



Adrienne Balkum <adriennebalkum@gmail.com>

to Keith, Michael, Emily, Konrad ▾

May 19, 2023, 5:31 PM



Mayor,

My meeting with David Naylor happened at 9:30am in the City Hall conference room.

David disclosed that he doesn't have access to the RCH WSC bank accounts.

Naylor did confirm that there are TWO deceased names on the bank accounts. (Ottis Lowe and Robert ____.) In addition to Warren Hodges.

He claims that he has a quorum for a special meeting on Thursday, May 25 at 4pm. However, after my meeting he has decided to NOT have a RCH special meeting. So he will have a regular scheduled monthly meeting on **Wednesday, June 7 at 4pm. [Yes, I watched him make the request with Shelly after our meeting on the hallway calendar.]**

Naylor expressed that he wanted to be able to have good faith negotiations meaning he wanted to be able to contribute to the agreement. I said, well, you could have...if you attended the meeting yesterday on Thursday, May 18th.

I told him that I was upfront with the agenda publishing policy. IF the City Council approves it, signed by the Mayor on May 24. Naylor will have the opportunity to review it, have his board directors review it and hopefully do the right thing and put it on the RCH agenda for June 7, 2023.

Naylor's concerns:

1) One concern is that the Tariff was going to be increased without notice and/or consent from those out in the ETJ. **I told him that I would be happy to get legal advice on this.** However, I don't believe the Mayor and/or City Council has a desire to increase but to keep the tariff as is. However, if it is possible to lower it based on the financial data that we would want to explore that. BUT I am leary to verbally say that until we accessed the finances.

H2O Services

2) No checks were signed by Naylor to H2O services. However, he claims that he was verbally told by Robin Baley [H2O Services} that she gets paid \$7.50 a meter a month. So she clearly has access to the bank accounts.

Auditor

3) Robin Baley is NOT responding to the auditor, Rutherford Taylor in Greenville. There is no evidence of IRS filings, past audits, etc. The documents provided were not exactly helpful. The jump drive essentially is useless. **However, there is paper data that shows all the meter reading account locations.**

Uncontracted RCH Attorney

4) Jim Bradbury (Austin) is the "attorney" that Naylor is allegedly working with. I don't believe there is an "actual" contract agreement. **It has certainly NOT been approved by the RCH Board.**

Bank Signatories

5) Naylor had planned to present a resolution for the board directors to update the bank signatories. **Which both banks told him was needed before they would ALLOW Naylor to be added to the bank accounts.**

Blackland Interim Agreement

6) Naylor believes that Blackland will have on their board director meeting agenda, Thursday, May 25, 2023 an "interim agreement" to do operations/billing, etc for RCH WSC.

Naylor is NOT in favor of the CCN Transfer

7) Naylor did seem to be in favor of the "interim" agreement. But is NOT IN FAVOR of RCH Board Directors agreeing to the transfer of the CCN to the City of McLendon-Chisholm. I asked him do you foresee that RCH will be around in two years? He said, no. So is there a financial reason that this is an issue? He said no. I said okay...so it is a matter of administrative work that we are doing on our end. We are even planning to use funding to pay for some of these installation costs for the meter devices, a SCADA system, etc.

Another Possible Director Resignation

8) Naylor was told that Warren Hodges plans to resign at the June 7, 2023 meeting at 4pm. Naylor said that is fine, because he plans to appoint "people" from the ETJ.

Asset Transfer Agreement

9) Naylor believes that the RCH WSC board would be in favor of supporting the asset transfer to the City, **but Naylor doesn't plan to put the transfer agreement on the RCH agenda.**

Naylor wants to be part of the "negotiations".

10) I told him that he should do the right thing and put it on the agenda once the item is published from the City of McLendon-Chisholm. I shared that Naylor will have plenty of time to review. He claims that he is a business man and should be able to have input. I reminded him that the board has had it since September 2022. His response was when PUC asks him if he had input in it that he will tell them that he did not. I offered for Naylor and Pullen to meet with me at the May meeting. You both were appointed by the board to have meetings with whomever.

RCH is Not Providing Adequate Service

11) I reminded Naylor to look at the bigger picture...None of these major changes would have happened if it wasn't for us handling it at the local level. TCEQ is now aware that RCH has no contracted operator and there is a lot more that the City can list. We don't have daily usage reports. There are customers that have moved in March and did not receive a billing statement. You can choose to not respond, but we are prepared for that too.

Lawsuits

12) Naylor claims that there would be lawsuits against **[the City]** if Warren Hodges would vote in favor of the transfer to McLendon-Chisholm **[because of Trilogy.]** I told him I don't see the connection. He was very speculative. I said I don't have a relationship with Warren Hodges much less have had any connection with Hodges at any level for these agreements.

Naylor attempted to reason with me, but I told him that I haven't changed the ultimate purpose of the asset transfer. This is about ALL the customers inside and outside the city limits. It's time to move forward. It was always intended by these board directors to transfer this system to the City of McLendon-Chisholm.

We shook hands. He changed the calendar dates with Shelly. I told him I would send him the published agenda. And Naylor did ask...if his (uncontracted Jim Bradbury) attorney could call Emily Rogers. I said sure, go right ahead. She is awesome. ;)

sincerely,

Adrienne Balkum

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