



# WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT

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## Minutes of Meeting of Board of Directors

May 16, 2022

The Board of Directors (the "Board") of Westwood Shores Municipal Utility District (the "District" or "WWS MUD") met in regular session, open to the public, at 75 Cottonwood Road, Trinity Texas 75862, a designated meeting place inside the boundaries of the District and the roll was called of the members of the Board as follows:

|              |                |
|--------------|----------------|
| Jim Atkinson | President      |
| Mike McClung | Vice President |
| Robert Bluis | Secretary      |
| John Wolf    | Director       |
| Ken Bateman  | Director       |

All the above were present thus constituting a quorum.

Also present at the meeting were Roy Aristizabal, Operator, Inframark; Rico Rodriguez, District Engineer, Civil Grade Engineering; Joshua Zientek and Frank Mitchell, Attorneys of Mitchell & Zientek, LLP ("MZLLP"); Pam McKay, WWS MUD Office Manager; Nancy Ridley, WWS MUD Bookkeeper; and various members of the public.

### CALL THE MEETING TO ORDER AND PLEDGE OF ALLEGIANCE

President Atkinson called the meeting to order at 9:30 a.m. and the Pledge of Allegiance was recited.

### APPROVAL OF MINUTES OF PRIOR BOARD MEETING(S)

The Board approved the minutes of April 18, 2022, with the following revisions:

Instead of listing Exhibits which are kept in the minutes, list that "*reports will be available upon request.*"

President Atkinson said he would like for those present at the meeting to have their titles listed after their names on the minutes.

President Atkinson then stated that Tricia Elliott would be doing the agenda and minutes to save on Attorney costs. The Attorneys agreed if they could review the minutes within a reasonable time after the Board meetings. President Atkinson said they would work to have the minutes ready one week after the meetings so the Attorneys and the Board could approve and then place on the

internet for the public. Director Wolf made the motion to approve the minutes with above listed revisions. Director Bateman seconded the motion. The motion passed unanimously.

### **PUBLIC COMMENTS**

Mr. Donald Brunswick, 135 Wood Glen, wanted to know the difference in cost between the bids for the filter system. Mr. Rodriguez, District Engineer, said that the difference between the two costs of the bids was \$600,000. The low bidder is also the supplier of the air filter. He knew the cost of the filter before the public bids came in. The second bidder came in at \$500,000 higher in filter cost. This higher bid was because their vendor would have to put in the filter, and they were not even sure it was going to work. It was also said that there were only two bids the first time and only one bid the second time, which shows there was not any interest in bidding it. The bidder said he could be the general contractor if the insurance was in line, and we had the money to pay for it. The public was also wondering if we had ever dealt with these same people before. Director McClung said that we have never had a filtration system before now.

### **CONSIDER PROCEED WITH AUTHORIZATION TO BUILD REQUESTS AND AUTHORIZE REVISIONS TO APPLICATION, AS NEEDED**

President Atkinson said all seemed acceptable and there were no changes. Director Wolf inquired about continuous use of the present form. Attorneys said that the Operator might have a more usable form. Mr. Aristizabal, Operator, said our form could be modified, and we could continue to use the same. Director Wolf asked that the Operator and District Engineer give monthly updates on the taps and authorization to build. Director Wolf then made the motion to approve the authorizations to build with subject to approval of the Operator and District Engineer. Director McClung seconded the motion. The motion passed unanimously.

President Atkinson said we need to make sure easements were not built upon. The Attorneys said it would be easier to have the operator fill in the forms and give the reports. From now on the Authorization to Build requests will be placed under the Operator's Report.

### **APPRAISAL DISTRICT'S TAX ASSESSOR'S REPORT**

Director McClung reported that 88 percent of the taxes had been collected for a total of \$721,892.84. Director McClung made the motion to accept the Tax Assessor's Report as presented. Director Wolf seconded the motion. The motion passed unanimously.

It was mentioned that the Delinquent Tax was on the agenda. The Attorneys said it was usually done quarterly but left on the agenda just in case something did come up.

## **BOOKKEEPER'S REPORT**

A copy of the Bookkeeper's Report was presented and reviewed. Director McClung approved the Bookkeeper's reports. Director Wolf seconded the motion. The motion passed unanimously.

