

Spring Valley Water Supply Corp.
Regular Meeting of the Board of Directors
July 13, 2021

Page 1 of 5

President	Larry Hobbs
Vice-President	Zandy Goode
Secretary	Bert Hernandez
Director	Darrell Bledsoe
Director	David Morrison
Director	Gerald Theut
Director	Kyle Grigsby

ITEM 1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM

The meeting was called to order at 5:15 p.m. by President Larry Hobbs with a quorum present.

ITEM 2. RECOGNITION OF VISITORS

There were three visitors – Mrs. Rust Smith and David and Debbie Smith.

ITEM 3. PUBLIC COMMENTS

There were no public comments.

ITEM 4. REVIEW AND APPROVE MINUTES FROM PREVIOUS BOARD MEETING

The minutes were reviewed and a motion was made by David Morrison to approve the minutes from the previous Board meeting. Larry Hobbs seconded the motion. The vote was taken and all approved the motion.

ITEM 5. REVIEW AND POSSIBLE ACTION ON METER REQUESTS

There were three meter requests: David Smith requested 20 meters, Brett & Jennifer Brown requested one, and Chase Sligh requested one.

The first request to be considered was the David Smith request. The 20 meters would have to be installed outside the SVWSC's CCN. Approval from the PUC would be required as well as extensions to existing waterlines. The 20 meters would be in a "no man's land" between water companies. After much discussion Zandy Goode made the motion not to install meters outside the SVWSC CCN. This was seconded by Kyle Grigsby. On vote the motion passed unanimously.

ITEM 5. REVIEW AND POSSIBLE ACTION ON METER REQUESTS (Cont'd)

The second meter request was reviewed and discussed. It was from Chase Sligh. Gerald Thuet made the motion to accept the engineer's report and approve the meter. David Morrison seconded the motion and on vote, it passed.

The last meter request was from Brett and Jennifer Brown. After review and discussion of the engineer's report, Larry Hobbs made the motion to accept the engineer's report and approve the meter. Kyle Grigsby seconded the motion. On vote, the motion passed.

ITEM 6. DISCUSS AND POSSIBLE ACTION: OBTAINING FINANCING FOR SYSTEM IMPROVEMENTS

Bert Hernandez reported that all the paperwork had been completed, the loans from CoBank were approved, and the construction loan money was in the bank. \$1,000 had been used from the line of credit to pay for the \$1,000 equity fee to CoBank. Note payments will start in July 2021 since the full amount was drawn immediately.

ITEM 7. DISCUSSION AND POSSIBLE ACTION: METER RATES

The price of the equity buy in for new meters was discussed. It was determined that the TRWA should be contacted to determine if they had a formula for calculating what it should cost a customer to put in a new meter. Larry Hobbs was going to contact the TRWA to verify and see if they could give us the formula.

ITEM 8. DISCUSS AND POSSIBLE ACTION: LORENA EASEMENTS

The engineering agreement was ready to sign for the Pilgrim lane project. A motion was made by Larry Hobbs and seconded by Gerald Thuet to authorize signing of the engineering agreement. The motion passed unanimously.

There's a delay on getting easements from Lorena due to a change in city managers at Lorena. The city of Lorena will continue to pick up trash for those meters that are reverting to SVWSC and this needs to be documented for future reference.

ITEM 9. TABOR ENGINEERING – UPDATE ON PROJECTS

Johnny Tabor presented the following report:

Pilgrim Lane Water Improvements – This project is waiting on easements being obtained and engineering service agreement was signed this evening.

ITEM 9. TABOR ENGINEERING – UPDATE ON PROJECTS(Cont'd)

Southern Heights Addition (Bill Fraley) – Construction contracts were completed and signed by all parties. A Notice to Proceed was issued at the Pre-Construction Conference at Tabor Engineering's office on July 12th. A Waco Pre-Construction Conference is set for July 15th since the work will be within Waco's ETJ. Construction start is planned for July 12th with completion estimated by September 20th.

Water Supply & Plant Rehabilitation – The Moses and Judd Plant rehabilitation plans are being worked on and will be submitted to TCEQ within 30 days with their return expected 60 days after that. Plant rehabilitation and waterline rehabilitation are being prepared as two separate projects for cost control. Well rehabilitation will be taken up with the Moses and Judd rehabilitation.

The removal of equipment and restoration of the land at the Bethany plant site is being worked on and it's expected that Mark Brittany will be completing the work.

ITEM 10. FINANCIAL STATEMENT REVIEW BY FRANK ALEXANDER

Frank Alexander presented the balance sheet and income statement. He indicated to the Board which were the new accounts on the balance sheet set up to reflect the acquisition of debt to CoBank and engineering fees paid by Bill Fraley for his development. A \$50,000 reserve needed to be set up to comply with CoBank's loan covenant and this was discussed. Larry Hobbs made a motion to set up the account at American Bank and Bert Hernandez seconded. On vote, the motion passed. Larry Hobbs made the motion to accept the financial report. Bert Hernandez seconded. On vote, the motion passed.

