

Bear Springs Trails Water Supply Corporation Annual Meeting Minutes

BSTWSC Annual Member Meeting		
5.5.2018	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	Clay Seale, Member	Nick Hernandez, Member
Andy Watson, Vice President	Tracy Serene-Hernandez, Member	Ray Nolan, Member
Betty Serene, Treasurer	Joan Robinson, Member	Skeeter Schumann, Member
Karla Seale, Secretary	Terry McCown, Member	Donald Pace, Member
Flint Lemon, Director	Blake Leibold, Member	Jason Smith , Water Operator & Guest
Carl Schuman, Technical Advisor	Russ Liebold, Member	
Agenda		
Call to Order		
Roll Call and Quorum Determination		
Brief History of BSTWSC		
2017 Budget Report		
System Repairs and Upgrades		
Board Member Election and Change in By-Laws concerning date of Annual Meeting		
Open Forum		
Review of Calendar & Follow-Up Actions		
Adjournment		
Topic: Call to Order, Quorum Determination, & Brief BSTWSC History		
Presenter	Jan Serene	
Key Points		
All individual members listed as attendees above were present. After welcoming those present and providing a handout of the slides, President Serene introduced the BSTWSC Directors, our water operator Jason, and our technical support advisor Carl Schuman to the BSTWSC members. President Serene then asked members to introduce themselves, called the meeting to order, and determined that a quorum was present.		
Quorum Determination: There are fifty-one (51) 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: • June 2000 – Section 1 water distribution system installed and in 2004 – Section 2 distribution system added (Note: Private wells are prohibited in the subdivision.) • Spring 2013 - Bear Springs Trails Owners Association members approved acquisition of the water system (Note: Developer was first water system owner, and he operated the system at a loss. Under law, the HOA can't operate a water system, which is why BSTWSC non-profit/coop was formed.) • June 24, 2013 – BSTWSC formation steering committee conducted its first meeting • August 8, 2013 - BSTWSC incorporated by the State of Texas • May 6, 2014 – Application for transfer submitted to Texas Commission on Environmental Quality (TCEQ) • September 1, 2014 – State changed transfer approval authority to the Public Utility Commission of Texas (PUC) • November 20, 2015 – Public Utility Commission of Texas approved transfer of operation to BSTWSC • December 15, 2015 – TCEQ conducted three-year inspection and investigation • May 4, 2017 – TCEQ closed the three-year inspection and investigation		
Topic: 2017 Budget Report		
Presenter	Jan Serene	
Key Points		

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President Serene provided an overview of the 2017 budget:

Starting Balance	\$ 14,482.30
Income	\$ 27,909.74*
Total	\$ 42,392.04

Expenses:

Meter Reading	\$ 500.00
Facilities and Equipment	\$ 12,182.37
Operations	\$ 16,330.15
Total Expenses	\$ 29,012.52

$\$14,482.30 + \$27,909.74 = \$42,392.04 - \$29,012.52 = \$13,379.52$ (December 31 2017 Balance)
 Starting + Income = Total - Expense = Ending

- *Represents 29 water customers out of 51 Lot owners

President Serene broke out the expenses as follows:

Expenses

Water Meter Readings \$ 500.00

Facilities and Equipment

Bandera Electric	\$ 1,477.26	
Equipment Purchase & Install	\$ 9,574.92	(\$8,666.42 actual equipment – \$905.50 Installation charge)
Equipment Repair	\$ 564.00	
Meter Equipment Purchases	\$ 566.19	
Total	\$12,182.37	

Operations

Water Testing	\$ 1,461.83	
Regulatory Assessments	\$ 78.34	
Postage/Ofc Supp/Misc	\$ 182.48	
Insurance	\$ 1,481.00	
Taxes	\$ 1,110.40	(\$260.40 – 2016 Income Tax, \$850.00 Filing Fee for Tax Free

Status)

Water Operator	\$12,016.10	(\$9,216.00 – Mike Cardenas; \$2,800.00 – Jason Smith)
Total	\$16,330.15	

Total Expenses \$29,012.52

Account Balances January-December 2017

01/01/2017	\$14,482.30
12/31/2017	\$13,379.52
Current (4/5/2018)	\$ 15,982.94

* As a result of the rate increase starting in June, the Water Company has added \$4,060.00 in revenue during 2017.

