

October 12, 2023
San Benito, Texas 78586

The Board of Directors of Cameron County Irrigation District #2 met in regular session in the office of the District upon the above date at 9:00 a.m.

The following Directors were present: Brady Taubert, Buck Rhyner, and Lupe Argullin. Also present were Sonia Lambert, General Manager, Craig Harmon, Assistant Manager, and Buddy Dossett, Attorney.

There was no public comment.

A motion was made by Buck Rhyner, seconded by Brady Taubert, and upon unanimous vote, passed to approve the minutes of the regular meeting of September 14, 2023.

The water report was made by Buck Rhyner, who reported that Falcon Reservoir contains 367,252 acre-feet of water of the normal conservation 2,646,817 acre-feet. The Amistad Reservoir contains 1,023,927 acre-feet of water of the normal conservation 3,275,532 acre-feet which 22.68% is U.S. total conservation capacity compared to 30.60% this time last year. As of October 6, 2023, District's usable and storage water balances are 29,061.8155 acre-feet. This time last year, usable and storage water balances were 21,138.0430. Assistant Manager Craig Harmon reported on a meeting held by IBWC and TCEQ with the Irrigation Districts regarding the bathymetric results and the upcoming minute to the 1944 Treaty.

The Board reviewed the following subdivision plats and took the following action:

5.1) Triple Ranch Estates – Being a tract containing 5.00 acres of land situated out of Block 34 of the San Benito Land and Water Company Subdivision, as recorded in Volume 1, Page 6 of the Map Records of Cameron County, Texas. – Rios Surveying. This subdivision is located southwest of Lateral A and McCullough Street. This subdivision was previously excluded. There are no irrigation facilities in the platted area. No easements were dedicated, and none needed. A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to approve the plat as presented. Motion carried.

5.2) C & M Estates Subdivision – Being a 1.135 acre of land out of 6.0 acres of land, out of the north 20-acre Tract II, Block 172, San Benito Irrigation Company Subdivision in Cameron County, Texas; according to map thereof recorded in Volume 3, Page 18, Map Records of Cameron County, Texas as described in an instrument No. 2023-21195, Official Records of Cameron County, Texas. – AGH Engineering & Surveying. This subdivision is located southeast of the intersection of Vasquez Road and Nelson Road. There are no irrigation facilities in the platted area. No easements were dedicated, and none required. A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to approve the plat as presented. Motion carried.

5.3) AGM Ranch Phase I Subdivision – Being a 1.826 acre of land out of 18.12 acre tract, Block 9, of the San Benito Irrigation Company Subdivision, as recorded in Volume 3, Pages 16, 17, and 18 of the Map Records of Cameron County, Texas; and further being that same property recorded under document number 2023-20774 of the Official Map Records of Cameron County, Texas. –AGH Engineering & Surveying. This subdivision is located north of Iowa Garden Road and south of Lateral D. There are no irrigation facilities in the platted area. No easements were dedicated and none required. A motion was made by Buck

Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to approve the plat as presented. Motion carried.

Mr. Paul Cawood requested the Board consider waiving the interest to flat rate account #2947. A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to deny Paul Cawood's request to waive the interest to flat rate account #2947. Motion carried.

Third Pillar Solar submitted a revised proposed agreement to include a termination for convenience clause into the contract. After discussion, a motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to authorize the General Manager and Assistant General Manager to enter into the revised agreement once all exhibits have been received, reviewed, and a minimum annual amount of revenue included in the contract with Spidersweb Floating Solar LLC, (previously Third Pillar Solar). Motion carried.

Mr. Hiram Gutierrez with Perdue, Brandon, Fielder, Collins, & Mott LLP, Attorneys at Law, made a presentation to the Board regarding collection of delinquent flat rate, which currently exceeds \$600,000.00, without interest. Mr. Gutierrez stated that as per the Texas Water Code, an additional 15% fee could and would be added to the flat rate statement, to be paid by the owner, to cover attorneys' fees. Mr. Gutierrez further explained the methods by which collections can be achieved. A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to contract Perdue, Brandon, Fielder, Collins, & Mott LLP, Attorneys at Law for the collection of the district's delinquent flat rate. Motion carried.

The District's 2023 3rd Quarter Investment Report was reviewed by the Board of Directors. The report showed the rate for the account with First Community Bank, interest yielded for each month of the quarter and ending value as of September 30, 2023. A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to approve the District's 3rd Quarter Investment Report as presented. Motion carried.

