oh, forego the uniform expense and get rid of the cop in the room every board meeting. That'll save a bit.

Director Block: Do we, is our budget enough for that did we already budget that. Are we going to have to amend our budget on that one too?

Camille: We will.

Director Block: Yeah, this year?

Camille: Yes.

Director Block: Okay, yeah. A lot of amendments to the budget.

Director Fato: We can handle it.

President Stork: Better hope it is a hot dry summer.

Director Block: Yeah, sell a lot of water.

President Stork: A lot of water.

Camille: In the month of March water usage was not very high. That's with everybody being at home.

Director Fato: It rained a lot.

President Stork: You would think that with everybody being at home, you would use a lot more water.

Director Haynes: Well, we're all at home not working, so nobody's taking baths.

President Stork: Nobody's taking showers, nobody's leaving home, nobody's washing cars. No nothing.

Director Fato: I personally represent that. So glad it's a telephonic meeting. Yeah.

President Stork: Okay. Nobody else has anything else on that.

H. Discuss Pump Station 1 Tank Install:

Camille: Okay, the tank has been erected. It has been completed. It has been filled, chlorinated, drained, and refilled and the electrical people are working on doing the electrical for fittings. North Texas Municipal Water District SCADA requirements are in and how they will fill the tank. Foundation work, they did the foundation for the tank. They're still doing clean up there. We're going to have to do some work on that old tank that we're leaving in service. So we're going to have to amend the budget for that tank because the cost of that tank has increased. All the foundation work that we're having to do and all the electrical work that we're having to do. To finish up because we're having to do the hatches on that old tank. Because since we're leaving it in service and not taking it out of service yet. When they did the TCEQ inspection last time, they told us that our hatches were not big enough on top for TCEQ. So we at the time, we had plans that we were going to demolish the whole pump station and build on this pump station there but those plans were tabled because we have not had the growth in that area. Since we've decided to keep one tank there and put in the new tank, we're hoping to get at least 10 years of service out of what we have there today to hold us over because of growth for at least 10 years. We had budgeted the money in there for the tank for this year. Right now the remaining balance that that was paid the first of April to finish off the tank was $45,382. The construction for the foundation and fixing the hatches on the old tank and cleaning it up and doing the remainder of the foundation work that is going to be $97,107. The electrical for the SCADA and that increased over what we had planned in the budget because of the requirements of North Texas and that cost is $85,040. We also had the electrical people had a hand hole box in the ground and the people that came out to empty the dumpster that we had at the site, ran over the box last week. So the repairs to that is $1,143 to get that fixed back. The total remaining that we're estimating to pay out is $228,672. I still have $140,905 left in my budget. So to

complete, we need to add $87,767 to the budget to finish that tank and all the upgrades that we need to do to the existing tanks that is at that location.

President Stork: Okay.

Director Fato: Good thing, you're selling a lot of water meter connections for the new subdivision.

Camille: Those water meter connections are what is going to pay for the upgrades and the lines and things that we have to do and the additional storage.

President Stork: That would be the repairs, so we need to, I think we need to at least amend by $90,000 to give you a little extra wiggle room, wouldn't we.

Camille: I think so.

President Stork: Or should we go to $95,000 on that Camille because $87,000, that's almost 88. Probably go over that a little bit more.

Director Block: Camille when is that pump station one, when is that new tank going to be online.

Camille: Probably within a month or less. Once we fill it this time again, we take samples. We have to get those samples back from North Texas and once that's approved and they get all of the electrical hooked up, then we can start. We can put it in service. I'm estimating, hopefully, if weather holds up and we have been postponed a lot because of the rain and they haven't been able to do foundation work and things like that. So that's a little behind schedule. I'm hoping within a month, we'll have it online and in service because we've got to take that other tank out of service as soon as this will gets online. We have to take that other one out of service before the dead of summer because once it gets summertime, we won't be able to do that.

Director Block: Right.

Director Haynes: Can we use our construction account to do this with?

President Stork: That's what I was just looking at Robert, the construction account.

Camille: Yes, we can.

Director Haynes: I make a motion, we amend the budget for the pump station one tank by $90,000 by pulling it from the construction account.

Director Fato: What happens to that tank after it's taken out of service does it get pulled out of the ground and sold for scrap metal or?

Camille: No we're taking it out of service so we can do repairs on it, then it will go back in service.

Director Fato: Okay.

President Stork: We have a motion on the table by Robert.

Motion made by Director R. Haynes, seconded by Director B. Block to amend the budget by $90,000 from the construction account.
The President called roll for the vote:
Director Fato – Approved
Director Harrison – Approved
Director Block - Approved
Director Haynes – Approved
Director McClendon - Approved
Motion carried unanimously. Director Elder absent.

Director Fato: Deborah approves with the caveat that I would like to see invoices and documentation supporting the increase as it's incurred.

President Stork: They should be all in the budget. They should be in the next report.

Director Fato: When the bid comes in for the extra expense, I'd like to see that documented.

President Stork: Okay. Can we show her that bid? Camille, will we have that in documentation?

Camille: Yes, I do.

President Stork: Okay. That's the last thing we have on our list. So at this point, we're going to say that we're going to adjourn our meeting, our first call in meeting. We'll reconvene at our next board meeting again in May, to see how this goes again and see where we're at as far as corona and hopefully we can get back to normal pretty soon.

Director Block: I second that.

Director Fato: Everyone stay home, stay healthy.

Camille: Wish we could stay at home, but we have to provide good clean water to you guys.

Director Fato: You don't have to see anybody when you are doing it.

Director Block: And a hot shower.

Camille: That'll be hard pressed to avoid seeing people when we are having a walk-through this Friday of about 20 people doing a walk-through of a subdivision. So, yes we have to see people.

Director Haynes: I want you to maintain that 6 foot clearance.

Director Fato: Wear masks and gloves.

President Stork: Masks and six foot clearance.

Camille: Yes, I went out and purchased masks for all of the employees so we would have a mask. I did not use company money for that either.

Director Fato: How great of you.

President Stork: Thank you. Stay up wind. Anybody have anything else. If not, we'll adjourn.

Board to Set Future Meetings and Agendas: *President, H. Stork, asked if anyone had any future meetings to be set or any items for future agendas. There were no items suggested for future agendas. Future Meeting set for May 19, 2020.*

Adjournment at 7:47PM:

_____
Herman Stork, President

_____
Bryan Block, Vice President

_____
Camille Reagan, Recorder