

AGUA SPECIAL UTILITY DISTRICT

Regular Meeting of the Board of Directors
Agua SUD Administration Building
3120 North Abram Road
Palmview, Texas

6:00 p.m., April 4, 2022

MINUTES OF REGULAR MEETING

1. The meeting was called to order by Mrs. Esmeralda H. Solis at 6:00 p.m., April 4, 2022, at which time Mrs. Solis acknowledged the presence of the following Elected Members of the Board of the Agua SUD:

Directors Present:

Mrs. Esmeralda H. Solis
Ms. Maribel Diaz (arrived at 6:05 p.m.)
Mr. Cesar Rodríguez, Jr.
Mr. Ricardo Perez
Mr. Homero Tijerina

Directors Absent:

Mr. Lloyd Loya
Mr. Ivan Sandoval

A quorum of the members of the Agua SUD being present, the meeting was duly convened. Ms. Jennifer Perez presented invocation.

Public Comment: None

2. The Board of Directors reviewed and adopted minutes of the March 7, 2022 Agua Board Meeting. The motion was made by Mr. Homero Tijerina and seconded by Mr. Cesar Rodriguez, Jr. and was unanimously approved by the Board.
3. The Board of Directors approved a Non-Standard Service Agreement for water to be submitted to Vaquero or Mission Partners, LP, for the cost related to water service for Buddy Boulevard Subdivision. The motion was made by Mr. Homero Tijerina and seconded by Mr. Ricardo Perez and was unanimously approved by the Board.
4. The Board of Directors approved a Non-Standard Service Agreement for water and wastewater services to be submitted to Servando & Elia Reyna, for the cost related to water & wastewater service for Reyna's Crown Subdivision. The motion was made by Mr. Homero Tijerina and seconded by Mr. Ricardo Perez and was unanimously approved by the Board.

5. The Board of Directors approved a Non-Standard Service Agreement for water to be submitted to Mariano Resendez Jr., Arnoldo Garza and Juan Salinas Jr, for the cost related to water service for RSG Subdivision. Mr. Ricardo Perez was present, but abstained from voting on item five. The motion was made by Mr. Homero Tijerina and seconded by Mr. Cesar Rodriguez, Jr. and was approved 4-1, with Mr. Ricardo Perez abstaining.
6. The Board of Directors awarded the Liquid Aluminum Sulfate Blend to Chemtrade Chemicals US, LLC., and the Liquid Ammonium Sulfate to Brenntag Southwest, Inc. for Agua SUD's water treatment chemicals as recommended by General Manager. The motion was made by Mr. Cesar Rodriguez, Jr. and seconded by Mr. Ricardo Perez and was unanimously approved by the Board.
7. The Board of Directors authorized General Manager to enter into an energy provider contract for a period of 24 months or 36 months with the lowest responsible bidder. Questions were asked by directors and a brief discussion was held on the current energy rates, the quote rates and delivery charges. The motion was made by Mr. Ricardo Perez and seconded by Mr. Homero Tijerina and was unanimously approved by the Board.
8. The Board of Directors approved sale of District property (750-square feet out of Parcel 73) to County of Hidalgo with respect to construction of Veterans Blvd. (FM 495) with a counteroffer of \$9,000 for property to include existing fence and gate relocation and authorized General Manager to execute all necessary documents. The motion was made by Mr. Homero Tijerina and seconded by Mr. Cesar Rodriguez, Jr. and was unanimously approved by the Board.
9. The Board of Directors approved renewal of a two-year contract with M2 Engineering for professional services in the amount of \$3,500 per month. Questions were asked by directors and a brief discussion was held on a 30-day clause in the agreement and terms of renewal. The motion was made by Mr. Ricardo Perez and seconded by Mr. Cesar Rodriguez, Jr. and was unanimously approved by the Board.
10. The Board of Directors moved item ten into executive session regarding FM 492WTP Water Recovery and Waste Process Improvements (Water Saver). The motion was made by Mr. Homero Tijerina and seconded by Mr. Cesar Rodriguez, Jr. and was unanimously approved by the Board.
11. The Board of Directors authorized General Manager to submit declaration of loss and request for restitution from Omar X. Romero pursuant to notice from Probation Office of the United States District Court for the Southern District of Texas. The motion was made by Mr. Cesar Rodriguez, Jr. and seconded by Mr. Ricardo Perez and was unanimously approved by the Board.
12. The Board of Directors received a report from the General Manager on operations and finance including:
 - a. January and February Financials
 - b. City of Palmview Street Improvements update – General manager has been in communication with M2 Engineering and Jeff Chapman in reference to the streets in Palmview. At the request by City of Palmview a letter was submitted

reflecting substantially completed areas which is everything south of the expressway and the areas north of the expressway between Abram Road and Minnesota Road, which are now substantially complete for the city to do the limited repairs as far as surface level failures. City of Palmview can do paving corrections as they need to in those areas. Questions were asked by directors and a brief discussion was held. M2 Engineering advised that the approach is a maintenance approach to make the streets more drivable and a maintenance improvement to the surface.