## **REVIEW, APPROVE, AUTHORIZE FILING OF AUDIT FOR FYE JUNE 30, 2021**

Molly Abele, CPA/Partner, Axley & Rode, distributed drafts of the audit. She reported that her comptroller would review and mail copies of the final audit report to the MUD office. Ms. Abele said the number should not change unless she made a typo and that she was still making changes up to last week. Auditor's report gives management response to final statements and opinion of the auditors. They are issuing an unmodified report which is the highest you can give which states everything fairly. She and Nancy Ridley, Bookkeeper, are to meet to do final journal entries in QuickBooks before turning it over to the newly contracted Bookkeeper. Total district net is just over \$3.1 million due to a slight increase in total water revenue which is slight increase in rates and total amount sold. Expenses increased in personnel and fees of \$250,000. Everything else was comparable to last year. General fund overall is \$3.4 million and debt services \$213,000. Another additional finding was that there was no inventory taken at year end. She did look over and did not think there would be a difference, but that we do need to get the inventory in.

The letter attached on the back states any problems that were noted. She had none to report. It also included journal entries which were quite lengthy. One other item was the personnel procedures. It reads like vacations should only roll over for two years except for the discretion of the general manager. An example of this is Russell's vacation which was made for multiple years. This amount needs to be clarified. Director Wolf made the motion to accept the Audit report. Director Bateman seconded the motion. This motion is subject to the final revision/review of the audit. The motion passed unanimously.

## **UPDATE ON PRIOR CONTINUING DISCLOSURE FILING(S).**

Attorneys stated that one disclosure from the 2020 Audit still needed to be filed and as soon as the 2021 Audit is completed, they will file that disclosure as well. Board hired Financial Officer, Joe Morrow, will clean up disclosures and let the district know if there are any problems. The Attorneys said the district is going in the right direction on these disclosures.

## **OFFICE REPORT**

Ms. McKay, Office Manager, presented the Office Report. A copy of said report is available upon request. The report provided updates on new accounts, total lots sold, and release(s) of easements. Total number of taps completed year to date are thirty-one taps. Complete total of taps is 753. Director Wolf motioned to approve the Office Report. Director Bateman seconded the motion. The motion passed unanimously.

Attorneys said the Rate Study has been signed and sent to Phillip, who is beginning to work on it.



## **ENGINEER'S REPORT**

Mr. Rodriguez, District Engineer, began his report by stating that he had sent the contractor a contract for the installation of the aeration filter. The contractor did not give a start date but gave pictures and said he is ready to begin the project.

Mr. Rodriguez, then gave an update on Water Well #2. He said that he had met with contractors for their guidance on the correct way to set up the next water well contract. He said he wanted to confirm the MUD budget for this project. He anticipated that it would be a week or so before the bids were published in the paper.

Mr. Rodriguez, then gave an update on capital improvement projects. He said he is working with Roy Aristizabal to send improvements out to bid. He said the old sanitary maps are not very user friendly. He will need another two weeks to have more information on repairs to the two lift stations. The wastewater plant is also in need of an automatic bar screen. An electrician was asked how to approach upgrading the wastewater plant with this bar screen. TCEQ is also aware of this. The Engineer is evaluating options to repair the bar screen. Director Wolf asked if most lift stations will need repairs and if any of these might be an emergency. Mr. Rodriguez said he does know which ones need to be done first but most need urgent attention. He said that Salt Creek did not have the grinder pumps that are recommended for this application. Mr. Wolf also asked if a basket strainer device could be implemented in lieu of grinder pumps. Mr. Rodriguez responded that basket strainers are not common in these type of lift stations as they are very problematic to maintain. Mr. Aristizabal said if the right grinder pumps were used, the lift station would not need a basket. He said this lift station will have new control panel installed. They will have a full rehab, and not a partial one. Director Wolf made the motion to accept the Engineer's Report. Director McClung seconded the motion. The motion passed unanimously.

