

August 26, 2020

The Board of Directors of Bell County Water Control and Improvement District No. 1 of Bell County, Texas met in Regular Session, open to the public, at the office of the district located at 201 S. 38th Street, Killeen, TX 76543, at 09:00 a.m., on the 26th day of August 2020, and the roll was called of the duly constituted officers and members of the Board.

Robert M. Jacobs	President
Don Farek	Vice President
Vacant	Secretary
Allen Cloud	Director
Robert Robinson	Director
Richard Garrett	General Manager

With all said members present except the following absentee(s): None, thus constituting a quorum. President Jacobs called the meeting to order at 9:00 am.

Due to the COVID 19, the meeting was held remotely via the internet.

There being no public comments, President Jacobs went on to the consent items.

In attendance was: Dane Legg, Lott Vernon & Co.; Blair Williams, City of Belton citizen.

The first item of business was the consent items, which included minutes of the regular Board Meeting, held on June 24, 2020, Special called Meeting of July 08, 2020, special called meeting of July 30, 2020, June and July Financial Statements and 2nd quarter Investment Reports. Natasha Keeney went over the June and July financial reports. There were no major expenses on either fund. Water plant treated over 1 billion gallons in both June and July. Sewer treated 420 million gallons in June and 385 million in July. Ricky Garrett went over the Investment Report. The ExtraCo Bank sweep accounts will no longer be on the report. Water report showed a decrease in the 2014 revenue bond account. This is due to the Stillhouse Water Plant ongoing construction. No major changes with the Sewer report. Natasha Keeney will also be signing the quarterly Investment Reports since she is the secondary Investment Officer.

A motion was made to approve the consent items by Vice President Farek and seconded by Director Cloud. All members present voted in favor of the motion.

New Business Items: The first new item was to discuss and consider appointing a new Secretary/Treasurer from the current board members and take the appropriate action. Director Cloud appointed Robert Robinson and it was seconded by Vice President Farek. All members present voted in favor of the motion.

The next item was to discuss and consider appointing a new board member to the WCID 1 board from the candidates who submitted applications and take the appropriate action. President Jacobs stated that Mr. Dick Young resigned his position on the board effective July 2020 and the current board is required to fill his unexpired term. All board members had the candidate's information in their packets. Secretary Robinson nominated Mr. Wallace Blair Williams from Belton and it was seconded by Vice President Farek. All members present voted in favor of the motion. Newly appointed Secretary Robinson issued the Oath of Office to Mr. Williams and he joined the board.

The next item was to discuss and consider audit report for fiscal year 2019/2020 and take the appropriate action. Mr. Dane Legg, Lott Vernon & Co, went over the report. Page 8 of the audit report under net

position, the district has a total asset of 209.9 million; up 4.3 million from last year; capital assets is at 158.3 million, up 25.3 million. On the other asset section, net pension is over 580K; our retirement account is fully funded. Page 9 – total liability is 110.3 million, down 3.6% from last year. Increase in current liability of 2 million due to the Stillhouse Water Plant project. The net position is 109 million, up 8%. District has a strong unrestricted net position. Page 10 – Operating expense is up 125K; non-operating revenue is 350K, up 600K from last year. Miscellaneous income up 290K most is due to the compost grinder insurance claim. District has a 7.5 million net position. Page 24 – 25. Bond debt; have adequate reserve coverage. On page 13 of the comment report, Ricky Garrett asked if the number of adjusting J/E was normal and was told that 60% of them are due to the net pensions that are arrived at time of audit. Several other concerns were address and all were already corrected; Investment Report; Investment Policy; investment raining, and investment reports. Page 14 – purchase orders – current policy says 3 quotes required over \$200.00; staff changed it to \$500.00 – update has been corrected. Overall financial position of the district is very strong and current controls are also very strong. Mr. Legg thanked Natasha for her hard work in getting the audit back on track. There was a significant turn over last year. President Jacobs also thanked her.

