

HOLIDAY BEACH WATER SUPPLY CORP.

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David Gill – President
Neil Adams – Vice President
Ronald King – Sec/Treasurer

Ken Ballard – Director
Ben Gray – Director
Ross Loeffler – Director

Board of Directors Meeting Minutes Of August 20, 2016

Present: David Gill, Neil Adams, Ben Gray, Ross Loeffler and Ron King.

Absent: Ken Ballard

We do have a quorum.

Visitors: Janet Blandford and Vernon Hale.

This meeting was published and/or posted on August 15, 2016

Posted: HBWSC'S Office, HBWSC Website & Fulton Post Office.

News Releases: The Rockport Pilot & The Herald Times.

Meeting was called to order at 8:30 AM by David Gill.

Minutes: We need to approve the emergency meeting minutes of July 12, 2016. Neil Adams makes a motion to approve the minutes of the July 12, 2016 as written. It was seconded by Ron King. All in favor; none opposed; motion carries.

Operations:

- a) Well update: Vern – It's good. We just now got our filters in; we bought fifteen boxes of pre filters. What happened with the membranes, we may want to run this thing a little more, through those pre-filters just to be safe. We weighed each membrane this time and found that in stage 2 (Array 3 and 4) the membranes were stuffed or full of sand weighing over 50 lbs. New membranes weigh just 22 lbs. out of the box. Sand actually rolled out of Array #3 when it was opened. We were waiting on the pre filters to continue running the well to see if it is ready to be put online. Lamar ordered ½ a pallet of filters and I went ahead and bought the other half as we need to test this system and was given a discount for 15 boxes. It was about 2 dollars off of each filter. David says he has no problem if we would like to contact Lamar and order filters together. Vern states that if we

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can wait for them Bob Johnson make quarterly trips to this area and we then do not have to pay for the shipping for the filters. Ben asks if there is a time element when a well will give up and stop making sand. David states that the plant well did. For approximately 3 weeks it made a lot of sand but finally over that time period the plant well ceased making and appreciable amount of sand. He tells Ben that the remote well has always made more sand. David states that there are sand separators on each well. Ben then asks how well the sand separator works. Vern states that it works very well but is overwhelmed by the amount of sand the remote well makes. Talking to Mr. Lynch he offers a couple of options. One is to run to sand separators back to back. Vern also states that he talked to the rep at Bob Johnson and was told that we could possibly have these membranes cleaned and repackaged to put up on the shelves as they have a shelf life of about a year. Vern states that it probably wouldn't be worth it as we have new membranes on the way for system #1 already and system seems to be okay at this time. He explains that we always use #1 as the test system and made a mistake this time as that system had the newest membranes at the time. David states he was here when the membranes were pulled out of the system and Array #1 and #2 membranes were not too heavy and then the others Shawn and Vern had difficulty getting the membranes out because they were so heavy and full of sand. David states we are weighing the membranes old and new. Vern states that new ones weigh 22 lbs. and any of them weighing over 50 lbs. are usually bad and cannot be saved. He says that 2 membranes in Array #3 weighed 62 lbs. And one in #4 weighed 76 lbs. David states that on the Well report we will start running the well and make sure it is working properly and we will not worry about trying to have the membranes clean but just buy a brand new set. Neil points out that the quote for the membranes was \$9600. Vern- Yes it is the same price as last time we ordered them. David explains that we have budgeted for these membranes in the annual budget therefore we do not have to approve this expenditure again. Ross asks if this is an annual expense or quarterly or what. David explains that we budget it annually even for situations such as this even though we usually get 3-4 years out of the membranes.

- b) Water Loss is at 13% David asks if this is based on the new calculation based on the actual water produced (Product Water) versus the actual water pumped from the well. Vern states that that percentage is based on no significant leaks for the whole month. David states we had a couple of fires and asks if we wrote any loss

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off for that and Vern states it was not as he was not aware of the fires during that time.

