

**Kempner Water Supply Corporation**

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**Subject:** Minutes of the Board of Director's Meeting on February 28, 2024, are in summary only and, not a transcript of the recorded Meeting.

**Attendees:** Board - Dennis Kliza, George McClintock, Sam Kier, Paul Williams, John Daugherty, Billy Malady, Richard (Ric) Dominowski and Dan Christy. Wende Hammond was absent.  
Staff - Bruce Sorenson, Stacy Ellis, Chris Mick, Michael Lentz, Bo Wilson, JoAnne Welden and Susan Isenburg.  
Guests -Kara Bathurst and Adam Haberer; Auditor from Brockway, Gerbach, Franklin and Niemeier, P.C.

- 1. Called to Order and Establish Quorum – 6:00 pm**
- 2. Pledge of Allegiance and Honor to the Texas Flag.**
- 3. Open Session: None**

**NEW BUSINESS**

- 4. Discussion and possible action to approve of 2022-2023 Tentative & Preliminary Audit performed by Brockway, Gerbach, Franklin and Niemeier, P.C.**

Adam Haberer; Auditor from Brockway, Gerbach, Franklin and Niemeier, P.C. went over the 2022-2023 audit. He explained there was one audit finding this year of a deficiency in an internal control process. In October 2023 when staff input the Board approved rate change, a small class of customers were not selected, causing them to not be billed to the increased rates. This oversight was not noticed by staff until April when the rates were changed to the Drought Contingency Plan stage 3 rates. This resulted in a loss of income for the corporation. Additional internal controls had already been implemented by staff for subsequent rate changes to ensure there is not recurrence of the issue. Adam explained the financial statements are being presented fairly and appropriately, and the firm has issued a clear opinion. On the Statement of Financial Position, you see a decrease of one million in cash and equivalents. This decrease is due to the water treatment plant improvements throughout the year. On the Statement of Activities, you can see the revenue has increased, this is primarily due to the rate increase and water usage. The expenses that increased were payroll, CTWSC, BRA and utilities. All of this considered resulted in a net income increase of two million. The last thing to note is the liquidity. We would like to see 3-6 months of budgetary expenses in cash and reserves. Kempner has almost a year, which is great.

Sam Kier made a motion to approve the 2022-2023 Tentative & Preliminary Audit. Dan Christy seconded the motion. 8 in favor, 0 opposed.

**5. Discussion and possible action to approve January 24, 2024, Monthly Board of Director's Meeting Minutes.**

Sam Kier made a motion to approve January 24, 2024, Monthly Board of Director's Meeting Minutes. Ric Dominowski seconded the motion. 8 in favor, 0 opposed.

**6. Discussion and possible action to approve February 6, 2024, Special Call Board of Director's Workshop Meeting Minutes.**

Ric Dominowski made the motion to approve the February 6, 2024, Special Call Board of Director's Workshop Meeting Minutes. Sam Kier seconded the motion. 8 in favor, 0 opposed.

**7. Discussion and possible action to approve 2024 Drought Contingency Plan.**

Dan Christy made the motion to approve the Drought Contingency Plan. Sam Kier seconded the motion. 8 in favor, 0 opposed.

**8. Discussion and possible action to approve January 2024 Financial Statements.**

Sam Kier made the motion to approve the January 2024 Financial Statements. Ric Dominowski seconded the motion. 8 in favor, 0 opposed.

**9. Discussion and possible action regarding Old Business.**

- a) **Rack Installation @ WTP** – Project is 100% complete and awaiting CT Study/inspection by TCEQ. We are holding the 5% retainer payment until startup has taken place.
- b) **WCID1 Water Line Interconnect** – Project is complete, and we are occasionally getting water from WCID1 to substitute Lampasas' needs while CTWSC is down.

**10. Manager's Report:**

Bruce informed the Board the lake level is currently 5 feet below what it was at this time last year, which is not a good thing. The bracing of the Intake Extension at the Plant should be started in April. CTWSC is still not up and running properly so we are having to supply Lampasas with water from our Plant. The recent TCEQ inspection went well. We are going to have to put in some new chemical containments at the Plant and the Clearwell has a small leak that TJ is working on getting fixed. We got the Cla-Valve installed at 580 yesterday. It is working well, and we saved about \$30,000 in labor by doing it ourselves. We have hired the half-year Distribution employee approved in the Budget and he will start mid-March, as well as replacement for Melody in the front office with a new full-time office employee.

**11. Board of Directors' Announcements:**

George McClintock – Nothing.

Dan Christy – Nothing.

Paul Williams – I appreciate the staff and all that you do.

Ric Dominowski – I am a believer in team sports and thank everyone for doing such a good job.

Billy Malady – Nothing.

John Daugherty – Nothing.

Sam Kier – Nothing.

**12. President's Comments:**

Dennis Kliza stated he is glad to see the staff doing such a remarkable job and it is great to have such good office staff. I am glad to hear about the new staff coming on. I was glad to see the numbers on the audit and see that we still have a little bit of money left.

**13. Adjourn:**

Sam Kier made the motion to adjourn at 7:09 pm. Paul Williams seconded the motion.  
8 in favor, 0 abstained.

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**George McClintock, Secretary/Treasurer**