- c. PSI Smart Water Meter and Lighting Lease Agreement Payment – Board of Directors were advised that the payment for the PSI Smart Water Meter and Lighting Phase 1 and Phase 2 would be due May 1, 2022 in the amounts of \$349,560.00 and \$188,656.88 and the vehicle lease would be due April 25, 2022 in the amount of \$101,257.49. Board of Directors were advised that the major leases were coming up in August and that they were trying to appropriate some of the funding that would be necessary to make payment in August. Several options are being discussed as far as making the payment and it also depended on the water revenue that would be collected and sanitary sewer revenue to make a final determination on the actual amount that might be needed to make those payments. Questions were asked by directors and a brief discussion was held. A preliminary analysis is being updated and based on the analysis several options could be considered. Legal advised that certainly no predictions were being made to fail, but that there was no doubt that Agua SUD was in an extremely difficult financial position.

13. The Board of Directors received a report from the District Engineer on ongoing projects including:

- a. NAD Bank Technical Assistance Agreement (Sewer Hook-ups) – update includes the substantially completed areas that includes everything south of the expressway on the Palmview Sewer Project. Contractor working on the yard lines is now able to work on every home south of the expressway. Summary of hookups on the Mor-Wil project include 1,326 services, 1,125 connected, 1,108 septic tanks fully pumped out, and 1,102 septic tanks fully decommissioned. Overall, Sewer Hook-ups project is approximately 75% complete. Mr. Tijerina posed a follow up question to engineer regarding the information on subcontractors, M2 Engineer stated that they had requested the information to the contractors and the contractor for Mile 3 project emailed stating they did not have any subcontractors. M2 Engineer also stated that they have not received a response by Mor-Wil, but would follow up with them. Questions were asked by directors and a brief discussion was held.
- b. Mile 3 Road Waterline Improvements Project Update – Change Order No. 2 was approved for additional work to extend a 12” waterline from Abram to the irrigation canal at two segments which was going north approximately 500 feet on Texan and Western. The Contractor has completed the extension from Abram going towards the irrigation canal and the only thing pending is the crossing of the steel casing and is

expected to be done over the weekend. They are working at the intersection of Texan going north and they are approximately 80% complete.

- c. TWDB Palmview Sanitary Sewer Improvements Project Update – Substantial completion on service area A1 (a very large area) everything south of the expressway from Breyfogle going up to Bentsen Palm and everything south is now substantially completed. The area on the north side from Abram going to Minnesota is substantially completed. Contractor is working in the only pending service areas G1, which is north of the expressway from the irrigation canal near Minnesota toward Breyfogle. Communication has been held asking contractor to move a little quicker, but contractor is having issues with dewatering and infiltration. Contractor mentioned that they would be done by the end of this month, but it has been communicated to them by M2 Engineers that they would not finish by the end of the month. To get more progress done, weekly meetings will continue with the Contractor.

14. The Board of Directors recessed into an Executive (closed) meeting at 6:54 p.m. under Texas Gov. Code Sections 551.071-551.091, the Board of Directors may convene in closed Executive Session to deliberate, discuss, or consult regarding the matters listed below and, on proper motion and approval, any of the items set forth above. The motion was made by Mr. Homero Tijerina and seconded by Ms. Maribel Diaz and was unanimously approved by the Board.

- ITEM 14. a. TWDB Palmview Sanitary Sewer Improvements Project. ***Texas Open Meetings Act, Texas Government Code Section 551.071 (Consultation with Attorney).***
- ITEM 14. b. Performance Services, Inc. smart meter program guarantee. ***Texas Open Meetings Act, Texas Government Code Section 551.071 (Consultation with Attorney).***
- ITEM 14. c. FM 492WTP Water Recovery and Waste Process Improvements (Water Saver) Update. ***Texas Open Meetings Act, Texas Government Code Section 551.071 (Consultation with Attorney).***
- ITEM 14. d. Status of IAM Insurance Agency. ***Texas Open Meetings Act, Texas Government Code Section 551.071 (Consultation with Attorney).***
- ITEM 10. Discussion and possible action regarding FM 492WTP Water Recovery and Waste Process Improvements (Water Saver).

Approximately at 7:40 p.m., The Board moved to reconvene in open session and no action was taken in executive session. The motion was made by Mr. Cesar Rodriguez, Jr. and seconded by Ms. Maribel Diaz and was unanimously approved by the Board.

15. The Board of Directors took no action in open session regarding item(s) discussed in executive session for the following:


- ITEM 14.a. The Board of Directors took no action on TWDB Palmview Sanitary Sewer Improvements Project.
- ITEM 14.b. The Board of Directors took no action on Performance Services, Inc. smart meter program guarantee.
- ITEM 14.c. The Board of Directors took no action on the FM 492WTP Water Recovery and Waste Process Improvements (Water Saver) Update.
- ITEM 14.d. The Board of Directors took no action on Status of IAM Insurance Agency
- ITEM 10. The Board of Directors authorized General Manager to extend or cancel the FM 492WTP Water Recovery and Waste Process Improvements (Water Saver). The motion was made by Mr. Mr. Cesar Rodriguez, Jr. and seconded by Ms. Maribel Diaz and was unanimously approved by the Board.

At 7:42 p.m., Mr. Cesar Rodriguez, Jr. moved for adjournment. Motion was seconded by Ms. Maribel Diaz and was unanimously approved by the Board.

Approved, the 2nd of May, 2022


Esmeralda H. Solis, President, Agua SUD

Attested by:


Cesar Rodríguez, Jr., Secretary, Agua SUD