

JONESTOWN WATER SUPPLY CORPORATION  
BOARD OF DIRECTORS MEETING MINUTES *AMENDED*  
OCTOBER 8, 2019

1. President Gregg Newcombe called the meeting to order at 7:02 pm.

Board members present: Jim Roberts, Bruce Covill, Gregg Newcombe, Nadia Wills, Ron Sherrill, John Riddle, Liane Popham and Amy Fitzgerald.

Board members absent: None

Staff present: John Tichi and Karissa Kornegay

Members present: Tim Hawkins, Don Swayne, Alan Collins, Mark Rogalski, Edward Mouser, Jim Linton

Others present: Donna Muntz, Dennis Lozano (Murfee Engineering)

1. A Set Date of Next Regular Meeting – November 12, 2019.

2. Members and /or Public Comment:

Mark Rogalski spoke on behalf and in favor of Tim Hawkins, who was present as a candidate for the vacancy on the Board. Mark also added that since the JWSC changed the treatment method that the water isn't as good as it was before the change.

Ed Mouser spoke on behalf and in favor of Don Swayne who was also present as a candidate for the vacancy on the Board.

Jim Linton said he thinks the Board is heading in a good direction.

*At this time, President Gregg Newcombe opted to skip to items 9.a. & b. on the agenda.*

9. *New Business*

- a) *Discuss/Approve Request by Alan Collins to pay out Equity Buy-In.*

Mr. Collins was present to ask for a payout on the \$3,005 for new service since he was not prepared to pay the whole amount at once. After a brief deliberation, Mr. Collins agreed to pay \$2,000 down and \$100/month for 10 months, with a final payment of \$105.

A motion was made to approve Mr. Collins' request to pay out the balance of the Equity Buy-in.

Motion made by Ron Sherrill.

Seconded by John Riddle.

The motion passed unopposed.

- 2.A. Josh Ray, Lago Vista City Manager

At this time, President Newcombe announced that Lago Vista City Manager, Josh Ray, would not be attending this month's meeting, so that item would be tabled to the November meeting. He then asked if the Board and Mr. Lozano would agree to allow the vote on the new Director so that we could have a full board going forward with the rest of the meeting. Those present agreed to the request. President Newcombe then added that the "Ideation Session" under the "President's Report Concerning Corporate Affairs" would also be postponed to the November meeting "in consideration of everyone's time and a fairly packed agenda."

*b) Discuss/Approve Appointing a Director to fill the vacancy on the Board.*

Tim Hawkins introduced himself and stated that he has been a member of the JWSC and a resident of the North Rim subdivision for 20 years. He added that he is a mechanical engineer with a B.A. and an M.A. and gave the Board a brief history of his education and qualifications. He stated that he that he feels his credentials make him uniquely qualified to serve on the JWSC Board.

Don Swayne introduced himself and stated that he is retired military in aircraft maintenance for about 21 years and then transitioned to consulting for defense contractors in the drone world until 2016. He added that since his retirement he has volunteered for several different entities. He stated that being on the Board would be a good opportunity to look out for the members of the Jonestown Water Supply.

At this time, President Newcombe took the time to explain the process by which the JWSC selects a new Director to fill a vacancy. He stated that although in the past there have been a few times when the next highest vote-getter at the annual membership meeting had been appointed to the board, that that is not in line with JWSC policy. He indicated that policies can change, but for now, the safest way to proceed is to follow the current policy.

At this time, a secret ballot vote was taken to determine the next Director. The vote tally was 5-3 in favor of Tim Hawkins.

A motion was made to appoint Tim Hawkins to the Board to serve out the vacancy on the Board (exp. 2021).

Motion made by Amy Fitzgerald.

Seconded by Liane Popham.

The motion passed unopposed with 1 abstention (Nadia Wills).

2.B. Presentation by Murfee Engineering

John Tichi explained that Dennis Lozano was asked to speak to the Board because of recent test results caused by our recent switch from chloramines to free chlorine. Mr. Lozano educated the Board on Disinfection By-Products (DBP's) and how they have affected our recent water test results. He gave a detailed explanation of why we are getting the results that we are getting and offered suggestions on possible short-term and long-term options to address the issue.

Mr. Lozano passed out copies of his presentation and went through each section, fielding questions from the Board.

John Tichi showed where the sample points were (North Rim and White Rim) and explained that the particular sample locations were chosen based on maximum residence time, meaning that it is the "oldest" water, or the water that has been in the distribution system for the longest amount of time. He stated that it isn't necessarily the proximity to the plant that makes a sample site a good candidate, but the number of tanks that the water passes through before it arrives at its final destination.