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

Topic: System Repairs and Upgrades

Presenter	Jan Serene
Key Points	

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President Serene, Vice-President Watson, and Water Operator Jason Smith outlined the system repairs and upgrades needed to date and why:

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 (Device for keeping pumps from running when dry.)
01/13/2017	\$5,534.98	Service Call to pull and Replace Pipe & Wire at the Well, plus Materials
02/10/2017	\$ 100.00	Service Call to replace tube on Chlorine Pump – Reattach weight
04/21/2017	\$ 100.00	Service Call to Unthread and Re-dope Fittings and Reattach Plumbing on Booster Pump
05/11/2017	\$ 283.50	Service Call to Re-Plumb Suction Lines
06/27/2017	\$3,131.44	Install New Pump and Labor Hours. Replace Ball Valve and Bushing for Chlorine
07/11/2017	\$ 164.00	Service Call to run new Signal Wire
07/31/2017	\$ 625.00	Replace Chlorine Pump
10/23/2017	\$ 200.00	Service Call to Install New Curb Stop.

Total Cost of Repairs and upgrades to date \$14,078.01

Total Cost of Repairs and upgrades 2017 \$10,138.92

President Serene offered the following regarding water safety:

- Our water is regularly tested according to state regulations. It is tested for bacteriological contamination (coliform, e-coli, etc.) once/month. Annual tests are conducted. Quarterly tests are conducted. Some testing is conducted by an independent 3rd party tester approved/hired by TCEQ. (Note: BSTWSC pays for all testing.)
- Any and all testing violations are reported to the BSTWSC members and water customers as required by regulation.
- Annual test results are posted on the BSTWSC website.
- Water quality is good/clean, with the only safety issue being the amount of fluoride which naturally occurs in the Hill Country aquifers. TCEQ recommends households with small children should use bottled water.
- Our water operator periodically tests for lead and copper in the water system. Because no lead or copper materials are used in our water system, the results have always reflected "no lead or copper" present. If homeowners have used these materials in their construction, then the results could be different, but BSTWSC would not be responsible for any corrective measures on the homeowner's side. Unless someone buys an older or substandard faucet, this should not occur.

Member Question: What aquifer are we on?

Response: We are on the Trinity Aquifer

President Serene outlined the planned upgrades to the water system and why they were needed:

- Installation of high pressure auxiliary pump.
- Replace the schedule 40 PVC with schedule 10 Stainless Steel piping at the pumps to alleviate the blow-apart issues we have experienced with PVC.
- Put the alternator back into service.

Note: Within the next couple of weeks, BSTWSC will replace the auxiliary pump with another high pressure pump and then put the alternator back online.

Member Question: How much will the new high pressure pump cost?

Response: A little more than \$3,000.00.

Member Question: Have you thought of using the low pressure pumps as a substation to continue pushing water uphill?

Response: Because the high pressure pump already gives all water customers greater than the minimum pressure required (30 psi), there is no need to install substations. Substations also require electricity which would raise water rates unnecessarily.

