GREEN VALLEY SPECIAL UTILITY DISTRICT

General Manager
Phillip K. Gage
Mailing Address:
P.O. Box 99
Marion, TX 78124
Phone : 830-914-2330
www.gvsud.org

Board of Directors
John Frias, President
Jerry Cumby, Vice President
Robert Roberson, Secretary/Treasurer
Shari McDaniel, Director
Brit King, Director
James Hendrix, Director
Nick Sherman, Director

Regular Board Meeting Minutes
July 23, 2026

The Green Valley Special Utility District (GVSUD) Board of Directors met in a regular monthly meeting on May 28, 2026, at the GVSUD Boardroom located at 605 FM 465, Marion, Texas 78124. Board Directors present were John Frias, Nick Sherman, Robert Roberson, James Hendrix, Jerry Cumby and Shari McDaniel. GVSUD Staff present were Phillip K. Gage, Gina Buntin, David Gurganus, and Kim Hutcheson. Also present was Shan Rutherford, staff attorney with Terrill & Waldrop Law Firm, and Garry Montgomery, Utility Engineering Group (UEG).

A. **Establish Quorum and Call to Order.**

John Frias called the meeting to order at 9:00 a.m.

Sherman made a motion to excuse Mr. King from the Board Meeting. Second by McDaniel. All voted in favor. Motion passed.

B. **Invocation and Pledge of Allegiance.**

Frias gave the invocation and led the Pledge of Allegiance.

C. **Public Comment.**

None

D. **Hear customer Diana Sanchez grievance under Section 4.12 of GVSUD's Operations Policy**

The Board heard a customer grievance from Diana Sanchez regarding her wastewater winter averaging calculation for her property at 418 White Heron Way. Ms. Sanchez explained that a builder-related irrigation leak during the winter averaging period significantly increased her water consumption, resulting in an inflated wastewater billing baseline. She requested that the Board exercise its authority under the District's Operating Policy to manually adjust her winter average and provide appropriate billing relief.

Staff reported that a leak adjustment had already been applied to the customer's water bill in accordance with District policy and that staff had adjusted the wastewater billing to the standard 7,000-gallon flat-rate, which was the maximum adjustment staff could authorize administratively. Staff advised that any additional relief would require Board action.

The Board discussed the unique circumstances of the case, noting that the customer was a new homeowner, the leak occurred during the initial winter averaging period, the leak resulted from a builder defect, and subsequent usage history demonstrated significantly lower normal consumption. After reviewing the available data, the Board determined that a one-time adjustment was appropriate.

Sherman made a motion to approve a one-time manually adjusted wastewater winter average of 4,678 gallons for the property at 418 White Heron Way, with the adjustment applied retroactively to the affected wastewater billing period. Second by Roberson. All voted in favor. Motion passed.

Ms. Sanchez agreed to withdraw the complaint to the PUC and expressed her appreciation to the Board for its consideration.

Sherman amended the motion to make the adjustment contingent upon the customer withdrawing her pending Public Utility Commission complaint. Second by Roberson. All voted in favor. Motion passed.

E. **Consent Agenda**

All items listed below are considered to be routine and non-controversial by the Board and will be approved by one motion. There will be no discussion of these items unless a Board member so requests, in which case the item will be removed from the consent agenda and will be considered and action taken as necessary, as part of the order of business.

1. **June 25, 2026, Regular Monthly Board Meeting Minutes**
2. **June 25, 2026 Workshop Minutes**
3. **June 2026 Balance Sheet**
4. **June 2026 Cash Investment Report/Statement of Account Balances, until audited**
5. **June 2026 Financial Report, until audited**
6. **June 2026 Check Detail**
7. **3rd Quarter FY 2025-2026 Investment Report**
8. **3rd Quarter Cash Flow Report**
9. **Ratify write-off of uncollectable receivables**

Sherman made a motion to approve Items D.1 – D.9. Second by McDaniel. All voted in favor. Motion passed.

F. **Hear updates on the following items from GVSUD General Manager, Staff, and Committee Chairs.**

1. **Employee Recognition (Phil Gage)**

Gage recognized Meter Technician Esaias Grant for earning his Class D Water Operator License. Noting that Esaias obtained his license within approximately two months of employment, demonstrating exceptional initiative and motivation during his probationary period. Management commended his dedication, strong work ethic, and valuable contributions to the Meter Department.

