

Bear Springs Trails Water Supply Corporation Annual Meeting Minutes

BSTWSC Regular Board Meeting		
5.6.2017	10:00 a.m.	997 Bear Springs Trails, Pipe Creek, TX 78063
Meeting called by	Jan Serene, Board President	
Type of meeting	BST Water Supply Corporation Annual Members Meeting	
Note taker	Karla Seale, Secretary	
Attendees:		
Jan Serene, President	Val Maldonado, Member	Joan Robinson, Member
Andy Watson, Vice President	Lupe Maldonado, Member	Rick Robinson, Member
Betty Serene, Treasurer	Maria Liebold, Member	Tracy Serene, Member
Karla Seale, Secretary	Russ Liebold, Member	Ray Nolen, Member
Flint Lemon, Director	David Ketterer, Member	Terry McCowan, Member
Carl Schuman, Technical Advisor	Clay Seale, Member	Debbie McCowan, Member
Melissa Watson, Member	Wendell White, Member	Bruce Scott, Member
Skeeter Schuman, Member		
Agenda		
Call to Order		
Roll Call and Quorum Determination		
Brief History of BSTWSC		
TCEQ 3-Year Inspection Results Report		
2016 Budget Report		
Rate Increase Notification		
Board Member Election		
Open Forum		
Review of Calendar & Follow-Up Actions		
Adjournment		
Topic: Call to Order, Quorum Determination, & Brief BSTWSC History		
Presenter	Jan Serene	
Key Points		
All individuals listed as attendees above were present. After introducing the BSTWSC Directors to the BSTWSC members, President Serene called the meeting to order and determined if a quorum was present.		
President Serene requested members notify the Board of their preference between email and regular mail for billing. He indicated that email was preferred as it reduced expenses and saved time.		
Quorum Determination: There are fifty (50) owners in the water company. Under the bylaws, only 10% or five (5) owners need be present for a quorum. More than five (5) owners were present so a quorum was determined to exist for the purpose of conducting the meeting.		
President Serene provided a brief history of the BSTWSC for members. He emphasized that the original water company set water rates well below market prices and the break even point in order to increase the marketability and desirability of the lots. He also reminded the members that while the BSTOA purchased the water system, under state regulations it could not operate a water system, and so BSTWSC was formed.		
Topic: TCEQ 3-Year Inspection Results Report		
Presenter	Jan Serene	
Key Points		
President Serene updated the BSTWSC members on the status of the 2015 TCEQ 3-Year Inspection:		
<ul style="list-style-type: none"> • TCEQ final approval of the past 3-year inspection was finally granted in March 2017. This was an 18-month process. • The next 3-year inspection should occur in 2018. • The inspection of the storage/pressure tank is the only potentially outstanding item. 		

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President Serene reminded the members that we are heavily regulated by TCEQ. BSTWSC has passed all quarterly and annual inspections related to water quality. The only issue is a slightly elevated Fluoride level which is endemic to the aquifer and not something that can be remedied by BSTWSC. Members were reminded of the recommendation to use bottled water if they have small children.

Member Question: How stable is the water supply?

Response: Very stable. BSTWSC has a deep well (650 feet). During the height of the drought, there were no issues, and none are currently anticipated. In the unlikely event of a water shortage, BSTWSC has signed an agreement with Aquatech to supply water.

Action Items	Person Responsible	Deadline
No Actions for this Topic	N/A	N/A

Topic: 2016 Budget Report and Rate Increase Notification

Presenter	Jan Serene
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Key Points	
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President Serene provided an overview of the 2016 budget to include a detailed accounting of expenses:

Starting Balance	\$ 9,916.16
Income	\$ 21, 241.06
Total	\$ 31,157.06

Expenses

Outside Contract Services	\$ 550.00
Facilities and Equipment	\$ 4,384.23
Bandera Electric	\$ 1,536.97
AquaTech Drilling	\$ 8,932.73
Operations	\$ 1,270.99
Total	\$ 16,674.92

$$\$9,916.16 + \$21,241.06 = \$31,157.06 - \$16,674.92 = \$14,482.30 \text{ (December 31, 2016 Balance)}$$

Represents 27 water customers out of 50 lot owners.