- c) David – Next is the quote from Tommy Fox for the complete installation of a 4 inch main down Grapevine alleyway. The quote is for \$52,575.00. David states that this is down Grapevine and is more clamp than pipe at this point. Neil states that we said if we were going to replace lines that this would be one of the first that we would replace. Janet states that we seem to be fixing a leak every week on that line it seems. Vern points out that this will be a complicated install as we will have to worry about the gas pipeline down this alley along with the crossovers from Grapevine to Lakeview and any unknown connections that are not indicated on the map. David – Let me understand this quote before we go any further, Tommy Fox will install 1800 linear ft. of C900 pipe, also will install the taps. Janet confirms that yes he will. David points out that on the quote Tommy has listed \$525 each and David asks is that included in the Quote or is it in addition to the quote. Ben states that he believes this is an added price and not included in the quote itself. Janet – I took it as it was included in the final price and was not an additional expense. Neil states that right now the price is about \$30 per foot and that is pretty expensive. Ross asks if that is to pull out the old pipe as well as install the new pipe. David stated he will probably leave the old pipe in the ground. Ben states that he believes that Tommy is going to charge for both the taps and installation of the C900. David - The price of the 34 taps come to \$18,000 and subtracting that from the \$52,000 brings down the price of the installation of pipe to about \$19 per foot. Neil says that is closer to a reasonable price for installation. David and Neil tell Janet to have the quote clarified to ensure that the \$525 per tap is included in the final quote and an additional expense. Ben clarifies that we need to ensure that this is the case before proceeding with the project. David asks if this project is within our budget? Ben states that he doesn't see that we have a choice as this line is in really bad shape. Janet states that we do have the money for this project but it was not budgeted for specifically. Neil states that we could make a motion that upon clarification of the quote if it includes all water taps and the installation of the C900 main. Ben asks if we feel comfortable with that. David states that if the quote doesn't include the taps we will have to hold off on the installation until possible next year. Ross asks the question if Fox is the only construction utility in the area for these types of repairs. David states that pretty much they are due to the small size of this water utility. Neil makes a motion that if the work covers all work to be included in

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the \$52,000 quote for 1800 ft of C900 and all tap installations then we can proceed with the project. The motions is seconded by Ross.

- d) David – Vendor Balance Sheet for the Easement Clearing. Neil asks if all the dead brush has been picked up at this time. David – Yes it has. He states that he had 2 calls and Vern and Shawn drove around to ensure everything was completed. Neil stated that he had drove it and noticed some areas were not cleared at that time but realized Martinez was waiting for the cutting to dry out of it would be easier to clean up. David stated there were a few complaints due to us cutting people's easements.
- e) David – Painted Generator. Vern states that we have a pressure washer now and we used it to clean the outside of the generator and also brought in a low volume paint sprayer to repaint the generator. We are looking at ways to improve the overall appearance of the water plant. We will next try to pressure wash the plant building and see about the feasibility of painting it afterwards.
- f) David – Need of a storage building. This would be put down at the remote well area. This would be for storage of parts such as pipe fittings valves. It would be to also get the vehicles out of the weather and keep them under lock and key. The reason for this is the R.O. plant was not built for storage of parts and so there is a lack of space and we are now starting to use the admin office to store parts. Ben states that there used to be an old building down in that area but asks if it is gone. It is. As it was about to fall apart. David reads off the first quote from Superior car ports from Victoria. It is a 22' x 30' building and Janet states that this was the building we are most interested in. David states we need to ensure we have a roll up door big enough to back the truck up into the building and all the other items (lawn mower, bush hog) can fit in it at the same time. Janet states that the only vinyl items on this building is the walk in door as that is all they offer. She also states that we have increased the roll up door to the maximum size offered. Janet points out that she has also included a quote for a slab also. David asks of the quote fro Martinez is for the slab and Janet says yes and it is for \$4600. And the confirms that the building quote is for \$4680. Ben asks if the quote for the slab is high and Janet points out that the other quote she received for the slab was for \$6000. Neil states that a 4" slab would be fine but that the slab needs to have micro fiber in it not just fiber. Also there needs to be a slope to the slab to allow any water to drain from the building so it does not stay in there. Ross ask what gauge metal is used for the building was it 24 gauge? Janet states that it is 29 gauge and Ross says he believes that won't be good enough and believes that it should be 29 gauge minimum. Neil