The Assistant Manager presented several options for the renewal of the employees' health insurance as follows: Blue Cross Blue Shield with a \$1,000.00 deductible; \$4,000.00 annual coinsurance; \$30 copay office visit; 80% after deductible; prescription drug benefit of \$0/\$10/\$50/\$100/\$150/\$250 for a monthly premium of \$632.63 per employee per month. A motion was made by Lupe Argullin, seconded by Buck Rhyner, and upon unanimous vote, passed to authorize the renewal of the employees' current health insurance plan with Blue Cross Blue Shield with a \$1,000.00 deductible; \$4,000.00 annual coinsurance; \$30 copay office visit; 80% after deductible; prescription drug benefit of \$0/\$10/\$50/\$100/\$150/\$250 for a monthly premium of \$632.63 per employee per month. Motion carried. A complete copy of all the proposals received is included in the supplement to Minute Book #22.

Assistant Manager, Craig Harmon, presented and discussed with the Board the proposed Maintenance and Operation Budget for fiscal year 2024. After discussion, a motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to adopt the following budget for 2024:

ESTIMATED OPERATING REVENUE

55,936.79 acres of irrigable land assessed as follows: 1st acre or fraction thereof, a minimum of \$30.00, all additional acres after the first acre in any ownership \$16.50 per acre (including delinquent collections and interest)	\$955,200.00
Estimated sale of water for gravity irrigation at \$13.50 per acre, and/or \$33.75 metered per acre-foot, \$10.85 For pumped water, and \$26.95 per acre for outside the District (with water rights)	\$540,000.00
Miscellaneous Water (Lawn)	\$4,000.00
Municipalities	\$658,000.00
Charges for Work & Miscellaneous Revenue	\$500,000.00
Leases	\$21,800.00
Property Sales	\$40,000.00
CD & Checking Account Interest	\$10,000.00
Total Projected Revenue	\$2,729,000.00

Respectfully Submitted,

Craig Harmon
Assistant General Manager

THEREUPON, the foregoing recommendation by the Assistant General Manager having been carefully considered by the Board of Directors, a motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon vote, passed that the budget be adopted, and that the following resolution be adopted:

RESOLUTION

1.

BE IT RESOLVED, that the Board of Directors of Cameron County Irrigation District #2 considers that there are 55,936.79 acres in the District, and to which the District is in a condition to furnish water by its present system of laterals and canals through extensions thereof of existing laterals;

2.

That said acreage at a flat rate fixed charge of \$30.00 for the first acre or fraction thereof, and all additional acres, after the 1st acre in any ownership at \$16.50 per acre will yield \$955,200.00, (including delinquent flat rate collections and interest on delinquent flat rate collections);

3.

IT IS THEREFORE ordered by the Board of Directors that the aforesaid sum of \$955,200.00 shall be paid by assessments against all irrigable lands within the District, prorated per acre, and they are hereby levied and assessed the sum of \$30.00 for the first acre, and all additional acres after the first acre in any ownership at \$16.50 per acre against all irrigable lands within the District. (Amount includes proposed collection of delinquent flat rate). For all land in which the District is in condition to furnish water by its present system of canals, laterals, or through extensions thereof of existing laterals, but without reference to whether such land is to be actually irrigated or not, then such assessments shall become due and payable as follows:

For all 2024 assessments due 1/01/2024, a minimum charge of \$30.00 per acre for the 1st acre and all additional acres after the 1st acre, \$16.50 per acre with the flat rate becoming delinquent on March 1, 2024 if not paid;

4.

And the Board, in prorating the share of said estimated amount of water used for irrigation purposes, took into consideration the water available. It is therefore ordered that \$540,000.00 be equitably prorated among the applicants for water, at a rate and charge \$13.50 per acre for each watering, to be paid in advance when the application for the water is filed in the office of the District, which in all cases, shall be paid before water is furnished, provided that in the case of lands for which water will not be irrigated by gravity and must be pumped by the owners thereof, the rate and price for each watering will be \$10.85 per acre payable as herein provided. In cases of land where the owners impound water where it is impossible or impractical to determine the acres irrigated, a meter must be provided by owners thereof, to accurately measure the water used. The charge for water sold by the acre-foot and measured with meters will be at \$33.75 per acre-foot. Irrigation on out-of-District lands, with their own water rights, will be at \$26.95 per acre irrigated;

5.

The Board in calculating the District's cost for furnishing water to miscellaneous water (lawn) users finds and determines the charges to be the following:

For lawn irrigation on in-District property: \$307.00 per year

For lawn irrigation on out-of-District property: \$337.00 per year, of which will yield \$4,000.00.

6.

The Directors reviewing the charges for water used for municipal purposes taking into consideration, the constant demand, evaporation loss, and the additional cost incurred

by the District to supply the water, found and determined the charge of \$0.299 per thousand gallons used. The Directors estimated the above to yield \$658,000.00;

7.

The District estimated the revenue from leases, charges for work done, miscellaneous revenue, property sales, certificate of deposit and checking interest to be \$500,000.00;

8.