President Serene broke out the expenses as follows:

Outside Contract Services (Water Meter Readings)	\$ 550.00
Bandera Electric	\$ 1,536.97
AquaTech Drilling, Inc	\$ 8,932.73
Facilities and Equipment (regular maint)	\$ 4,384.23
Total	\$ 14, 853.93
Water Testing	\$ 1,179.84
Regulatory Assessments (statement chg)	\$ 57.37
Postage	\$ 33.78
Total Operations	\$ 1,270.00

Total Expenses: \$16,674.92

President Serene notified the members of the drop in account balance since 2016 as follows:

Checking Account Balances January – December 2016

- 01/01/2016 \$ 9,916.16
- 12/31/2016 \$14,482.30
- Current \$ 8,455.93 (as of the end of April)

President Serene outlined the system repairs to date that caused the drop in account balance:

- 12/24/2015 \$2,867.59 Install New Booster Pump
- 12/30/2015 \$ 671.50 Replace Chlorine Pump
- 03/24/2016 \$ 100.00 Service Call for Leaking Chlorine Line
- 09/16/2016 \$ 300.00 Install Pump Savers
- 12/23/2016 \$5,534.98 Service Call to pull and replace Pipe & Wire plus Materials
- 02/10/2016 \$ 100.00 Service Call to replace tube on Chlorinator – Reattach weight
- 04/21/2016 \$ 100.00 Service Call to unthread and re-dope fittings and reattach plumbing on booster pump

Total Cost of Repairs to Date is \$9,674.07.

President Serene notified the members of the BSTWSC Directors decision to raise water rates since we are not covering normal operating costs and repairs. Vice President Watson reminded the members that our water system is aging (13+ years) and these types of repairs are considered normal. These recurring repairs have reduced our account balance below the desired contingency funds level. The amount of the rate increase will be determined by the directors at the next regular board meeting. (May 8, 2017) A \$15.00 per month increase is the anticipated minimum amount. (i.e. \$45.00/month increased to \$60.00/month)

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<p>Member Question: What other repairs are to be expected? Response: There are constant issues due to water pressure factors and aging machinery (pumps, etc) that are constantly working. For example, the pump at the bottom of the well has yet to be replaced. Member Question: What's the anticipated cost of replacing the pump at the bottom of the well? Response: \$6,000.00 to \$8,000.00.</p>		
<p>President Serene notified the members that the BSTWSC Directors have asked the BSTOA to reimburse BSTWSC for the most recent \$5000.00+ repair. This course was determined after considering multiple options:</p> <ol style="list-style-type: none"> 1. Assess a fee against all customers to cover the cost of the repair. This would be a stiff assessment for the current 27 water customers. 2. Seek reimbursement from BSTOA for the cost of the repair. 3. Raise rates and recover the funds over time which leaves BSTWSC with a precarious account balance should there be any additional unanticipated costs/repairs. 		
<p>President Serene indicated that water rates could drop in the future should the contingency fund reach a surplus level. The surplus level amount is undetermined at this time. It is still the intent of the Directors to operate the water system as a non-profit.</p>		
<p>Member Question: BSTOA members pay per lot? What about multiple lot owners paying for every lot that they own? (i.e. everyone pay \$45 per lot) Response: Under state law/regulations, billing/water fees must be based upon water usage. The only thing that the water company can control is the water rates.</p>		
<p>Member Question: Relative to the water rate increase is BSTWSC considering raising the water rate amount for overage usage? (above 5000 gallons) Response: It was considered, but discarded since very few customers exceed the 5000 gallon limit. This would not generate enough revenue.</p>		
<p>Member Question? What are the chances of something going out soon? Response: We never know. We expect to have to replace the pump at the bottom of the well, but do not know when. At some point the pump in the well house will need to be replaced.</p>		
<p>Member Question? If we changed nothing (\$45.00/month rate) and there were no repairs for 6 or 7 to 12 months, how much would we build into the account? Response: We would probably be fine, but unfortunately we can't be certain that we won't have any repairs during that time. Another \$5000.00 to \$8,000.00 repair would deplete the reserves and BSTWSC would be insolvent.</p>		
<p>Member Question: How many extra hookups did we get this year? Response: More than expected. We planned for one hookup per year in our budget planning. We exceeded that, but we can't count on hookup fees to be sufficient to build reserves either.</p>		
Action Items	Person Responsible	Deadline
No Actions for this Topic	N/A	N/A
Topic: BSTWSC Board Member Election		
Presenter	Karla Seale	
Key Points		
<ul style="list-style-type: none"> • Five (5) Directors serve staggered, three (3) year terms. Prior to the annual meeting the only nominations for BSTWSC Director Positions received were for the incumbents, who had indicated their willingness to serve again. Jan and Betty Serene are currently the incumbents in the Director positions up for reelection. As a reminder, the Officers are determined and/or appointed by the Directors. The election is for the Director positions. (i.e. not the President and Treasurer.) • Nominations were solicited at the annual meeting and the following names were submitted: Joan Robinson and Bruce Scott • Member Question: What are the responsibilities of the Director Position? Response: Primarily to attend the monthly board meeting and attend to the operations of the water company. • All four (4) nominees and members were given the opportunity to outline to the members present their qualifications for serving on the BSTWSC Board. 		
<p>BSTOA President and BSTWSC Member David Ketterer suggested that individuals should not be allowed to serve on both the BSTOA Board and BSTWSC Board at the same time.</p>		
<p>BSTWSC Member Bruce Scott requested more transparency into the activities of the BSTWSC Board and water system operations. Once per year at the annual meeting is insufficient communication. BSTWSC agreed to provide more transparency via emails/texts on water operation issues. The monthly minutes will be posted on the BSTWSC website. BSTWSC Directors reminded members that the monthly board meetings are open and all members are invited to attend.</p>		