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provides Janet with the number of another contractor for a slab. Lorenzo Martinez. Neil states that the slope needs to be to the door to ensure drainage. David states that the building needs to be at least 26 gauge metal. This will change the price of the building but it will ensure a long lasting building. David again states to ensure we get as large a door as we can to ensure we can easily back the truck in when needed. David states that we need to determine if we need that to be wind storm eligible. We need to determine this beforehand Ross would like to go see Derb's building to get an idea of what we are looking for. He would also like to look at the construction of it.

- g) David – New items is a new booster pump and motor. He asks Ben what he has found as he was checking on a replacement for Booster pump #1. Ben states that the rep he was dealing with still has not gotten back to him at this time. David states that he would build the slab for mounting the new pump but he would need Vern and Shawn to ensure that the old pump was completely removed. David states he would reform the slab for mounting a new motor and ensure that it was the correct height and allow for mounting a standard size pump and motor. This way we would have all 3 booster pumps interchangeable allowing us to only need one spare for all three. Ben asks what the current quote is for and we have one from Faust for almost \$4500. That is both pump and motor. David states that the electrical connections should be okay as we have plenty of extra wire from the current pump and so no new electrical run should be needed.

Membership Report: As per Holiday Beach Property Owner Association there are approximately 3700 lots and 2025 property owners.

746 Bills printed and mailed on 7/1/16 (June Usage)

As of 7/29/16: 692 Residential and 23 Commercial members
31 Customers are currently turned off, but billed.

746 Bills printed and mailed on 8/1/16 (July Usage)

Total This Year: 7

Administrative & Financials:

- a) There is discussion on the new credit card payment system. There was some worry that we may not receive enough payments to make this economically feasible but it seems we exceeded expectations. David

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points out that in July we received \$2000 dollars in credit card payments and in August it was up to approx.. \$3500. So I think the credit card payment plan is going to work out just fine. Janet points out that people do not seem to mind paying the convenience fee for using their credit card.

- b) Approval of Expenditures Made and to be Made
- c) Approval of Financial Statements

Treasurers Report:

Billings for Month of July 2016

Total: Current - \$41,044.76

Total Past Due as of 7/31/16 - \$2,093.80

Total Collected: \$44,517.82

Operational Account

As of 7/31/16 we showed a balance of \$6,719.56

Deposits made total \$44,517.82

Checks and ACH payments issued total \$41,157.29

General Use Capital Reserve Account

As of 7/31/16 we showed a balance of \$208,430.37

Total Deposits for July - \$695.59

Checks issued July - \$35,300.00

Financial Report: David points out that we are way over on the upkeep account in QuickBooks and Janet explains that this is due to the easement clearing done by Martinez. Ron then asks we have a similar situation we go to pay for the line installation on Grapevine. Neil explains that that money will be coming out of the Capital reserve account instead. Neil states what should have been done was a budget transfer so that the books balance immediately.

Neil Adams makes a motion that we accept the financials. Ron King seconded that motion. All in favor; none opposed; motion carries.

Letters & Correspondence: NONE

Executive Session: NONE

New Business: Discussion of opening on the board at this time. David states that there is still an opening on the board at this time and if anyone know of anyone interested in sitting on the board tell them to come forward and fill out an

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application. Janet states that we did have one person express interest and she called him back to have him come in to fill out paperwork but he recently go a job offer out of the country and would not be able to sit on the board after all.

Next meeting will be held on November 19, 2016.

Motion to adjourn made by Neil Adams, seconded by Ron King. All in favor; none opposed; motion passed.