All assessments provided for herein shall bear interest from the time it became delinquent and shall be payable at the following rates:

15% per annum (1.25% per month) from the date the assessment becomes due. If suit should be filed thereof, or same should be collected by any legal proceedings, an additional amount equal to the sum of attorney's fees, court costs and any other legal fees shall be added to the same as collection fee to principle and interest. Such assessments shall stand secured by the liens provided by law. The Office Manager shall collect such interest on all delinquent flat rate assessments not paid on or before sixty (60) days after due date;

9.

All landowners shall be personally liable for all assessments herein provided for and if they shall fail or refuse to pay same when due, all water supply should be cut off and no water shall be furnished to the land until all back dues including interest and penalty are fully paid. This provision with respect to cutting off water shall bind all parties, persons and corporations owing or thereafter acquiring any interest in the said lands.

GENTLEMEN: In compliance with Section 58.302 through 58.331 Vernon's Texas Session Law Service, Law 1979, 67th Legislature State of Texas and with the "Rules and Regulations" adopted by your Honorable Board, I respectfully, submit herewith for your consideration and approval, an estimate of the cost to be paid from the maintenance and operation fund for the 2024 fiscal year and recommendation for assessments and water charges for 2024:

EXPENSES:

4010	Office Salaries	\$169,000.00
4020	Directors Fees	\$11,500.00
4030	Manager Salary	\$60,000.00
4040	Pumping Plant Labor	\$58,000.00
4060	Canal Riders & Supervisor	\$230,000.00
4070	Other Salaries (Maintenance)	\$518,000.00
4080	Social Security Expense	\$64,883.00
4081	Medicare Expenses	\$15,175.00
4090	Unemployment Tax	\$500.00
4100	Retirement System	\$72,450.00
4105	Manager Expense	\$3,500.00
4110	Workers' Comp	\$21,050.00
4112	Uniforms	\$5,100.00
4115	Insurance	\$83,796.00

4125	Health Insurance	\$197,381.00
4130	Janitor Service	\$3,700.00
4140	Audit Fee	\$12,000.00
4150	Legal Fee	\$21,500.00
4160	TCEQ	\$59,000.00
4161	GPS Service	\$6,000.00
4162	Safety Equipment	\$2,000.00
4163	Managers Association; RGRWA	\$10,250.00
4168	Auto Miscellaneous (inspections)	\$600.00
4170	Drafting/Engineering Supplies	\$0.00
4175	Survey/Engineering	\$1,000.00
4180	Office Expense	\$42,000.00
4182	Physicals	\$200.00
4185	Office Building Expenses	\$6,600.00
4190	Pumping Plant Lubricants	\$1,500.00
4195	Operating Expenses (Chemicals)	\$4,500.00
4200	Pumping Plant Repairs	\$35,000.00
4205	Tools Pumping Plant	\$500.00
4210	Miscellaneous Repairs Pumping Plant	\$3,000.00
4220	Gas/Oil for Autos	\$55,000.00
4230	Gas/Oil for Machinery	\$80,000.00
4240	Repairs to Pipeline & Structures	\$142,500.00
4250	Auto Repairs	\$35,000.00
4255	Mowing Contract	\$180,000.00
4260	Machinery Repairs	\$95,000.00
4265	Tools	\$6,250.00
4270	Other Repairs	\$1,500.00
4275	Repairs to various pumps	\$4,500.00
4280	Electricity River Pumps	\$185,000.00
4290	Utilities	\$35,000.00
4300	Electricity – Various Pumps	\$37,000.00
4310	Natural Gas River Pumps	\$18,000.00
4330	Miscellaneous Expense	\$2,400.00
4340	Assets Purchased	\$132,165.00

Motion Carried.

The Board reviewed the proposed 2024 Capital Improvements Budget presented by the Assistant General Manager, Craig Harmon. After Discussion, a motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to adopt the following 2024 Capital Improvements Budget:

