GREEN VALLEY SPECIAL UTILITY DISTRICT

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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
June 25, 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, Brit King, 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.

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

Frias gave the invocation and led the Pledge of Allegiance.

C. **Public Comment**

None

D. **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. **May 28, 2026, Regular Monthly Board Meeting Minutes**
2. **May 2026 Balance Sheet**
3. **May 2026 Cash Investment Report/Statement of Account Balances, until audited**
4. **May 2026 Financial Report, until audited**
5. **May 2026 Check Detail**

Sherman made a motion to approve Items D.1 – D.5. Second by Roberson. All voted in favor. Motion passed.

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

1. Employee Recognition (Phil Gage)

In the absence of General Manager Phil Gage, Basham recognized five employees for earning new professional certifications, emphasizing the District's commitment to employee development and professionalism. Jonah Foley earned a Class D Water Operator License, Dalton Sjostrom earned a Class D Wastewater Operator License, Esaias Grant earned a Class D Water Operator License, Brandon Lomas earned a Class C Water Operator License, and R.J. Gaitan earned a Class A Water Operator License. Esaias was unable to attend the meeting due to work responsibilities and will receive his recognition at a later time. Each employee received a letter of recognition and a commemorative coin. Staff congratulated the recipients and thanked them for their commitment to professional growth and service to the District.

Item G was taken out of order at this time.

2. Business and Operations:

i. General Manager updates. (Phil Gage)

Gage apologized for arriving late to the meeting, explaining that he had attended the CVLGC meeting earlier that morning to provide public comments. He advised that additional discussion regarding that matter would take place during Executive Session. He reported that the district's rate study is progressing well and has already been reviewed by the Finance and Investment Committee, whose feedback will be incorporated into the analysis. The rate study will next be presented to the Strategic Water Conservation Committee for review before being finalized. Once both committees have completed their review, the Executive Committee will determine when to place the proposed rate adjustments on a Board agenda. While the current target is July, the timing will be at the Executive Committee's discretion. No questions or comments were raised by the Board following the report.

ii. Operations update. (Brian Plover)

Basham reported the district currently serves 20,152 water meters, with 54 new meters installed during May. While the number of new installations was lower than normal, monthly fluctuations are expected and anticipate the annual total will remain on track. The district produced 530.91 acre-feet of water during the month. Well No. 4 was removed from service for maintenance, and once returned to operation, staff expects Trinity Aquifer production to increase to approximately 900 gallons per minute, roughly doubling previous production. Staff also reported that 491.49 acre-feet of water were billed during the month, generating more than $2.5 million in revenue. Known water loss totaled 2.45 acre-feet, while unknown water loss totaled 36.97 acre-feet, reflecting an improvement over the previous year.

On the wastewater side, staff reported 26 new wastewater connections during May, including one new connection in the Clearwater Creek service area. Billing activity remained consistent with no significant issues. The Santa Clara Creek Wastewater Treatment Plant operated at approximately 22.72% of capacity, with an average flow of approximately 770,500 gallons per day. Increased flows during the month were attributed to recent rainfall. Staff continues to investigate and address inflow and infiltration (I&I) within portions of the collection system and has identified several leaks and cracks in infrastructure that are being repaired by the developer before the district accepts the system. Board members noted that identifying and correcting these issues early will improve long-term system performance and reduce future operational impacts.

iii. District Engineer Update (Travis Basham)

Basham noted that the engineering consultant reports from Garver and UEG were inadvertently omitted from the agenda packet but were available upon request. As of May and June, the district had 65 projects in design, 48 projects under construction, and five projects in closeout, for a total of 118 active projects. Design work continues to progress on multiple capital improvement projects, with several deliverables expected in the coming months. The Plant 9 Improvements Project has reached 100% design and is currently awaiting submission of a grant application to the Texas Water Development Board. A resolution authorizing submission of the grant application will be presented to the Board at the next meeting.

Construction continues on the Plant 3 and Plant 8 Generator Project. Most submittals have been completed, site excavation is underway, and recent rainfall caused minor delays. Concrete formwork is expected to begin as weather conditions improve. An update on the Lower Seguin Road and Green Valley Road waterline projects, noting that surveying is in progress and right-of-way acquisition will begin once surveying is complete. The Clearwater Creek Wastewater Treatment Plant Project also continues to progress despite wet conditions, with site work and underground utility installation underway, including installation of the electrical duct bank.

Implementation of the district's new hydraulic water modeling software is progressing well through a series of workshops and training sessions with consultants. Once the model is fully developed, staff plans to provide the Board with a presentation demonstrating the system and its capabilities. Board members discussed the anticipated timeline for the Plant 9 grant application, with staff indicating that grant award decisions are expected later in the year. The Board also discussed the planned alignment of the Lower Seguin Road waterline, including proposed easement locations and coordination with adjacent property owners to minimize impacts to agricultural operations during construction

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

The meeting was brief and largely uneventful, with the primary action being the swearing-in of three new trustees to satisfy the required appointment schedule. There were no significant discussions during either the regular or executive session that directly affected the District. A productive discussion regarding the replacement and funding of equipment at the Hays Caldwell Water Treatment Plant. Although the matter does not directly impact Green Valley, Board members commented that the discussion reflected a collaborative decision-making process and concluded with unanimous approval, demonstrating effective Board governance.

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

A written report was not included in the agenda packet because it was not completed prior to publication. The Board of Managers continues to make steady progress in its work. A planned review of repair projects was postponed because the necessary information was not available in time for the Board of Managers meeting, although the information was subsequently provided to the Board of Trustees. Organizational changes have been made within CRWA operations, with Adam Telfer assuming the Operations Manager responsibilities. Mr. Telfer is an experienced licensed water operator and expresses confidence that the change will strengthen coordination between CRWA and Green Valley operations.