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A hand-written ballot election was conducted whereby each member wrote the names of two candidates onto a piece of paper which was given to the BSTWSC Secretary to count. Proxy votes were also tallied. The Election Results: Jan Serene and Betty Serene were re-elected to Director Positions. A re-count was immediately conducted by Member Clay Seale, who verified the results. Note: Ballots will be held and maintained for sixty days, after which point they will be permanently discarded.

Member Question: Why have we had low pressure lately?

Response: To date, all investigations by the water operator regarding low water pressure has resulted in a finding that the issue is on the water customer/owner side, not the system side. Water pressure in the system is good.

Member Question: Is it the responsibility of the water company or the customer to pay for the water pressure issues (on the customer side, not the system side)?

Responsibility: It is the responsibility of the Water Customer to resolve any issues on their side of the meter.

Action Items	Person Responsible	Deadline
No Actions for this Topic	N/A	N/A

Topic: Open Forum for Visitor's Suggestions, Proposals, and Grievances

Presenter	Jan Serene
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Key Points	
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President Serene opened the floor for suggestions, proposals, and grievances after reminding members that BSTWSC is committed to resolving the issues of its customers. BSTWSC is a customer-owned entity.

Iron deposits in the water continue to be an issue for some customers (i.e. "orange brown" water). BSTWSC agreed to try flushing the water system more often at additional flush valve points in the system as a first attempt to resolve the issue.

Member Question: Are we required to have a water filtration system? How much would one cost?

Response: We are not required to filter the water, and not all customers are experiencing the issue. The only thing we do is add a small amount of chlorine. Customers can install their own filtration system for their homes at their expense.

President Serene provided members with the website information: bearspringstrailhoa.org. Once approved, board meeting minutes will be posted in addition to the agendas on the BSTWSC website.

President Serene closed the meeting by pledging to the members that water rates will be reduced once the reserve is deemed adequate for contingencies.

Topic: Calendar & Follow-Up Actions

Presenter	Jan Serene
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Next Meeting	Regular Meeting: 8 May 2017 at 7:00 p.m. at 997 Bear Springs Trail, Pipe Creek, TX 78063
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