

MELROSE WATER SUPPLY CORPORATION
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MINUTES FOR REGULAR MEETING
HELD FEBRUARY 14, 2017

These are the minutes for February 14, 2017 Regular meeting of the Melrose Water Supply Corporation which was held at 6:30 p.m. at the Corporation's office in Melrose, Texas.

Board members present were Jay Smith, Danny Harkness, Don Parmer, Keith Millard and Susan Fountain.

Others present were: C.W. Wells, Jennifer King, Brandon Alvis, Balta Talamantes, Joshua Patton, Jan Molandes, Rebecca Alford, Linda Gilpatrick, Evelyn Cordova, Lynn Foster, Ann Woodward, John R. Decker, Anita Kite, John Makow, Judy Harkness, Shawn Drewery, Erin Permenter and Jacob Permenter.

The board members present addressed the following:

Agenda Item 1: The meeting was called to order by Vice President, Jay Smith at 6:33 PM.

Agenda Item 2: Jay Smith established there was a proper quorum present for the Board to conduct business.

Agenda Item 3: Open Forum (Comments from the Public – limit of two minutes per person).

Jan Molandes: wanted to give thanks to the person for getting us consistent water but he is not here tonight, but then I have to thank you guys for letting him come help you because if it was not for him we would probably be still without water; I know that we spent a lot of money on this billing system we have and I was told people knew how to run this system frontwards and backwards and that they knew it but for the last four months I have had problems my bill every month, said she came in last Friday and was told that we still don't know why her bill isn't correct and said she asked for a corrected bill and was told we couldn't print a bill, she said Chireno Gas uses the same system and they can reprint a bill.; Said they had heard the "good ole boy" system was not in effect but it seems to be in effect for some people but not others, she thinks that is how some people got their job and are keeping a job is the "good ole boy" system; wants to ask the board, "Why are your personnel aloud to threaten people? When were told, when customers are told well I wish these people that are complaining about the water would go to the woods with me only one of you would come out, that is a threat. It is gonna happen somebodies gonna snap and get hurt and when they do, ya'll should be responsible because ya'll keep these people in place". I just wish all the lies would stop, I wish

people would tell us the truth and communicate with us and we could hire some competent people run this system.

Linda Gilpatrick: Her deepest compassion goes to the customers who have had a month of little or no water service. Not sure how well I could have handled it our pressured dropped to nothing Sunday evening, what a challenge. Kids and adults need to get baths or showers for work or school on Monday, thanks to God it was not a long outage. I just want to say having water is great; I still have concerns about how clean and safe the water is. Over the last several weeks, at least three weeks the water has been extremely off color not clear like we have always had in the past (she showed pics of her washing machine and her bath tub). She said the water has been appearing green to brown and on top of that the water has either an oily or slimy film to it and she said she is not the only one that has noticed that, other people in the same area. Wanted to know what is making it have a slimy feel? She said you could feel it on your skin, already see dinginess to her white clothes and has suggested to her daughter several times to put off washing whites, you can only put off washing for so long. What is the solution? We are already buying drinking water; she doesn't think it is feasible to buy water for washing clothes and baths.

Ann Woodward: Since May 2016 I have complained and made recommendations about communications but tonight I am doing something different. Tonight I want to recognize that there have been some communication improvements. On the website we have the tariff; we have the meetings, the whole thing about the water company, and the minutes of the meetings all that is very good. She made a recommendation for communication of the customers to the water system because they are complaining we are not hearing their communications, we want to communicate to you something and it has been recommended that the customers can see the leaks before everybody else can go out and see them. So she is recommending that the customers put out flags, little pink flags – she has them, when they see a leak and we are going to ask the members who want to participate take some flags (and the flags have been donated) and put out a flag when they see a leak, call the office or one of the workers and say this is where we think there is a leak. That way when they see a pink flag, they can get on it right away. When it is fixed the men can pull up the flags and bring them back to the office and recycle the flags. This is her recommendation to improve things with us. She hopes that we will take that recommendation. With this action we are showing ya'll we don't view you as the enemy we are in this together. Sometimes we sound like we are against you, but particularly you board members were depending on you to give the okay when you need to hire outside people. So we appreciate that you are coming to these meetings because we know they it can be pretty hard on you.

Anita Kite: After the meeting last month she talked to the president and told him that there are a lot of companies up in Iowa and other places that did things so they didn't have to read the meters every single month, that is a terrible chore and it is very expensive plus it takes a week and a half or two weeks out of being able to fix all the problems we have which are so numerous there ridiculous. So why we have these high paid supposedly competent people just reading meters, instead of working on the pipes is beyond her.

Option 1: would be to average each customer usage for a year divide it by twelve (12) and charge equal amounts each month. Then you read the meter at the end of the year make the adjustment. So you get a meter reading at least once a year. So it would make since

to do that then you wouldn't have to spend all that time running around reading meters. Melrose Water Supply would save money. People would save time. Customers would get better water. Hopefully cleaner water because she said her water is not suitable for washing clothes.