John Riddle asked why there were 2 sample locations and not just one. Tichi replied that it was based on population. He stated that, comparatively, the City of Austin probably has about 200 sample sites.

Gregg Newcombe asked if it was common to break through the allowable limits (i.e. MCL's) when water supply companies take on a different approach to disinfecting. Mr. Lozano replied "Yes" because sometimes it's hard to predict how things will react with pilot testing.

Nadia Wills asked about the side effects of using ammonia, to which Mr. Lozano replied that he is not familiar with anything that indicates there are "significant concerns" with chloramines as a disinfectant. John Tichi added that chloramines can carry their own set of by-products, but that those are not currently regulated.

Gregg Newcombe stated that he feels we are "blazing a little bit of a new trail here," to which Mr. Lozano agreed, to the extent that the JWSC is trying to make free chlorine work as an alternative to chloramines. He added that most systems have gone the way that JWSC went initially in the use of chloramines and have remained there.

Liane Popham asked if there were other communities that Mr. Lozano works with that are also on this track (re: the attempt to use free chlorine rather than chloramines), to which Mr. Lozano replied that he didn't know of any, reiterating that most are satisfied with using chloramines. He stated that all 22 districts that he represents use monochloramines.

On the topic of aeration, John Riddle asked how much water you would lose using this process, to which Mr. Lozano replied that you wouldn't lose much water but that you would burn some energy. He added that it is "pretty efficient."

Mr. Lozano presented a graph showing how the change to free chlorine in December 2018 caused the JWSC to exceed the maximum contaminant levels (MCL's), and he added that the last 2 quarters' samples at both sample sites have been above the MCL's as well. He explained that we are regulated based on the running annual average, which up to a point was still under the MCL based on historical samples that were in compliance prior to the switch to free chlorine. He stated that now the JWSC is above the allowable levels and will be in violation soon if we continue to operate in the way that we are currently operating.

*Amy Fitzgerald asked where the 2019 2<sup>nd</sup> Quarter results were within in the data. John Tichi and Dennis Lozano said that they would go back and look for the results.*

John Tichi notified the Board that we are currently in violation, which will require a notice to the public and that the notice must be sent by October 26, 2019. In addition, Tichi stated that we would have to note the violation on our annual water quality report.

Mr. Lozano stated that there are several smart strategies that the JWSC is currently employing that are mitigating some of the disinfection by-product, such as the addition of permanganate as an initial treatment, the chlorine going in after the clarifiers, and the filtration of the water as a polishing step. He stated that these strategies are not getting us to the levels where we need to be, but they are helping.

In response to a question by John Riddle about the reason for removing the ammonia from the water, John Tichi responded "we were attempting to stay within compliance and not have to deal with...all of the things that are associated with the ammonia, just using the free chlorine."

Mr. Lozano's recommendation to the Board was to go back to treating the water with monochloramines in order to achieve compliance until we can determine an effective treatment method that we know is going to work and that doesn't involve monochloramines. He added that opting for this short-term solution would prevent us from having to issue multiple violation notices in the future as well as it would bring us under the MCL mandated by the state.

Both Mr. Lozano and Mr. Tichi indicated that the state is already monitoring DBP's for chloramines, and while those are not currently regulated, it's only a matter of time before they will be. They both agreed that this will present a whole new challenge to those systems who are currently using chloramines as a treatment strategy. Tichi reminded the Board that when he began talking about using only free chlorine in 2018, that he warned the Board that JWSC might exceed state mandated MCL's.

Liane Popham said she thought aeration was something that we were already doing. Tichi stated that he's asked Mr. Lozano to help us with aeration.

Prior to his departure, Mr. Lozano stated "John and I think we've started off on a great foot and I think John's doing a great job for you guys...the plants look good...and you're on top of documentation and it's a very well-run system, that's evident."

3. Approve Minutes

a) Regular Meeting minutes of September 10, 2019.

A lengthy discussion ensued regarding amending several sections of the minutes. At this time, President Newcombe opted to skip to item 6., Staff Report Concerning Operations and Management, while Secretary/Treasurer Popham prepared amendments to the September 10, 2019, Regular Meeting Minutes.

6. *Staff Report Concerning Operations and Management.*

a) *General Manager.* (Report attached)

General Manager John Tichi reported that our LCRA contract is on their agenda for this month. He added that we're waiting on Chase Bank to execute the easement documents for the Newman property so that we can finish up the Raw Water Line Project.