Gage shared a letter of appreciation from Jill and Brett Lasage, parents of Green Valley SUD scholarship recipient Jake Lasage, thanking the District for awarding Jake a $5,000 scholarship. The family noted that the scholarship will assist Jake as he attends Texas State Technical College (TSTC) in Waco to pursue certification as an HVAC technician. Gage also read a thank-you note from Jake expressing his appreciation for the scholarship and his excitement to begin his studies. It was reported that Jake is officially enrolled at TSTC with a full course schedule. The Board congratulated Jake and recognized the positive impact of the District's scholarship program.

2. Business and Operations:

i. General Manager updates. (Phil Gage)

The General Manager reported that the District currently has 58 employees and 5 vacant positions, including Communications Specialist, Utility Technician, Meter Technician, Facilities Specialist, and a newly created Safety and Security position. The Communications Specialist position will remain on hold while staff continue to seek the right candidate. The new Safety and Security position was created by separating safety and security responsibilities from facilities and fleet duties to provide greater emphasis on workplace safety and field oversight.

Staff provided an update on the water rate study, noting that revisions are being made to address disparities between commercial and residential rates. The proposed rates and the Fiscal Year 2027 budget will be presented to the Finance and Investment Committee and subsequently to the Board in August. Management also reported that water revenue is below the previous year's levels due to increased rainfall and reduced water demand. As a result, the proposed budget will emphasize essential expenditures while delaying discretionary equipment replacements and other non-critical purchases.

The General Manager informed the Board that District office hours will change to 7:30 a.m. to 4:00 p.m. to improve operational efficiency by standardizing employee schedules and reducing lunch periods to 30 minutes. Staff reported that customer impacts are expected to be minimal based on historical activity between 4:00 p.m. and 5:00 p.m. Public notification of the change has been posted on the District website and at District facilities.

During Board discussion, staff confirmed that Guadalupe-Blanco River Authority (GBRA) raw water rates are expected to increase, while the Canyon Regional Water Authority (CRWA) is projecting a lower budget than the previous year. Board members also discussed the new Safety and Security position, including its responsibilities, qualifications, recruitment efforts, OSHA-related training expectations, and the use of salary surveys to establish appropriate compensation. Staff reported strong applicant interest, with approximately 80 applications received for the Safety and Security position and noted that interviews are being scheduled. Staff further advised that the Utility Technician position has been filled and recruitment continues for the remaining vacancies.

ii. Operations update. (Brian Plover)

The Operations Manager reported that the District has 20,026 active meters, reflecting 54 new meter installations during June. Although meter growth remains slightly below annual projections, staff anticipates ending the year within the expected range. Water production for June totaled just over 556 acre-feet. Well No. 4 remains out of service while repairs continue, with plans to convert the well to a submersible pump to increase production capacity. Staff also noted that Edwards Aquifer restrictions were reduced to Stage 3 due to recent rainfall, resulting in lower projected curtailment requirements.

Staff reported that June water billing totaled approximately 529 acre-feet, generating just over $2.6 million in revenue. Known water loss was 2.85 acre-feet, while unknown water loss averaged approximately 8% year-to-date, an improvement from 10% during the previous year. Wastewater operations added 23 new connections during the month, and the wastewater treatment plant operated at approximately 25% of capacity while remaining well within permit compliance. Despite significant rainfall, the wastewater collection and treatment systems performed without operational issues. Staff also reported that several manholes requiring repairs may be covered under warranty and will be evaluated accordingly.

The Board discussed current drought conditions and water conservation efforts. Gage recommended maintaining the District at Stage 2 water conservation restrictions until the revised Water Conservation and Drought Contingency Plan is completed. The updated plan is expected to shift toward conservation measures based on available water supply rather than aquifer trigger levels, consistent with approaches being adopted by neighboring utilities.

Clear Water Creek connections continue to increase, with seven connections currently active. Staff anticipates continued growth as additional homes come online. Wastewater billing remained consistent with no significant changes reported. The wastewater treatment plant operated at approximately 24.91% utilization, averaging just under 187,000 gallons per day. July flows were higher as expected due to increased rainfall; however, staff anticipates the facility will remain well within compliance, and maximum treatment capacity was not reached.

Staff reported that plant operations experienced no significant issues during the recent heavy rainfall. Increased inflow and infiltration consisted primarily of water with very little mud, and the system generally performed well. A few manholes were identified as needing repairs, and staff has obtained quotes while determining whether the repairs may be covered under warranty. Staff also discussed establishing calendar reminders to allow crews to inspect facilities in advance of warranty expiration and complete eligible repairs under warranty. A minor correction was noted in the June daily utilization report, changing 1.18 to 0.18.