Option 2: instead of a part time person in the office who is mainly in place in case Jennifer gets sick or goes on vacation. Use that part-time person instead to divide up 4 equal divisions, each week they go to a different section and read the meters that's all they do. That's all they have to do is read the meters, they don't have to fix anything, they don't need any license or anything else. That would save a lot of money and you could use the part-time money from the person here to do something that really needs to be done instead of someone just twiddling their thumbs and keeping Jennifer company.

Option 3: provide the option of customers to read their own meters. They turn their meter readings in when they pay their last month's bill and the date of the reading, within a perimeter it has to be this week you do the reading. Then offer them maybe a 10% discount. That would be cheaper than having to pay these guys to read the meters. It would be a volunteer effort and it may take some time to do that. Then the meters could be read officially once a year or biannually so you could make sure they weren't cheating on the numbers. The result would be the meters would only have to be read infrequently instead of every single month taking desperately needed time. I typed all this up for Jay because he asked for it the last time.

John R. Makow: I did not bring another show and tell filter or water because it wouldn't look any different than the last time I was here. Complained about not having water and when they did have water it was dirty and had a lot of air. He also said the lines were not being purged.

Mary Jo Molandes: She said maybe she was asking for the wrong things but she put in a request for 2017 operating budget and was told we don't have one. Then I also asked for job descriptions and base salary and she was also told we don't have that. I can understand job descriptions because everybody does a little bit of everything. Her concern is that if we don't have a base salary starting out do we just offer people whatever they think they are worth? So she is curious how the hiring and stuff goes on around here. How do we determine what kind of salary we offer people? So maybe I asked for the wrong thing on the budget, I will make a different request.

Agenda Item 4: Discuss and possibly take action concerning Minutes from past meetings. Don Parmer made a motion to approve the minutes from January 17, 2017. Danny Harkness seconded the motion. Motion passed unanimously.

Agenda Item 5: Discuss and possibly take action concerning the status of accounts receivable and financial report for Melrose Water Supply Corporation concerning the month of January 2017. Jennifer King asked if they had any questions and said she printed it out in a little more detail for them. Don Parmer made a motion to approve the status of accounts receivable and financial report for Melrose Water Supply Corporation concerning the month of January 2017. Keith Millard seconded the motion. Motion passed unanimously.

Agenda Item 6: Discuss and possibly take action on the acceptance of resignation letter from Edward Horn. Jay Smith said he has the letter and we received it on January 17, 2017. Jay Smith then read the letter. Danny Harkness made a motion to accept the resignation letter. Don Parmer seconded the motion. Motion passed unanimously.

Agenda Item 7: Discuss and possibly take action on reimbursing Judy Harkness for a leak that was repaired by JLS Plumbing on December 21, 2016 and possible reimbursement on their water bill during the week they stopped looking for the other leak. Danny Harkness excused himself from discussion or voting for this Agenda item. Judy Harkness stated she wasn't looking to get reimbursed for her water bill just for the additional bill from JLS Plumbing. C.W. Wells came over identified the leak as the customers leak and they accepted that and stopped looking for another leak. They were able to get the plumbers out the following leak. They tried to get someone sooner but that was as soon as they could come. When they came and dug up the leak they found that it was not the customer but was Melrose Waters. The plumber was able to find the leak that belonged to the customer on the same day. The invoice for \$210.00 was for JLS coming out and digging up the leak that belonged to Melrose Water. They also asked C.W. Wells to come over that same day and he too identified the leak as Melrose Waters leak. All she is asking to be reimbursed for is the \$210.00 that was for the leak that belonged to Melrose Water. Jay Smith asked if the board had any discussion. He asked C.W. Wells if he had anything. C.W. Wells said the way Judy Harkness described the lay of the land all the piping they have he really thought it was there leak but it did actually end up being on our side. Keith Millard made a motion to reimburse Judy Harkness the \$210.00 she paid to JLS Plumbing for a leak that belonged to Melrose Water. Don Parmer seconded the motion. Motion passed 3 to 0. One sustained from voting. Jay Smith said Mrs. Harkness you will be reimbursed \$210.00.

Agenda Item 8: Discussion with Mary Jo Molandes regarding: the Election – who canvass the votes, billing and office hours.

Office Hours: if we have two people in the office, she didn't understand why our hours are 8 – 4, why couldn't we stagger the hours, have one come in and work from 1 to 5. There are some people that work 8 to 5 and can't get in here to pay their bills, especially on due date. So maybe on the due date maybe someone could stagger their hours from 1:30 to 5:30 to give people time to come in and pay. That would be extremely helpful for a lot of people.

