

Spring Valley Water Supply Corp.
Regular Meeting of the Board of Directors
June 8, 2021

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President	Larry Hobbs
Vice-President	Zandy Goode
Secretary	Bert Hernandez
Director	Darrell Bledsoe
Director	David Morrison
Director	Gerald Theut -- Absent
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 – Mr. & Mrs. Jones and Ken Cooper.

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

ITEM 5. REVIEW AND POSSIBLE ACTION ON METER REQUESTS

There were two meter requests: Zandy Goode submitted a request for one meter on and Roy Deeger submitted a request for one meter.

After reviewing the Engineer's reports on the meter requests, Darrell Bledsoe made the motion to approve both of the meter requests based on the Engineer's reports. Kyle Grigsby seconded the motion. Zandy Goode abstained from voting on the motion, but on vote, the motion passed.

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

Ken Cooper addressed the board with questions concerning water and meter issues that are pertinent to developing the Tate property at the corner of Chapel Road and Spring Valley Road. After he explained his plans for development it was suggested that he apply for 70 meters in two phases with the first 10 meters to be installed along Chapel Road. Procedures for planning and getting approval from Waco for those plans were discussed. Tabor Engineering would be involved in the water system design. Increasing capacity at the Moses plant was discussed as well as the need for additional land to make the improvements needed to increase capacity.

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

Larry Hobbs reported that he had been in conversation with our attorney, Bo Routh and that the issue of where arbitration/ litigation was to occur was in Colorado which was standard for locating such actions in the state where the lender was located. Discussion of the prepayment penalty led to the conclusion that the loan would be taken at once instead of drawing out the funding for projects and that the interest rate would be locked in as soon as possible. The loan would be paid out as amortized so that no early payment of the loan would be made. The balance of this item was tabled until 6:00 pm when John DeLuca would be available to take a call from the Board.

A phone call was made to John DeLuca of CoBank to determine what the rate was if paperwork was completed on the loan at the time of this meeting. Mr. DeLuca indicated the rate would be 3.5% and that the payment would be approximately \$8,800 per month if the rate was locked down. To lock down the rate, the entire amount of the loan would have to be drawn immediately and amortization of the loan would also commence rather than just paying interest on the loan until the funds were all drawn by the end of a year. Drawing all the funds would also trigger a prepayment penalty that would depend on the rates at the time the loan was paid off early. With patronage, the effective rate would be about 3.0%. The Board indicated to Mr. DeLuca that this is what it wanted to do, so he explained the procedure that would be followed in such an event. Mr. DeLuca asked about the payoff to American Bank and it was confirmed to him that the loan had been paid off and proof of such would be forwarded to him.

After the phone call with Mr. DeLuca, Larry Hobbs made the motion to authorize signing of loan documents if the interest rate on the loan was going to be 3.6% or less. Bert Hernandez seconded the motion and on vote, it passed unanimously.

ITEM 7. TABOR ENGINEERING – UPDATE ON PROJECTS

Johnny Tabor was not present but he submitted his written report on projects as follows:

Pilgrim Lane Water Improvements – This project is waiting on easements being obtained and engineering service agreements

Southern Heights Addition (Bill Fraley) – The developer funding has been obtained. The notice of award of bid has been signed and will be sent out shortly.

Water Supply & Plant Rehabilitation – The Moses and Judd Plant rehabilitation plans are being drawn up and will be sent to the TCEQ for review as soon as possible.. It is expected that these won't be back for 60 days after submitted. The plant rehabilitation and the water line rehabilitation are being considered as two separate projects to get the costs lower than otherwise.

Judd and Moses Well Rehabilitation – Jurgeson Pump will be doing the work as part of the Moses and Judd Plant rehabilitation

David Morrison made a motion to accept the Engineer's Report and it was seconded by Darrell Bledsoe. On vote, the motion passed.

ITEM 8. FINANCIAL STATEMENT REVIEW BY FRANK ALEXANDER

Frank Alexander presented the balance sheet and income statement. He indicated a major change in cash position on the balance sheet due to paying off the note to American Bank in order to secure a loan from CoBank, and large expenses due to the inspection and testing of the wells and completion of a project last month that had been approved last year involving a creek bore. These two items were paid out of a \$75,000 reserve that had been set up previously for maintenance. Replenishing and increasing the reserve for maintenance was determined to be an agenda item for the next Board meeting. Kyle Grigsby made the motion to accept the financial report. It was seconded by David Morrison, and on vote the motion passed.

ITEM 9. REGULAR UPDATE ON BLUEBONNET WATER SUPPLY AND POSSIBLE ACTION

David Morrison reported on the April and May Bluebonnet activities since he missed the last Board meeting and no Bluebonnet report was made in May. He did discuss future increases in deliveries to SVWSC from Bluebonnet w/ Bluebonnet management and options of increasing pressure or taking over a Bluebonnet water supply line were discussed, but no action was taken. David Morrison will be unable to attend the next Bluebonnet meeting so Darrell Bledsoe will attend in his place. The chief item Bluebonnet is working on is acquiring electrical generators that would provide emergency power to the intake, mail plant, and at Moody. David Morrison also reported that new minimums and maximums were going to be set next month. Larry Hobbs made a motion to accept the report and it was seconded by Zandy Goode. On vote, the motion passed.

ITEM 10. DISCUSSION AND POSSIBLE ACTION: AUTHORIZATION TO PAY BILLS

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

ITEM 11. QUESTIONS TO THE BOARD BY AQUA TEXAS REPRESENTATIVES CONCERNING OPERATIONAL ISSUES

There were no questions to the Board.

ITEM 12. 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 Kyle Grigsby. On vote, the motion passed.

ITEM 13. ADJOURN INTO EXECUTIVE SESSION IF NEEDED AS ALLOWED BY TEXAS GOVERNMENT CODE SECTION 551.074

There was no need for an Executive Session

ITEM 14. RECONVENE INTO PUBLIC SESSION. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION

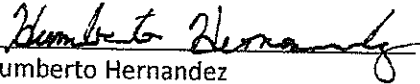
There was no Executive Session so there was no need to reconvene.

ITEM 15. SET TIME AND PLACE FOR THE NEXT REGULAR MEETING OF THE BOARD

The next meeting of the Board will be Tuesday, July 13, 2021 at 5:15 p.m. at the Aqua office at 7025 Sanger, Waco, TX 76710.

ITEM 16. ADJOURN

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

Submitted by:  July 2, 2021
Humberto Hernandez
Secretary, SVWSC