Regarding water inventory and drought conditions, the District will remain at Drought Stage 2 at this time. Staff is continuing work on the updated Water Conservation and Drought Contingency Plan. The Conservation Committee has reviewed the plan, and additional meetings are anticipated before bringing the updated plan forward for approval. Staff anticipates remaining at Stage 2 for the remainder of the year but will continue to evaluate conditions and provide the Board with a recommendation if a reduction to Stage 1 becomes appropriate.

The updated plan is expected to provide a different approach to conservation triggers, including consideration of conservation requirements based on a percentage of available water supply rather than relying solely on aquifer-based triggers. Staff noted that other regional utilities, including New Braunfels Utilities, Crystal Clear, and East Central, are considering similar percentage-of-supply approaches to water conservation.

iii. **District Engineer Update (Travis Basham)**

Basham reported that the District currently has 116 active projects, consisting of 61 in design, 48 under construction, and seven in closeout. Several capital improvement projects remain on schedule, with Plant 9 awaiting grant funding authorization before advertising for bids. The Lower Seguin 16-inch transmission line is temporarily delayed pending required archaeological surveys, while work continues on the Plant 3 and Plant 8 generator projects and final testing activities at Plant 11. The Santa Clara Wastewater Treatment Plant expansion is expected to reach the 90% design milestone in August and that development of the District's updated hydraulic model is substantially complete, with additional staff training underway.

The Board discussed the status of the Santa Clara Wastewater Treatment Plant expansion and the Construction Committee's role in reviewing value engineering opportunities. Board members agreed that the Construction Committee should continue working with staff to identify potential cost-saving measures while maintaining the project schedule. Staff recommended performing value engineering during the 90% design review and documenting committee comments through the formal design review process to ensure all recommendations and responses are recorded.

Updates on funding efforts for the wastewater treatment plant expansion, noting that an application for Texas Water Development Board funding must be submitted by September 30 to preserve eligibility for state financing opportunities. Board members emphasized the importance of meeting application deadlines while continuing to evaluate project costs through the value engineering process.

A draft Industrial Waste Ordinance will be presented to the Construction Committee for review, with anticipated Board consideration following committee review or in conjunction with the next Operations Policy update. Board members requested that staff also evaluate the ordinance's practical impacts on day-to-day operations and interactions with developers prior to adoption.

3. CRWA Board of Trustees post-meeting updates. (Shari McDaniel/Nick Sherman)

The Board received a report on the recent Canyon Regional Water Authority (CRWA) Board of Trustees meeting. A presentation regarding a proposed Public-Private Partnership (P3) approach for development of the Bloomberg water supply project; however, no action was taken on the proposal. Several agenda items, including the P3-related item, were tabled due to the need for additional coordination among CRWA staff and the sponsoring member entities. The only routine consent agenda items, including approval of surplus and salvage property, were acted upon during the meeting.

Green Valley SUD, along with Crystal Clear, Springs Hill, and East Central, previously entered into an option agreement to develop approximately 9,500 acre-feet of water through the Bloomberg project, with Green Valley's share totaling approximately 2,425 acre-feet. Due to recent personnel changes at CRWA and one of the participating utilities, coordination meetings among the four general managers had not occurred prior to the CRWA Board meeting. The participating general managers will meet prior to the next CRWA Board meeting to develop a coordinated recommendation regarding the proposed P3 structure and the selection of an owner's advisor before the item is presented for future consideration.

4. CRWA Board of Managers post-meeting updates. (Phil Gage)

No additional report given

5. ARWA Board of Directors post-meeting updates. (Nick Sherman)

The Construction Committee did not hold its regularly scheduled meeting during the reporting period. Sherman attended an all-day project review meeting at Pape-Dawson to evaluate Guaranteed Maximum Price (GMP) Packages 1 and 2. It was noted that Guaranteed Maximum Price Package 3, which is necessary for the complete operation of the plant, was not included in the review. Due to the sensitive nature of the discussion, Sherman requested that further discussion regarding the GMP review be conducted in Executive Session.

6. Committee Reports

i. **Construction Committee Memo (Nick Sherman)**
ii. **CRWA Construction Committee Memo (Nick Sherman)**
iii. **Finance/Investment Committee (Shari McDaniel)**

The Finance and Investment Committee met the previous day and reviewed the District's investment policy, recommending its approval by the Board. The Committee also reviewed the first draft of the proposed 2027 budget. The next Finance and Investment Committee meeting was scheduled for August 18.

iv. **TASUD Update (Phil Gage)**

The Association has finalized two legislative priorities: streamlining Public Utility Commission (PUC) timelines and procedures for CCN transfers and related actions to reduce unnecessary bureaucracy and authorizing Special Utility Districts to adopt single-member district board composition at their discretion. Staff noted that recent non-controversial CCN adjustments have demonstrated the need for the proposed legislation, which would simplify the approval process for agreed-upon transfers.