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

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Topic: BSTWSC Board Member Elections and By-Laws Amendment		
Presenter	Jan Serene and Karla Seale	
Key Points		
President Serene explained that there are five (5) Directors on the BSTWSC Board. They serve three-year, staggered terms. Andy Watson and Flint Lemon agreed to stand for re-election. We received no additional nominations in advance of the meeting. President Serene then queried members present at the meeting for any nominations including self-nominations. A member proposed that we re-elect Andy Watson and Flint Lemon by acclamation. The proposal was seconded. There were no objections. President Serene asked that the record reflect that Andy Watson and Flint Lemon were re-elected by acclamation.		
President Serene requested an amendment to Article 12 of the By-Laws to delete “last Saturday in April” and substitute therefore “the first Saturday in May or other date as mutually agreed to with the Directors of Bear Springs Trails Owners Association.” The purpose behind the requested amendment is to more easily allow for joint annual meetings of BSTWSC and BSTOA. It requires a majority vote to change the bylaws of the water company. President Serene called for discussion and/or objections. There were none, and so President Serene called for a motion to approve the by-law amendment by acclamation. The motion was made, and seconded. There were no objections, and the motion to amend the by-law as written was approved.		
Decisions	Person Responsible for Motion	Vote
Andy Watson and Flint Lemon re-elected to Board of Directors by member acclamation for a new three-year term	Member	Acclamation, no objections
Motion to amend Article 12 of the By-Laws to delete “last Saturday in April” and substitute therefore “the first Saturday in May or other date as mutually agreed to with the Directors of Bear Springs Trails Owners Association” was approved.	Member	Acclamation, no objections
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	
Key Points		
President Serene opened the floor for suggestions, proposals, and grievances.		
Water Operator Jason Smith offered to answer any questions that water customers and members may have.		
President Serene and Water Operator Jason Smith provided a brief overview, purpose, and history of the backflow water prevention requirement. They outlined who was required by state law to have backflow preventers, and how BSTWSC directors intended to require through the service agreement that all homeowners have backflow preventers installed to insure the safety of the water system. Those grandfathered in (prior to service agreement change) as not required to have backflow preventers (i.e. state regulations don’t require them) are exempt until such a time as a transfer of ownership of the property.		
Member Question: Is this a subdivision requirement? Response: It’s a subdivision rule.		
Note: Once a backflow preventer is installed, the State requires it to be inspected annually. BSTWSC obtains a group rate for this service for those interested. BSTWSC maintains records of the inspections for 3 years per a TCEQ requirement.		
President Serene requested that any members that have issues, to please seek out one of the directors. Contact information can be found on the BSTWSC website. The directors pride themselves on being responsive. Additionally, any member can attend the monthly directors meeting. Announcements are posted in advance, but they are the second Monday of the month at 7:00 p.m. at 997 Bear Springs Trail, Pipe Creek, TX 78063. Minutes are also posted on the website.		

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Note: The following is a paraphrase of the discussion held, and not a transcription.

Member Question: Why was the well not inspected when it was purchased?

Response: We purchased it "as is." The TCEQ inspector who originally inspected the system (Mr. Don White) was contacted before the purchase by the then BSTOA president, and he assured the BSTOA president that the system was one of the best systems' installed.

Member Follow-up Question: If the builder built the system to specifications, why are we having to install new high pressure pumps and having other repair issues? Why haven't we gotten a licensed engineer to officially review the system for its adequacy to support the current and planned number of households, particularly since we've made changes to the system with the repairs we've made?

Response: We remain within specifications for the system design, even with the new vertical high pressure pump. Pumps and other equipment have a limited life due to wear and tear, and upgrading the system to better support customer demands has been determined to be the correct course of action. Some of the equipment has been in service for 15 years (age of the system) and can be expected to break. A new engineering study is not needed to address these anticipated issues, and hiring one would be costly for very little expected benefit.

Member Follow-up Question: Why do we have \$10,000.00-\$15,000.00 repair bills every year?

Response: We expected to have to do repairs and upgrades. We do not expect to continue this level of repairs and upgrades in the future because of the quality of the replacement parts being used.

Member Follow-up Question: Why did we borrow money from the owner's association to pay for major water system repairs? What if another major repair is unexpectedly needed? How do we pay for it? How do we recover?

Response: Because the water system customers/members and the owner's association members are essentially the same group of individuals, the decision was voted on and made to handle the repair costs in this manner. If a cataclysmic failure occurred and we did not have the money for the repair, there are state funds and grants available for water systems like ours. We also have the option of going back to the owner's association for funds, or assessing a one-time fee.

Member Follow-up Question: Have we looked at having a membership fee?

Response: The Owners Association paid the membership fee already. The \$1000.00 connection fee is the water customer's buy-in to the physical system.

Member Question: Rates were raised from \$45 to \$65 per month. Is that going to go up again? Will it go down?

Response: No. We do not anticipate rates going up. When a sufficient cushion or level of reserves is reached, rates will be reviewed for possible reduction. BSTWSC is a non-profit. The director's intent is to maintain rates as low as possible but to cover (i.e. pay) the expenses of the system.

Topic: Calendar & Follow-Up Actions

Presenter	Jan Serene
Next Directors Meeting	Regular Meeting: 14 May 2018 at 7:00 p.m. at 997 Bear Springs Trail, Pipe Creek, TX 78063