

Spring Valley Water Supply Corp.
Regular Meeting of the Board of Directors
June 14, 2022

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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 3:30 p.m. by Vice President Zandy Goode.

ITEM 2. RECOGNITION OF VISITORS

Visitors were Mr. and Mrs. Jones.

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 Darell Beledsoe to approve the minutes from the previous Board meetings. Bert Hernandez seconded the motion. The vote was taken and all present approved the motion.

ITEM 5. REVIEW AND POSSIBLE ACTION ON METER REQUESTS

There were three meter requests at this meeting.

The first was from Billy Hamilton for one meter off Old Lorena Road. After reviewing the Engineer's Report Kyle Grigsby made the motion to approve the meter. The motion was seconded by Darrell Bledsoe and on vote, the motion passed.

The second request was from Robert Walton for 2 meters on Spring Valley Road. After reviewing the Engineer's Report, the motion was made by Darrell Bledsoe to approve the meter. David Morrison seconded the motion and on vote, the motion passed.

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

The third request was from Larry Cowan for a meter on Harding Lane. After the Engineer's Report was reviewed, it was noted that there would be a need for a road bore in order to install the meter. The customer was aware of this and the need for the TexDot permit to do such work. After discussion, the Larry Hobbs made the motion to approve the meter and David Morrison seconded the motion. On vote, the motion passed. It was at this time that Larry Hobbs, President entered the meeting and took over chairing it from Zandy Goode, the Vice President.

ITEM 6. TABOR ENGINEERING – UPDATE ON PROJECTS

The first item to be reported on was the water line rehabilitation project. Johnny Tabor reported that Mark Breton had found some areas where there were discrepancies between what was believed to be in the ground and what was actually found to be installed. Johnny Tabor reported that it would require some change orders but that he would bring them to the next meeting since the work was continuing on the lines and that at this time there were still changes to be made to the original work order.

The second item to be reported on was the time frame of the plant projects. Johnny Tabor explained that the contract had penalties for not completing the projects on time however when there were situations that were beyond the contractors control, he would grant time extensions on the projects. He gave examples such as weather and supply issues as items that would grant a time extension. He reported that on the plant projects, the contractor had until November 18, 2022 to complete the project and if not completed by that time, there would be a \$500 a day penalty. At this time the pressure tanks were ready, just not shipped and concrete work was planned to continue for the next two months to cover the pads for the ground tanks, the pressure tank, saddles, and the new pump house foundation.

This Thursday he will be meeting with the electricians to plan increasing power to the plants. He plans on this work to progress fairly quickly. Johnny Tabor reviewed the power requirements for the updated plants and discussed back up power generation it was determined that all was within standards of the project.

ITEM 7. DISCUSS AND POSSIBLE ACTION: PILGRIM LANE PROJECT

Mark Breton's bid for the Pilgrim Lane project came in at \$200,005. After reviewing the bid, the lines were redesigned by Johnny Tabor. After the redesign, the bid changed to \$181,930 which was less than the original bid. After discussion, it was determined that the change order needed to be made to the new design and take advantage of the new design's lower cost. In discussing paying for the project, it was confirmed by Johnny Tabor that the well work's postponement was acknowledged by Jurgensen Pump and that delay would contribute to paying for the Pilgrim Lane project.

Larry Hobbs made the motion to make the change order to the Pilgrim Lane Project and to accept the bid of \$181,930 for the work to complete the project. Bert Hernandez seconded the motion and on vote, it passed unanimously.

ITEM 8 . REVIEW AND POSSIBLE ACTION: RICE INSPECTIONS FOR SYSTEM IMPROVEMENTS

There was a discussion on the need for inspections of work being done on the various projects and the need to report progress on them. Johnny Tabor was asked if he could work with an independent inspector, specifically Rice Inspections, and he stated he could so long as lines of authority and communications were clear. It was reinforced that he was in charge of the projects and that having an inspector would not change that. After the discussion, Larry Hobbs made the motion to engage Rice Inspections to inspect and report on progress on the projects. Bert Hernandez seconded the motion. On vote, the motion passed.

ITEM 12. REGULAR UPDATE ON BLUEBONNET WATER SUPPLY

Larry Hobbs made a motion to move up Item 12, the Bluebonnet Report ahead of Item 9 of the meeting. Kyle Grigsby seconded the motion and on voting on it, the motion passed.