Association's lobbyist has provided updates from recent legislative committee meetings and that those reports will be distributed to the Board via email. Additional discussion included legislative activity related to groundwater regulation and groundwater conservation districts that may impact utility districts. The Association meets monthly via Microsoft Teams. The Board expressed interest in observing a future meeting. Gage will confirm with the Association that Board member attendance would be appropriate before extending an invitation.

G. **Adopt Order Appointing General Manager to act as Board's Designated Agent in Connection with the November 3, 2026 Election, Authorize Such Future Actions as may be Lawfully Performed by District's Agent in Connection with the Election, and Ratify Prior Actions Taken in Furtherance of Conduct of Election.**

Adoptar un orden en que se nombra el Gerente General para actuar como el agente designado de la junta con respect a las elecciones del 03 de noviembre de 2026, autorizar tales acciones futuras pueden realizarse legalmente por agente del distrito con respecto a la eleccoion, y ratificar las acciones previas tomadas en apoyo del desarrollo de elecciones.

Sherman made a motion to Adopt Order Appointing General Manager to act as Board's Designated Agent in Connection with the November 3, 2026 Election, Authorize Such Future Actions as may be Lawfully Performed by District's Agent in Connection with the Election, and Ratify Prior Actions Taken in Furtherance of Conduct of Election. Second by Roberson. All voted in favor. Motion passed.

H. **Approve Joint Election Agreements and Election Services Contracts with Bexar County, Comal County, and Guadalupe County for the November 3, 2026, Election.**

Aprobar acuedos de la eleccion conjunta y contratos de servicios de elecciones con los Condados de Bexar, Comal y Guadalupe para la eleccion de 03 de noviembre de 2026.

Sherman made a motion to Approve Joint Election Agreements and Election Services Contracts with Bexar County, Comal County, and Guadalupe County for the November 3, 2026, Election. Second by Hendrix. All voted in a favor. Motioned passed.

I. **Adopt Order Calling and Notice of Election of 3 Directors, Setting dates for Election and Early Voting for November 3, 2026, Election.**

Adoptar la Orden de Convocatoria y Aviso de Elección de 3 Directores, Establecer fechas para la Elección y Votación Anticipada para el 3 de noviembre de 2026, Elección.

Sherman made a motion to Adopt Order Calling and Notice of Election of 3 Directors, Setting dates for Election and Early Voting for November 3, 2026, Election. Second by Cumby. All voted in favor. Motioned passed.

J. **Discussion and consider authorizing General Manager to negotiate and execute a lease agreement with East Central Special Utility District (ECSUD) not to exceed 1000 acre-ft per year. (Phil Gage)**

Gage reported that the June 30 expiration of the existing 1,000 acre-foot water lease with New Braunfels Utilities created an opportunity to enter into a new lease agreement with East Central SUD. The proposed agreement would authorize the General Manager to negotiate and execute a lease for up to 1,000 acre-feet of water through CRWA, with the final quantity based on East Central's needs.

The lease would utilize the District's available water inventory and provide cost avoidance through CRWA billing credits rather than direct revenue. Gage explained that the agreement is intended to be short-term, with an initial one-year term and any extensions requiring mutual agreement, allowing both parties to periodically reassess future water supply needs and retain flexibility to reclaim the water if needed.

Board members discussed the proposed term, renewal process, and accounting procedures. Gage advised that CRWA billing credits would be monitored monthly to ensure accuracy, with both Green Valley SUD and East Central SUD reviewing invoices as an additional safeguard.

Sherman made a motion to authorize General Manager to negotiate and execute a lease agreement with East Central Special Utility District (ECSUD) not to exceed 1000 acre-ft per year

K. **Resolution 2026-07-A – A resolution by the Board of Directors of the Green Valley SUD requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.**

Staff presented Resolution No. 2026-07-A requesting financial assistance from the Texas Water Development Board and authorizing submission of an application for funding. The resolution supports an application for up to $21 million for the Plant 9 project on Cibolo Valley, which includes construction of a 1-million-gallon elevated storage tank, a 500,000-gallon ground storage tank, and related infrastructure. Staff noted the estimated project cost is approximately $19 million and stated that securing the funding would provide significant benefit to the District. The resolution is required as part of the application process, which is scheduled for submission by the end of the week. No questions or concerns were raised by the Board.

