Spring Valley Water Supply Corp.
Regular Meeting of the Board of Directors
May 12, 2026

President	Larry Hobbs
Vice-President	Zandy Goode
Secretary	Bert Hernandez
Director	Bonnie Capshaw
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 President Larry Hobbs with a quorum present.

ITEM 2. RECOGNITION OF VISITORS

Mr. and Mrs. Jones were visitors.

ITEM 3. PUBLIC COMMENTS

There were no public comments.

ITEM 4. REVIEW AND APPROVE MINUTES FROM THE ANNUAL MEETING AND THE PREVIOUS BOARD MEETING

David Morrison made a motion to approve the minutes from the previous meeting. Larry Hobbs seconded the motion. On vote, the motion passed.

ITEM 5. BLUEBONNET WATER SUPPLY REPORT

Three possible dates for the hearing on the easements have been discussed but the actual hearing date has not yet been set . Without a hearing date being set, there can be no determination to make an estimate of when the line from Bluebonnet to us will be completed. After discussion, a motion was made by Zandy Goode to request our attorney to write a letter to Bluebonnet to urge action on Bluebonnet's part to resolve the issues holding up construction of the improved waterline to SVWSC. Included in the motion was to also approve the Bluebonnet report. Kyle Grigsby seconded the motion and on vote, the motion passed.

ITEM 6. ENGINEERING REPORT

Work on the system analysis is nearly complete. No major issues have been found in regards to pressure and once the Bluebonnet issue is settled and more water is available, the system should be green across the board. Two areas of concern were identified. One was a line near Old Lorena Road that had 27 meters connected to it. The second was identified as a 2 inch line that has 14 meter connections on it and should have only 10. Brandon Berry was asked to get with the Engineer to start evaluating what would need to be done to remedy the two areas identified. Gerald Theut made the motion to approve the Engineer's Report. David Morrison made the second on the motion, and on vote, the motion passed.

ITEM 7. DISCUSS AND POSSIBLE ACTION: RELOCATION OF METER AT 558 HIGHVIEW LANE

The meter at 558 Highview Lane is requested to be moved at the owner's expense and will remain on his property. Since this is not a new meter, but merely is repositioning an existing meter, Larry Hobbs made the motion to approve the request subject to verifying that the location of the new meter will still be on the owner's property and will be moved at the customer's expense. Zandy Goode seconded the motion and on vote, the motion passed.

ITEM 8. FINANCIAL STATEMENT REVIEW

Frank Alexander presented the financial report. In the month of April, accounts receivable for water bills went up about $12,000 from March 2026 tl $93,201 which indicated it was a good month. Also on the balance sheet, in the equity section, we currently have $ 710,734 cash available for system expansion and upgrades if needed. A discussion was held concerning raising the Operating Reserve from $100,000 to about $200,000 to cover three months of operating expenses. This would be an accounting action only and would not impact cash accounts. On the income statement, net income for April 2026 was $11,675 which contributed to the year-to-date net income of $37,147. A new analysis was presented to the board which displayed a rolling twelve months income statement. The analysis is broked down into 2025 and 2026 components which indicate the seasonal trends in income and expenses. Bert Hernandez made a motion to accept the financial report. The motion was seconded by Larry Hobbs. On vote, the motion passed.

ITEM 9. DISCUSS AND POSSIBLE ACTION: APPROVE THE 2025 SVWSC TAX RETURN

The tax return had been previously sent out to Board members to review before this meeting. Kyle Grigsby made the motion to accept the tax return and to authorize Larry Hobbs to sign it for the SVWSC. Bert Hernandez seconded the motion and on vote, the motion passed.

ITEM 10. DISCUSSION AND POSSIBLE ACTION: AUTHORIZATION TO PAY BILLS FOR MAY 2026

The motion was made by Larry Hobbs and was seconded by Kyle Grigsby to authorize payment of bills for May 2026. All present were in favor and the motion passed.

ITEM 11. DISCUSS AND POSSIBLE ACTION: WATER RATE INCREASES

Gerald Theut present the Board with set of three spreadsheets that displayed the effects of raising water rates with different levels of increases. In all cases the base rate shows an increase from $40.00 to $ 45.00. The first spread sheet shows the effects of an across the board 10% in rates. The second shows the effects of a 10% increase from 1,000 gallons usage to 30,000 gal usage. Then the rate increases by 20% for the next $30,001 to 60,000 gallons usage. The third spreadsheet shows the effects of the second spreadsheet plus an additional $.50 increase due to the expected rate increase from Bluebonnet. After reviewing the spreadsheets, a request was made to modify the proposed rate structure to emphasize water conservation efforts by having more levels of rate changes such at 10%, 12%, 14% etc at different levels of water use. Gerald Thuet agreed to rework a rate spreadsheet with the suggested changes to it. Notification of upcoming rate increases was discussed and it was decided to be prepared to notify customers only after Bluebonnet notifies us since we'll have a 60 day window to get notices out.

ITEM 12. QUESTIONS TO THE BOARD BY BERRY UTILITY CONTRACTORS REPRESENTATIVES CONCERNING GENERAL OPERATIONAL ISSUES

The Board reviewed two bids for water tank maintenance. One was from US Underwater, LLC and the other was from Water Tower Maintenance, Inc. After reviewing the bids, Larry Hobbs made a motion to accept the bid from uS Underewater for $ %, 260. Zandy Goode seconded the motion. A discussion concerning the bids was held to insure that everyone was aware that the cost might go up depending on the completion of the tank inspections which might require additional repairs. All Board members understood this and so when voted on, the motion passed to award the bid to US Underwater.

ITEM 13. WATER SYSTEM OPERATIONS REPORT BY REPRESENTATIVE OF BERRY UTILITY CONTRACTORS (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

Brandon Berry presented the Operations Report. Larry Hobbs made a motion to accept the report and the motion was seconded by Kyle Grigsby. On vote, the motion passed.

ITEM 14. ADJOURN INTO EXECUTIVE SESSION IF NEEDED AS ALLOWED BY TEXAS GOVERNMENT CODE SECTION 551.074

There was no Executive Session.

ITEM 15. RECONVENE INTO PUBLIC SESSION. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION

There was no Executive Session.

ITEM 16. SET TIME AND PLACE FOR THE NEXT REGULAR MEETING OF THE BOARD

The next meeting of the Board will be on Tuesday, June 9, 2026 at 3:30 p.m. at the Berry Utility Contractors office at 7037 Sanger, Waco, TX 76710.

ITEM 17. ADJOURN

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

Submitted by: Humberto Hernandez June 3, 2026
Humberto Hernandez
Secretary, SVWSC