David Morrison reported that Bluebonnet was still waiting on generators and that next week we would be receiving the new Bluebonnet rates. He also broached having a meeting with Bluebonnet concerning getting more water from SVWSC. The discussion centered on having our engineer and their engineer also present so that they could determine what the problem was on the restriction on receiving the allotted amount of water from Bluebonnet. Johnny Tabor was asked if he had an idea of what the restriction could be. He answered it could be several things and he described them including air in the lines and water pressure. Johnny Tabor agreed to attend such a meeting.

Darrell Bledsoe made the motion to accept David Morrison's report. Larry Hobbs seconded the motion. The motion passed when voted on.

ITEM 9. REVIEW AND POSSIBLE ACTION: TARIFF REVIEW

Larry Hobbs stated that Ken Mays was nearing completion on the tariff review. He also stated that new water rates would need to be included in any amendment to the tariff per our attorney since the PUC required that they be included in our tariff. After further discussion it was decided that no action was needed at this meeting on the tariff. The new Bluebonnet rates will come out next week so at that time work could commence on figuring the new rates.

Larry Hobbs made the motion to table this item and Kyle Grigsby seconded the motion. On vote, the motion passed.

ITEM 10. FINANCIAL STATEMENT REVIEW BY FRANK ALEXANDER

Frank Alexander reviewed the balance sheet and financial statement. He pointed out that balance sheet accounts were going to be impacted by today's decision to go ahead with the Pilgrim Lane project and that the \$88,000 expected to be paid to Rice would go on the next statement. He also reported that we could pay all contracted fees and still have \$19,000 left to go forward with.

On the income statement, expenses were down mainly from a drop in repairs expenses. Income was up from May of 2021 so May 2022 was a good month with net income at \$ 33,845.

Zandy Goode made the motion to accept the financial report. David Morrison seconded the motion and on vote, the motion passed.

ITEM 11. DISCUSS AND POSSIBLE ACTION: WATER RATES AND FEES

Gerald Theut prepared a survey of area WSC's rates and fees. He reviewed the spreadsheet he provided the Board and it was evident that the meter cost was very low compared to other systems. A discussion of the meter rates led the Board to realize that the first item that needed to be addressed was the meter rate. After discussion, it was decided that the new meter rate should be \$5,000. A discussion ensued concerning the timing of the implementation of the new rate. It was determined that the new rate would take effect on new meter requests received at the Aqua office after Sept. 1, 2022. Gerald Theut agreed to compose the letter to members advising them that the new meter rates would not affect them and that new meters were going up after September 1st.

A determination on water rates was held up by Bluebonnet's new rates that we did not have access to. Older rates were reviewed and it was determined that we had been holding on rates though our delivery costs were increasing more quickly than the existing rates reflected. It was requested that Board member study the current rates and return in July to determine what the new rates were going to be.

On executing the implementation of the new meter and water rates, it was decided to do both at the same time.

ITEM 13. DISCUSSION AND POSSIBLE ACTION: AUTHORIZATION TO PAY BILLS

On review, the motion was made by Larry Hobbs and seconded by Bert Hernandez to authorize payment of bills for June 2022. All were in favor, the motion

ITEM 14. QUESTIONS TO THE BOARD BY AQUA TEXAS REPRESENTATIVES CONCERNING GENERAL OPERATIONAL ISSUES

There were no questions to the Board.

ITEM 15. 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.

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

ITEM 16. ADJOURN INTO EXECUTIVE SESSION IF NEEDED AS ALLOWED BY TEXAS GOVERNMENT CODE SECTION 551.074

There was no need for an Executive Session

ITEM 17. RECONVENE INTO PUBLIC SESSION. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION

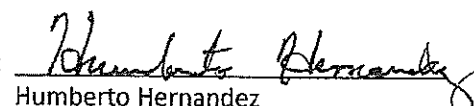
There was no Executive Session so there was no need to reconvene.

ITEM 18. SET TIME AND PLACE FOR THE NEXT REGULAR MEETING OF THE BOARD

The next meeting of the Board will be on Tuesday, July 12, 2022 at 3:30 p.m. at the Aqua office, 7025 Sanger Ave., Waco, TX.

ITEM 19. ADJOURN

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

Submitted by:  June 28, 2022
Humberto Hernandez
Secretary, SVWSC