McDaniel made a motion approving Resolution 2026-07-A – A resolution by the Board of Directors of the Green Valley SUD requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith. Second by Roberson. All voted in favor. Motion passed.

L. **Consideration and possible action related to Non-Standard Water and/or Wastewater Service Agreement(s):**
   1. **O'Reilly Auto Parts – Water Non-Standard Service Agreement**
   2. **Wild West Farms - Water Non-Standard Service Agreement**
   3. **Voigt Tract Subdivision - Water Non-Standard Service Agreement**

The Board considered three service agreements: the O'Reilly Auto Parts water Non-Standard Service Application (NSSA), the Wild West Farms water NSSA, and the Voigt Tract subdivision NSSA. The Construction Committee reported that it had reviewed all three items and unanimously recommended approval in accordance with staff's recommendation.

Sherman made a motion to approve items L.1 through L.3. Second by Roberson. All voted in favor. Motion passed.

M. **Hear updates on the items below from GVSUD General Counsel. "Tex. Gov't Code Section 551.071"**

1. **Pending or Threatened Litigation -** None
2. **Legal Changes Affecting the District**
    i. **Discuss and review applicable statues regarding the obligation to serve water and wastewater customers in the District's Certificates of Convenience and Necessity (CCN). (Shan Rutherford)**

The Board received a legal presentation regarding the District's statutory authority and obligation to provide water and wastewater service within its Certificate of Convenience and Necessity (CCN). Counsel reviewed the legal framework governing Special Utility Districts, explaining that Green Valley SUD is a conservation and reclamation district created under Article XVI, Section 59 of the Texas Constitution and that its powers are limited to those expressly granted by law. Counsel also reviewed the District's authority under Texas Water Code Chapter 65, including its authority to provide water and wastewater service, adopt rules necessary to operate the utility system, and exercise only those powers that are incidental, helpful, or necessary to carry out its statutory responsibilities. The presentation further explained that the District does not have authority over zoning, platting, land use regulation, or development controls, which are generally vested in cities and counties.

Counsel explained that under Texas Water Code Chapter 13, the District's Certificates of Convenience and Necessity grant Green Valley SUD the exclusive right to provide water and wastewater service within its certificated area while also imposing a duty to provide continuous and adequate service to customers within the CCN. The Board reviewed the limited statutory exceptions that permit the District to deny or discontinue service, including failure to comply with the District's Service Extension Policy, non-payment of authorized charges, non-use of service, and other circumstances authorized by state law.

The Board discussed the District's authority to address customers whose water usage exceeds the equivalent dwelling units (EDUs) or service capacity approved through their applications. Counsel advised that the District may enforce its rules and contractual provisions, including limiting service where customers exceed approved service levels or fail to comply with District requirements. Staff also advised that revisions to service agreement language are being developed to further clarify service limitations for future developments.

The Board also discussed conservation strategies for managing large water users, including the use of appropriately sized meters, conservation-oriented rate structures that discourage excessive consumption, separate irrigation meters for new connections, and the potential use of reclaimed water where available and economically reasonable. Counsel advised that any additional requirements should be reasonable and consistent with applicable law.

The Board took a break at 10:52 a.m. The Board went into Executive Session at 1010 a.m. to discuss Items F.5, M.2, N, O, and P.

Executive Session:

Closed session in accordance with Texas Government Code Section 551.071 – 551.074 and/or 551.076, and/or matters upon which the Attorney has the duty to report under Texas Rules of Disciplinary Conduct:

N. **Discuss personnel matters. "Tex. Gov't. Code Section 551.074"**

O. **Discuss Project Alpha. "Tex. Gov't. Code Section 551.071"**

P. **Discussion and possible action regarding Cibolo Comprehensive Settlement Agreement compliance. "Tex. Gov't. Code Section 551.071"**

Post Executive Session:

The Board reconvened in open session at 12:34 a.m.

Q. **Consideration and possible action on items discussed in the executive session.**

Item O - *Hendricks made a motion to authorize the general manager to negotiate and execute a lease of GVSUD's Alliance Regional Water Authority water supply not to exceed 1545 acre- feet per year of water with the City of Kyle water pursuant to the terms discussed in executive session. Second by Roberson. All voted in favor. Sherman was not present for voting. Motion passed.*

R. **Consideration of proposed items to be included on next month's board meeting agenda.**

S. **Adjournment.**

McDaniel made a motion to adjourn. Second by Roberson. All approved. Motion passed.

Meeting was adjourned at 12:38 p.m.

I certify this to be true and correct records of the proceedings.

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*********July 23, 2026 Board Meeting Minutes were approved on August 27, 2026*********