## **OPERATOR'S REPORT**

Mr. Aristizabal was pleased to announce that Mike Smith was back at work. He was going to be here more. Director McClung wanted to know the status on the Vactor truck. Mr. Aristizabal stated it should be repaired and brought back to the MUD office this week. They were waiting on a three-quarter-ton truck to bring it back and to also train our guys how to use it. He said it would be less than the \$40,000 originally stated. It should be \$3,000 to \$4,000 less than expected. Director McClung said that there should not be any more usage of an outside company, Mr. Aristizabal then said the only time we might need to use another outside contractor, instead of the Vactor truck was for the wastewater plant on the racetrack. He said with Mr. Rodriguez's help, they could do it, but cleaning the racetrack online is very complexed. He did not seem to think it had ever been cleaned since being online. But with the lift stations, there should not be a problem using the vacuum truck.

Mr. Smith said the district had used 3,144,000 gallons water as of last month. He then distributed the CCR Report to the board members. Mr. Aristizabal then gave the general manager's report. He stated that there was only one violation. He also said that the subcontractors' price had gone down from \$16,000. This was because they were not using One House like before.

The fire hydrant was to be delivered today. Once delivered, the subcontractor would install it by next week. There might be a small disruption in the water because there is not an isolation valve for that hydrant. If needed, door hangers would be hung on the doors to let the residents know there might be an interruption in their water service. This should only be for a couple of hours and will only be in the Mockingbird section.

Mr. Aristizabal said they were caught up on taps and were keeping track of the costs versus what they are doing. He said the taps might have to go up again after looking at the Rate Order. The average long tap costs about \$2,000 when using a subcontractor but have gone as high as \$5,000 in cost to the MUD. He said he had all this information together for the Rate Study when asked. Mr. Smith said they could only do about two to three taps a week because the crew was needed to keep up the maintenance work that had not been done and he did not want to get behind again. The boys are starting to have a little down time, so they are cleaning up the shop and have completed the inventory, which has been given to the auditor.

Mr. Aristizabal said that since Noel McFairen has come back to work, it has been a plus. He is teaching the guys about the infrastructure. They have been able to cut the jobs in half due to Mr. McFairen knowledge and experience. Mr. Aristizabal said it has been a blessing with Mr. McFairen back on the job.

Director McClung made the motion to accept the Operator's report, which includes the CCR Report. Director Wolf seconded the motion. The motion passed unanimously.

The attorneys said that there now is a red flag law. It concerns the identity theft policy, which has been in effect for the last 10 to 11 years. The MUD needs to have this policy in place. The Engineer and the Operator are going to see if they have a policy they can put in place for us, instead of starting from nothing. It will also be more efficient. With this red flag in place, things like how a check is written one way in cursive, but not another way and how the district gets paid. This will be listed on the agenda at the next Board meeting in June.

## **ATTORNEY'S REPORT**

The annual review of the Ethics policy relating to the Directors' \$150 per diem was discussed. Attorney Mitchell said that since directors have not reviewed the policy, they could keep it on the agenda and approve at next month's meeting.

In consideration for potential emergency inter-connection agreement with the City of Trinity, the directors said that Steve Jones was the police chief, city manager and over the water system.

The Attorneys will need authorization from the Board for execution of the voting system's annual filing form. They will need to reach out to Mr. Loftin's office to see about funds they have received from the federal government. Attorney Mitchell said he would draft a letter with the Board's permission. The pandemic money should have already been received. Director Wolf made the motion to contact Commissioner Loftin concerning the funds that the county received but did not invite the MUD. Director McClung seconded the motion. The motion passed unanimously.

**EXECUTIVE ACTION PURSUANT TO TEXAS GOVERNMENT CODE,  
SECTION 551.071, ET. SEQ.**

The Board did enter Executive Session, but no action needed. Director Bateman made the motion to adjourn the meeting. Director Wolf seconded the motion. The motion passed unanimously.

The Board returned to open session at 11:16 a.m.

**DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS**

The Board did not discuss pending business for future agendas.

Approved this June 20, 2022.

(SEAL)

WESTWOOD SHORES MUNICIPAL  
UTILITY DISTRICT



/s/Robert Bluis  
Secretary, Board of Directors

Reports will be available upon request.