Billing: I know that we got that new billing system, but she has heard a lot of complaints about it. She heard we got this system because people knew how to use it. Yet she hears there are still lots of problems and errors of that nature.

Who canvass the votes, who is the independent election judge, is it someone totally not associated to us according to the bylaws and when will we get that information? The thing she is most concerned about is the office hours. If we are going to have a part time employee the hours should be staggered so it gives time for people to come in before 5, especially if you are having water issues which we are known to have then at least someone is here until 5.

Agenda Item 9: Board of Directors response to complaints from customers at the January 17, 2017 meeting. Jay Smith said it is highly unusual but he felt we owed it to the members here.

A. Mary Jo Molandes – low pressure: Jay Smith said we worked every way possible. Had Mr. Dyes come out and show us some valves and we did some other things that Mr. Dyes didn't help with.

B. Evelyn Cordova - leak in front of her house: the leak has been fixed

C. Ann Woodward – Communication problems: this is an ongoing problem, and no sure way to address it. The board has told the employees they will return calls. Cell phones are not what they should be. Doing everything possible to communicate with the customers.

D. Anita Kite – flush valve not being flushed: Jay Smith said he took time himself and went when it was flushed. It will continue. He witnessed it. The residuals were good. Everything checked out good on the test. There was air in the line but the valve is working. He said they caught water and the water was crystal clear.

E. Shawn Drewery – calls not being returned: being addressed, personnel matter that he is not going to discuss, but hopes it improves.

F. Jack (no last name) – best way for customers to get answers: not here

G. Tyana Michelle – no water for so long and employees need to have compassion for the families without water: Jay Smith said he has family in that area and we do have compassion. It's not fun being without water. You pay a water bill you should have good clean water. It wasn't anyone's fault. Things happen.

Agenda Item 10: Discuss and possibly take action on who needs to the taxes for Melrose Water Supply Corporation. Jennifer King said that Terre McClemore has found were Diane had done the taxes in the past and she is prepared to help us file our taxes this year. Susan Fountain made a motion to accept Terre McClemore to prepare the taxes for Melrose Water. Don Parmer seconded the motion. Motion passed unanimously.

Agenda Item 11: Receive report from Manager or his designee regarding overall system operation.

Monthly samples that we have to collect every month came back good. TCEQ sampling coordinator came in and collected samples at the Chireno Well, these are lengthy test. These will probably be done quarterly. C.W. Wells discussed chemicals that we have at the plants and reports that we are required to do and when they are due. He stated that Balta is in school for the next couple of days.

Crossroads: what happened in the past, there was a leak and that was basically the cause of the problems. We also put a valve east of Mr. Parmer's. We also put a new temp line in across the creek.

Blackjack and Parmer Plants: at the Parmer Plant there is an outside circuit breaker that is breaking. Brandon Alvis added that there is a 400 AMP service at the pole and they down sized to 125 AMP coming into the building. The breaker has already been replaced in the last year. C.W. Wells said we are going to upsize that breaker and that should prevent the breaker from tripping from now on.

C.W. Wells said he has order three clear views. He is going to get with the electricians and get those installed. After these are complete we should only have to do one more.

Pace Well: they have sand blasted the outside of the one tank and have the inside painted, they have one pressure tank painted inside and outside. Hopefully next week they will have the one tank and pressure tank back online and then they will be able to shut the other one down. Hopefully it won't take too much longer. C.W. Wells said he has been collecting samples and taking them to the lab, just as a safety precaution making sure no dust is getting in there.

Flushing: explained a flushing report that was given to the board. C.W. Wells said that we have doubled our efforts in flushing within the past year. Flushing is one of the most important things to do as far as taking care of the system. He said that TCEQ requires once a month. Some cases he does it more, some cases he does it twice a month. He takes a chlorine sample, a residual, a smell test, and a taste test to see what is going on with the water system. Some of these are flushed for fifteen minutes, some for longer it depends on the size of the line and the number of connections.

W/O – 115 work orders. Work orders don't cover our daily stuff like checking the wells. There were 444 disconnect notices mailed. 67 disconnect slips issued. 8 extensions signed by customers.

Agenda Item 12: §551.074 – Executive Session will be held for the purpose of discussing employment matters pursuant to section 551.074 regarding the employment duties, evaluations and responsibilities of personnel.

Board went into executive session at 7:11 PM

Board returned into regular session at 7:30 PM

Agenda Item 13: Board action, if any, on item(s) discussed in executive session. Keith Millard made a motion to take NO ACTION. Susan Fountain seconded the motion. Motion passed unanimously.

Agenda Item 14: Discuss items for placement on next meeting agenda. No items were discussed.

Agenda Item 15: Adjourn. Don Parmer made a motion to adjourn. Danny Harkness seconded the motion. Motion passed unanimously.

Board President Signature

Board Secretary Signature