

Spring Valley Water Supply Corp.
Regular Meeting of the Board of Directors
May 5, 2020

Page 1 of 5

This meeting was conducted via conference call with access provided to the public via publication of the access phone number, meeting ID, and the meeting password.

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

The meeting was called to order at 1:30 p.m. by President Larry Hobbs. Other directors present were Bert Hernandez, Darrell Bledsoe, David Morrison, Zandy Goode, and Gerald Theut. A quorum was present.

ITEM 2. RECOGNITION OF VISITORS

There was one visitor, Mr. Tim Milburger.

ITEM 3. PUBLIC COMMENTS

There were no public comments as Mr. Milburger requested to speak during the discussion of item #7 – Customer Issues.

Frank Alexander requested that items #10, #11, and #12 be moved up on the agenda so that he could cover his portion of them prior to having to leave for another commitment. Larry Hobbs made the motion to approve the change of item sequence and it was seconded by David Morrison. All voted in favor of the motion,

ITEM 10. DISCUSS AND POSSIBLE ACTION: APPROVE THE AUDITOR'S REPORT

Frank Alexander discussed the auditor's report and variances between our operating report and the auditors' report. This was chiefly due to our using cash basis accounting and the requirement that the auditors had to account differently for payables and depreciation. He also stated that he was going to work on reconciling the balance on members' accounts to the equity on the financial statements. After discussion on these matters, Larry Hobbs made a motion to accept the Auditor's Report. Darrell Bledsoe seconded the motion. When the motion was voted on, it passed unanimously.

ITEM 11. DISCUSS AND POSSIBLE ACTION: APPROVE THE 2020 BUDGET

Frank Alexander had presented a proposed budget at the January 2020 Board meeting. The budget had been in the Board's hands to study and review since that meeting. At this meeting, there were no more questions about the proposed budget. Darrell Bledsoe made a motion to approve the budget and Larry Hobbs seconded the motion. When the motion was voted on, it passed unanimously and so the budget was adopted.

ITEM 12. FINANCIAL STATEMENT REVIEW BY FRANK ALEXANDER

Frank Alexander provided the Board with the current financial statements and reviewed them with the Board. A motion was made by Larry Hobbs to approve the financial report. It was seconded by David Morrison. All were in favor and none opposed. The motion carried.

At the conclusion of the vote on Item 12, Larry Hobbs made a motion to move up Item 7 – Customer Issues on the agenda. Gerald Theut seconded the motion. On the vote, the motion passed.

ITEM 7. DISCUSSION AND POSSIBLE ACTION: CUSTOMER ISSUES

Tim Milburger had come before the board to request assistance with a large water bill that was the result of a leak that had been difficult to find. His water bills had grown large in 2019 and when they did not drop off, he realized he had a major leak. In the end he had to hire a contractor to assist in locating the leak. The leak was found and it was repaired but he had accumulated large water bills in the meantime. He came on this date before the board to ask for assistance with the bill. After discussions detailing the problem, David Morrison made the motion to retroactively reduce Mr. Milburger's water bills to the start of the leak and to bill those months at the lowest rate for water usage instead of the graduated rate. Darrell Bledsoe seconded the motion, and on voting on it, the motion passed unanimously. Aqua staff was instructed to rebill Mr. Milburger's bill at the lowest rate going back to the start of the leak in the Fall of 2019.

ITEM 4. REVIEW AND APPROVE MINUTES FROM PREVIOUS BOARD MEETING

The minutes from the last Board meeting in March 2020 had not been written up due to technical difficulties transmitting the recording of the meeting to the Secretary who was not present at the meeting. It was for this reason that this item was tabled until the minutes were able to be prepared. The motion to table them was made by Larry Hobbs and was seconded by David Morrison. All voted in favor of the motion to table this item.

ITEM 5. DISCUSS AND POSSIBLE ACTION: PUBLIC UTILITIES COMMISSION

The update on the PUC /SWVSC issue was given by Beau Routh, attorney for SVWSC. He first refreshed members on the issue that the PUC had with SVWSC not serving four meters at three residences currently served by Lorena. He reviewed previously approved actions to extend water to the residences now being served by Lorena and clarified the effect that the line extension would have on neighboring properties. He also noted the proximity of the affected properties to Waco and the potential Waco had for acquiring the servicing rights to the Huffman properties. With Waco having the potential to pick up the Huffman properties whether we service them or not, it made sense to make agreements with Lorena, Waco, to proceed and to give Waco the right of first refusal to service the Huffman properties in the future after we take over servicing those meters from Lorena. This would in the long-term also solve the Deutschman issue by reducing the distance that they would have to go to get water service for their properties. Larry Hobbs made the motion and Darrell Bledsoe seconded the motion to approve the plan of action that would ensure Waco's and cooperation in resolving these issues. The motion passed unanimously.