ITEM 11. DISCUSSION AND POSSIBLE ACTION: ELECTRIC SERVICE TO MOSES PLANT

There was a billing issue after the freeze with Summer Energy which was the supplier to the Moses plant. After the hard freeze this past winter, we did not pay electricity bills to them while the large \$6,000 bill was being worked out. As a result, Summer will drop the \$6,000 payment plus the last three months billings if we sign a new 36 month contract with them. Rates will go up by about 2 cents per Kilowatt/hr to \$.089 per kw/hr. Discussion of the current contract with 33 months remaining vs the new 36 month contract led to Frank Alexander recommending the new contract. Larry Hobbs made the motion to sign a new contract with Summer and Bert Hernandez seconded it. On vote, the motion passed unanimously.

ITEM 12. DISCUSSION AND POSSIBLE ACTION: BY-LAWS COMPLIANCE

Our by-laws and tariff require that there be only one meter per acre. Since then there have been campers and other habitats that are hooked up to existing meters which are violations of the tariff. Larry Hobbs requested that a letter be written to members reminding them of the limitation on hooking up to existing meters and it this would be enforced starting August 1st to give members time to remedy the situation that are known to exist. He also asked the staff note where these situations exist so customers can be notified that they are out of compliance.

ITEM 13. REGULAR UPDATE ON BLUEBONNET WATER SUPPLY AND POSSIBLE ACTION

David Morrison reported there was no Bluebonnet meeting in June due to a lack of quorum. Larry Hobbs had spoken with Bluebonnet's management and had been advised that rates were going to go up for us in the summer of 2022 due to Bluebonnet's contracts with the Brazos River Authority having to be renewed. They knew what their new rates were going to be and would be raising our rates. The new rates for us have not yet been determined.

ITEM 14. DISCUSSION AND POSSIBLE ACTION: AUTHORIZATION TO PAY BILLS

On review, the motion was made by Darrell Bledsoe and seconded by Zandy Goode to authorize payment of bills for July 2021. All were in favor, the motion passed.

ITEM 15. DISCUSSION AND POSSIBLE ACTION: JUDD CELL PHONE

The cell phone provided Mr. Russell Judd by the SVWSC has not been showing any activity. Discussion of this matter indicated that the Board members did not know whether Mr. Judd needed or could use the phone provided. Since the state of Mr. Judd's health was unknown as well as his or his family's need for the phone, Kyle Grigsby volunteered to investigate and report back to the board on this issue.

ITEM 16. QUESTIONS TO THE BOARD BY AQUA TEXAS REPRESENTATIVES CONCERNING OPERATIONAL ISSUES

There is an issue with payments turning up missing from the payment box on Cindy Ann. This was brought to the Board's attention by Mark Kocian and Terri Whitley. Discussion of this issue included history of the box, number of payments received monthly, having changed the lock on the box in the past, and time of pick-up of its contents ensued. The issue requires time to consider the best options and so it was decided to make a decision and take action on this issue at the next meeting.

ITEM 17. WATER SYSTEM OPERATIONS REPORT BY REPRESENTATIVE OF AQUA TEXAS (NO ACTION TO BE TAKEN BY THE BOARD) INCLUDING THE FOLLOWING: (A) OPERATIONS REPORT; (B) WATER USAGE AND ACCOUNTABILITY; (C) FACILITIES, EQUIPMENT, AND REPAIRS; AND, (D) FINANCIAL REPORT

Mark Kocian reviewed the Directors' Operations Report with the Board.

Bert Hernandez made the motion to accept the water operations report. It was seconded by Larry Hobbs. On vote, the motion passed.

ITEM 18. ADJOURN INTO EXECUTIVE SESSION IF NEEDED AS ALLOWED BY TEXAS GOVERNMENT CODE SECTION 551.074

There was no need for an Executive Session

ITEM 19. RECONVENE INTO PUBLIC SESSION. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION

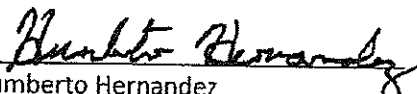
There was no Executive Session so there was no need to reconvene.

ITEM 20. SET TIME AND PLACE FOR THE NEXT REGULAR MEETING OF THE BOARD

A motion was made by Darrell Bledsoe and was seconded by Kyle Grigsby to set the next meeting of the Board on Tuesday, August 10, 2021 at 3:30 p.m. at the Aqua office at 7025 Sanger, Waco, TX 76710. The motion was voted on and passed unanimously.

ITEM 21. ADJOURN

A motion was made to adjourn by Darrell Bledsoe and was seconded by Larry Hobbs. All were in favor and none opposed. The motion carried and the meeting was adjourned.

Submitted by:  July 26, 2021
Humberto Hernandez
Secretary, SVWSC