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

Sherman was reappointed to serve on the Technical Committee, which is a non-quorum advisory committee responsible for conducting detailed technical reviews and evaluating project information before recommendations are presented to the ARWA Board for formal consideration.

6. **Committee Reports –** No discussion held.
   i. **Construction Committee Memo (Nick Sherman)**
   ii. **CRWA Construction Committee Memo (Nick Sherman)**
   iii. **Finance/Investment Committee (Shari McDaniel)**
   iv. **TASUD Update (Phil Gage)**

F. **Discuss the proposed transfer of the Certificate of Convenience and Necessity (CCN) service area for the Marbach Tract to Schertz. (Phil Gage/ Shan Rutherford)**

A proposed boundary adjustment involving the approximately 14-acre Marbach Tract located along the boundary between the district's CCN and the City of Schertz's CCN. The proposed development consists of only four equivalent dwelling units (EDUs) and that the District does not have nearby water infrastructure to economically serve the property. Extending District water service would require significant infrastructure investment, while the City of Schertz has an existing water line adjacent to the property and is willing to provide service. The proposed agreement had been reviewed by both parties' legal counsel and recommended approval. The Board was advised that no monetary consideration would be exchanged as part of the CCN transfer due to the limited value of the tract and the mutual benefit of maintaining a cooperative relationship with the City of Schertz for future projects.

Roberson made a motion to approve the CCN transfer from Green Valley SUD to City of Schertz for the Marbach Tract. Second by King. All voted in favor. Motion passed.

G. **Receive ARWA presentation. (Graham Moore) -** Discussed after E.1

Graham Moore, Executive Director of ARWA, presented an update on the Alliance Regional Water Authority expansion program and current project status.

- ARWA continues delivering water to all sponsors. Green Valley's current water allocation remains leased to the City of Kyle.
- The Carrizo Expansion Program remains in design and includes permanent treatment improvements to address elevated iron levels in the raw water supply.
- The expansion project is divided into multiple construction packages, including:
  - Water treatment plant expansion and clarification improvements (GMP 1)
  - Booster pump station and raw water infrastructure (GMP 2)
  - Solids handling facilities (GMP 3)
  - Well drilling, which will be procured separately.
- Bids for GMP 1 and GMP 2 have been received and are under review. ARWA anticipates presenting Guaranteed Maximum Prices (GMPs) to its Technical Committee in July and to the ARWA Board in early August.
- The projected total program cost remains approximately $304 million, with ARWA's share estimated at approximately $177 million. Existing funding covers approximately $121 million, leaving an estimated funding gap of $56 million.
- ARWA submitted a $75 million SWIFT funding application to the Texas Water Development Board. The request intentionally exceeded the current estimated need because the application amount can be reduced later but cannot be increased.

- Board members discussed the timing of approving GMPs and expressed concern that approval of GMP 1 and GMP 2 would effectively commit ARWA to the full project before final GMP 3 costs are known.
- While GMP 3 could be bid separately, if necessary, completion of the solids handling facilities and well drilling is essential for the expansion project to become operational.
- Significant discussion focused on financial risk, including:
  - Potential increases in project costs.
  - The possibility that participating entities may be unable or unwilling to fund their proportional share.
  - The impact on remaining participants if one or more entities decline participation.
- ARWA staff advised that bond counsel is reviewing the governing agreements to determine obligations should a participating entity not approve or fund its share of the project.
- Board members requested timely distribution of the legal opinion from bond counsel before any funding decisions are made.
- Staff expressed confidence that SWIFT funding approval from the Texas Water Development Board will be received based on ARWA's history with the program, while acknowledging that each participating entity must still approve its own funding commitment.
- Management advised the Board that a recommendation regarding Green Valley's participation will be presented after completion of the July technical workshops and review of updated cost information.
- Staff clarified that Green Valley's estimated additional participation under the current funding scenario is approximately $7.9 million.
- In response to a Board question, the additional Phase 1 water deliveries associated with the expansion project are now expected upon completion of the project, with substantial completion currently anticipated in October 2028.

H. **Consideration and possible action related to Non-Standard Water and/or Wastewater Service Agreement(s):**

1. **Prairie Hill RV Park - Water Non-Standard Service Agreement**
2. **Stagecoach MH & RV Park - Water Non-Standard Service Agreement**

Sherman made a motion to approve the Non-Standard Service Agreements H.1 and H.2. Second by McDaniel. All voted in favor. Motion passed.

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

1. **Pending or Threatened Litigation**
   i. **Discuss matters related to the Vision Capital litigation.**

Rutherford requested to amend the Executive Session agenda to include discussion with legal counsel regarding developer service agreements, in addition to the previously scheduled discussion concerning Vision Capital.

2. **Legal Changes Affecting the District**

The Board took a break at 10:05 a.m. The Board went into Executive Session at 1010 a.m. to discuss Items G, H, I, K, and L.

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:

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

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

L. **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 11:31 a.m.

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

McDaniel made a motion to authorize the General Manager and Council to send a letter regarding intent to the Cibolo Valley LGC assets to the Cities of Cibolo and Schertz and to the Cibolo Valley LGC governing body. Second by King. All voted in favor. Motion passed.

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

O. **Adjournment.**

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

Meeting was adjourned at 11:32 a.m.

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

John Frias, President	*Robert Roberson, Secretary-Treasurer*
Date	*Date*