ITEM 6. REVIEW AND POSSIBLE ACTION ON METER REQUESTS

There was one meter request from David Morrison. Since this request involved a request by a board member, the President request that David Morrison abstain from discussion and voting on the request. The Board reviewed the Engineering study on the addition of the meter which indicated there was no adverse effect to the system or other customers by adding the meter. The Board agreed to accept the Engineer's recommendation to approve the meter request. A motion was made by Darrel Bledsoe to that effect and was seconded by Gerald Theut. The motion was voted on and passed by all board members eligible to vote on this item.

ITEM 8. TABOR ENGINEERING – UPDATE ON PROJECTS

Johnny Tabor was not present at this meeting on the conference call but did provide a written report and estimate to the Board on upgrading the Judd and Moses plants as the priorities for water system upgrades. The report was comprehensive and would involve investigation on how to finance these projects as total cost for these two projects was estimated to \$788,000. After review and discussion by the board, a motion was made to assign the task of making a detailed study of the report to the Working Group. The motion was made by Larry Hobbs and was seconded by David Morrison. All voted in favor of the motion and so it passed and the Working Group will report their findings to the Board as a whole.

ITEM 9. DISCUSS AND POSSIBLE ACTION: WORK GROUP REPORT TO THE BOARD

There was no Work Group activity in April to report to the Board.

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

Darrell Bledsoe reported that there was no Bluebonnet meeting in April and that the May meeting was not firmly scheduled.

He did report that Bluebonnet had completed their chlorine conversion.

Mark Kocian requested that Bluebonnet be contacted to write a letter to confirm that the additional supply of water requested from Bluebonnet had been granted. Bluebonnet had been requested to up our allotment from 289 gpm to 450 gpm.

Bluebonnet was to make application for us for a reduced usage waiver which would be based on our last three years' daily usage. This would help both us and Bluebonnet since currently our 85% rule compliance is based on .6 gpm per connection. A reduction from .6 gpm would mean we were at less capacity utilization than the regulation calculation currently has us at. The paperwork had been submitted to Bluebonnet, but at this time the status on the processing of it is uncertain.

Larry Hobbs made a motion to accept the report on Bluebonnet and David Morrison seconded it. The motion passed unanimously.

ITEM 14. DISCUSSION AND POSSIBLE ACTION: COVID-19 BRIEFING

President Larry Hobbs provided the COVID-19 briefing to the Board. In summary, we will remain in compliance with mitigation efforts as they evolve.

ITEM 15. QUESTIONS TO THE BOARD BY AQUA TEXAS REPRESENTATIVES CONCERNING OPERATIONAL ISSUES

There was one question and it was covered in the Bluebonnet report which was to request a letter confirming the increased availability to SVWSC from Bluebonnet.

ITEM 16. DISCUSSION AND POSSIBLE ACTION: ELECTION OF OFFICERS

The slate of officers for the SVWSC Board was proposed as follows:

Larry Hobbs, President;

Zandy Goode, Vice-President

Bert Hernandez, Secretary

Darrell Bledsoe made the motion to accept the slate of officers and David Morrison seconded the motion. On vote all were in favor, and none opposed so the motion passed.

ITEM 17. DISCUSSION AND POSSIBLE ACTION: UPDATING SIGNATURE CARDS ON BANK ACCOUNTS

After discussion it was determined that all Board members should be able to sign checks on the SVWSC bank accounts but that only two signatures would actually be needed on the check. The purpose of this was to facilitate getting checks signed to pay bills if members were otherwise unavailable. Gerald Theut made the motion to put this into effect and it was seconded by Zandy Goode. The motion passed . unanimously when voted on.

ITEM 18. 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.

ITEM 19. 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 in February 2020. All were in favor, the motion passed.

ITEM 20. ADJOURN INTO EXECUTIVE SESSION IF NEEDED AS ALLOWED BY TEXAS GOVERNMENT CODE SECTION 551.074

No Executive Session was required.

ITEM 21. RECONVENE INTO PUBLIC SESSION. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION

No Executive Session was convened.

ITEM 22. SET TIME AND PLACE FOR THE NEXT REGULAR MEETING OF THE BOARD

The next meeting will be Tuesday, June 9,2020 and will be held at the Aqua Texas office located at 7025 Sanger Avenue, Waco, TX, 76710.

ITEM 23. ADJOURN

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