The next item was to discuss and consider Resolution 082620 adopting the Water Conservation Plan and Drought Contingency Plan and take the appropriate action. Ricky Garrett, General Manager, stated there are a couple of minor changes were made to each plan. Section 2.0 of the WCP had target numbers spelled out in report. Under section C of the DCP, a note was added that an annual meeting will be held with the wholesale customers. Vice President Farek made a motion to approve the Resolution and seconded by Director Williams. All members present voted in favor of the motion.

Item 5 and 6 were combined to discuss and consider addendum #3 to the amended and restated water supply contract between the district and the City of Belton for the issuance of water bonds for transmission system upgrades and take the appropriate action. Ricky Garrett, General Manager, stated that the City of Belton has paid off their debt services from previous bonds. The district researched and found that the City could not receive their contracted 10mgd. They could only receive 7mgd. A recommendation was made to have a new bond issue approved to upgrade the transmission system by replacing a 14 inch line with a 24 inch line and 2 major pump upgrades. The bond order is a parameter order. The City of Belton has already approved the bond order request. The district has an AA bond rating and would get a better rate. A motion was made by Director Williams to approve both items and seconded by Vice President Farek. All members present voted in favor of the motion.

The next item was to discuss and consider approval of an updated agreement between the district, MGC Pure Chemicals America, Inc. and City of Killeen and take the appropriate action. Ricky Garrett, General Manager, stated that the MGC chemical process has changed since the last contract was approved. The negotiated renewal agreement sets forth the appropriate sampling and monitoring to document pH, chromium and ammonia levels. A motion was made by Director Cloud to approve the updated agreement and was seconded by Secretary Robinson. All members present voted in favor of the motion.

Items 8 and 9 were combined to discuss a change order No 7 to CSA Contractors and change order #1 to McLean Construction for the Stillhouse Water Plant Projects. Change order #7, in the amount of \$34,177.25, is for 5 items that added value or changed conditions. Change order #1, in the amount of \$189,586.29, is for a credit due to 150 linear feet of 48 inch steel casing not being needed and several 36 inch solid sleeves from unidentified buried conflicts which were not needed. A motion was made by Vice President Farek to approve both agenda items and seconded by Director Williams. All members present voted in favor of the motion.

Staff Reports: Trevor, Wastewater Superintendent, gave an update on Wastewater Operations.

Flow is down at both plant 1 and plant 3. Plant 1 averaged 9.5mgd. Staff is working on filters issues. Flows being down help with repairs. New Vac trailer delivery has been pushed back. The blower project had some demolition started by Archer Western, contractor. The gravity interceptor project is geared to start October 2020. Completion of project is scheduled for November 10, 2020. Plant 3 is averaging 3-4mgd. One SBR basin is down. An influent valve has a leak, waiting on parts. Compost screener – engine failed; last one lasted 2.5 years. A new engine is being installed at the present time. Staff is looking into leasing a screener or purchasing a new one.

Keith Baker, Deputy General Manager, gave an update on water operations. For the month of August, plant is averaging 53mgd; last Friday plant treated 62mgd. Staff continues to perform preventative maintenance.

New Stillhouse Treatment Plant construction is nearly complete. The Raw Water and High Service pump stations are 75% completed and paving is about 85% completed. There is still electrical issue in pumps using VFD's in the switchgear.

Phase 2 of the transmission line should have all piping completed by the end of the week. There is still 5400 linear feet to test. The total new line is 10.5 miles long. Substantial completion should be mid October 2020.

Both lakes are approximately 2.5feet down.

Ricky, General Manager, informed the board that he had a meeting with the Corps of Engineer appraiser last week. Meeting was more of a question and answer from previous appraisal that was completed. The lease is subject to increase from \$20,455 to over \$500,000 annually.

A special called meeting is scheduled for Friday August 28, 2020 to Call for a Directors Election.

Unopposed candidates' item will be on the September 2020 Regular monthly meetings along with new rate order for our wholesale customers.

Items from the Board: None

10:20a.m. Director Cloud moved for adjournment. Vice President Farek seconded.



Robert R Robinson, III, Secretary
Board of Directors