Regarding the citizen committee at the Hollows, he stated that we would be meeting with them, along with Dennis Lozano, at the end of this month to discuss design considerations for the floating water intake.

Regarding the irrigation project, he reported that irrigation at the current site is still trouble-free, with no run-off, even with the recent rains. John Riddle asked if we would still be under the 3-months for transitioning to recycling the backwash, and Tichi replied "yes."

He also pointed out, regarding the water use graph, that we had a leak that went on for about 3 weeks that accounted for about 7 million gallons of water. He stated that it was in an obscure, low traffic area which accounted for the length of time it took to find it.

*At this time, President Newcombe returned to item 3.a. Approve Minutes.*

3. *Approve Minutes*

a) *Regular Meeting minutes of September 10, 2019.*

A motion was made to approve the Regular Meeting minutes of September 10, 2019, *as amended.*

Motion made by John Riddle.

Seconded by Nadia Wills

The motion passed unopposed with one (1) abstention (Amy Fitzgerald).

*At this time, President Newcombe returned to item 4. Financial Matters.*

4. Financial Matters.

a) Secretary's Treasurer Report.

Secretary/Treasurer Liane Popham stated that the CD's are waiting on John to get with the bank and get it started but the money is all in place. John gave a brief explanation of why the money has not yet been put into CD's. He stated that since we are already earning an introductory rate of 2.0% on the money market accounts, it doesn't make sense to move it into CD's that may be earning less than that. He added that the Board might want to re-visit how they invest the funds and come up with a specific plan moving forward. He encouraged the Board to leave the funds in the money market accounts until the introductory rate expires and then have a plan in place for the future.

Gregg Newcombe suggested that John Riddle and Liane Popham work with the GM to map out specifically how they want to invest the \$1,000,000 that the Board voted to put into CD's at the July 9, 2019 Board meeting, and to bring a recommendation to the November Board meeting.

b) Approve Bills, Invoices and Other Payables.

After a brief period of question and answer regarding the bills, a motion was made to approve Bills, Invoices and Other Payables.

Motion made by Liane Popham.

Seconded by Bruce Covill.

The motion passed unopposed.

At this time, Amy Fitzgerald and Ron Sherrill left the meeting. (9:25pm)

c) Discuss/Approve Budget Amendments.

None

5. President's Report Concerning Corporate Affairs.  
Skipped.

6. *Staff Report Concerning Operations and Management.*  
a) *Office Manager.*

Office Manager Karissa Kornegay reported on some of the office operations during the past month. (Report attached)

7. Committee Reports

a) Large Project Committee

President Gregg Newcombe gave a brief overview of the 1<sup>st</sup> meeting of the large project committee, which took place on September 30, 2019. He stated that he is looking forward to making more progress at the next meeting which is scheduled for October 16, 2019. He assured the Board that no final decisions would be made by the committee, but only recommendations which would eventually be brought to the Board for approval.

b) Irrigation/Filter Backwash Committee

Bruce Covill asked if the new filters have shipped yet, to which Tichi replied, "no," but that the filters should be shipped next week.

8. Old Business

a) Discuss/Approve Transitioning JWSC to a 4-day work week.

Item deferred to November 12, 2019 Board meeting.

9. New Business

a) Discuss/Approve Request by Alan Collins to pay out Equity Buy-In.

*This item discussed earlier in the meeting.*

b) Discuss/Approve Appointing a Director to fill the vacancy on the Board.

*This item discussed earlier in the meeting.*

c) Discuss/Approve Adding Signers to Capital One Bank Account.

Office Manager Karissa Kornegay explained that recently we discovered that we have only one signer left on the Capital One accounts, due to the resignation of the other three signers in the past year.

A motion was made to approve a resolution (19-0810-01) to add Gregg Newcombe, Bruce Covill, and Liane Popham as signers on the Capital One bank accounts.

Motion made by John Riddle.

Seconded by Jim Roberts.

The motion passed unopposed.

d) Discuss/Approve Adding Bruce Covill to BBT as a signer.

A motion was made to approve resolution 19-0810-02 to add Bruce Covill to BBT as a signer on the accounts.

Motion made by John Riddle.

Seconded by Nadia Wills.

The motion passed unopposed.

10. Adjournment.

A motion was made to adjourn.

Motion made by Tim Hawkins.

Seconded by John Riddle.

The motion passed unopposed and the meeting was adjourned at 9:35 pm.

Minutes taken by Karissa Kornegay.