CAMERON COUNTY IRRIGATION DISTRICT #2				
2024 CAPITAL IMPROVEMENTS BUDGET				
	<u>BEGINNING BAL</u>	<u>INCOME</u>	<u>EXPENSES</u>	<u>PROJECTED ENDING BAL</u>
REHAB CHECKING ACCT:				
Estimated Beginning Balance	\$4,768.00			
No projects (Acct for Reclamation reimbursements)			\$0.00	
Checking Interest		\$130.00		
Ending Balance	\$4,768.00	\$130.00	\$0.00	\$4,898.00
	<u>BEGINNING BAL</u>	<u>INCOME</u>	<u>EXPENSES</u>	<u>PROJECTED ENDING BAL</u>
CANAL REHAB ACCT:				
Estimated Beginning Balance	\$1,066,005.00			
Transfer to M&O			\$500,000.00	
Bureau of Reclamation Reimbursements				
Checking Interest		\$32,690.00		
Ending Balance	\$1,066,005.00	\$32,690.00	\$500,000.00	\$598,695.00
	<u>BEGINNING BAL</u>	<u>INCOME</u>	<u>EXPENSES</u>	<u>PROJECTED ENDING BAL</u>
WATERSMART:				
Beginning Balance	\$66,342.00			
Construction of Lateral E			\$590,000.00	
Piping of Lateral C2			\$600,000.00	
Piping of Lateral 15			\$600,000.00	
Bureau of Reclamation Reimbursements		\$895,000.00		
Checking Interest		\$1,600.00		
Ending Balance	\$66,342.00	\$896,600.00	\$1,790,000.00	-\$827,058.00
	<u>BEGINNING BAL</u>	<u>INCOME</u>	<u>EXPENSES</u>	<u>PROJECTED ENDING BAL</u>
Certificates of Deposit				
Beginning Balance	\$2,539,762.00			
Interest Earned		\$87,000.00		
Ending Balance	\$2,539,762.00	\$87,000.00	\$0.00	\$2,626,762.00
ENDING BALANCE COMBINED REHAB ACCTS	\$3,676,877.00	\$1,016,420.00	\$2,290,000.00	\$2,403,297.00

Motion carried.

The Assistant General Manager presented a proposed Push Water Policy to be implemented when and if the District depletes its irrigation water with TCEQ Water Master and in its canal system. After discussion, a motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to adopt the following Push Water Policy:

**CAMERON COUNTY IRRIGATION DISTRICT NUMBER TWO
PUSH WATER POLICY**

I. SITUATION

It is the policy of the Cameron County Irrigation District Number Two (“District”) that the administration of water during periods of drought will be issued in a fair and equitable manner to the municipalities (i.e., City of San Benito, City of Rio Hondo, and East Rio Hondo Water Supply Company). Push water occurs when water availability becomes so limited, only the municipalities are distributed and purchasing water from the District.

In non-push water periods, the canal system used to deliver water is primed by all users, primarily through agricultural irrigation requirements. The cost associated with pushing the water through the canal system to where it is delivered is a shared fixed cost known as the water duty and is calculated into the cost per acre foot to the user. The water duty varies significantly by several factors to include evaporation,

infiltration, rehydrating a canal, etc. In a push water situation, the water duty increases significantly due to the system not continually being primed. In the history of the District, push water has never occurred. Determining an actual push water duty in advance is not possible given the ever-changing factors involved.

II. PUSH WATER IMPLIMENTATION

The District will provide the municipalities with a 90-day notice of the potential for push water. Once all agricultural water is exhausted, the point of diversion for municipalities will shift to the CCID#2 pumping plant. Municipalities will continue to utilize their water meters to determine the actual delivered acre feet. These totals would be subtracted from the CCID#2 pumping plant meter to determine the push water. At this point the municipality(s) would be required to have enough water to prime the system as well as deliver the desired water needed. CCID#2 will pump four days a week on Monday - Wednesday and Friday intervals at 50 CFS for 24 hours. Pumping at that rate would provide enough for a 2.0 water duty and meet historical municipal demand. Maintaining a limited primed system theoretically will minimize the water duty during a push water scenario.

III. PUSH WATER COST CALCULATIONS

Delivered water (as determined by the municipal's meters) will continue to be charged at the contracted rate. Push water would be divided by all users based on a weighted calculation associated with the water ordered multiplied by the contracted rate.

Motion carried.

The Board discussed the District's water availability for 2023. No action was taken.

A motion was made by Buck Rhyner, seconded by Brady Taubert, and upon unanimous vote, passed to name Craig Harmon as the District's Public Funds Investment Officer. Motion carried.

A motion was made by Lupe Argullin, seconded by Buck Rhyner, and upon unanimous vote, passed to approve the following bills:

<u>Ck#</u>	<u>Vendor</u>	<u>Amount</u>
21831	Aflac	\$261.02
21832	Autozone	\$32.83
21833	Boswell Elliff Ford	\$56.00
21834	City of San Benito	\$200.37
21835	Constellation New Energy	\$1,308.57
21836	Core & Main	\$1,326.00
21837	Homero Castillo	\$400.00
21838	Dearborn Life Insurance	\$159.90
21839	Holt CAT	\$437.20
21840	Iafsa USA, Inc.	\$369.68
21841	Johnny's True Value	\$59.75
21842	McCoy's	\$339.80
21843	Mendoza Air Conditioning	\$1,400.00
21844	NRG Business	\$51,949.58
21845	Pro Billing & Funding Services	\$421.83
21846	Superior Alarms	\$150.00
21847	Texas Gas Service	\$495.75

21848	TXCA Risk Management Fund	\$1,754.00
21849	Texas Department of Agriculture	\$75.00
21850	Texas Child Support	\$228.92
21851	Teksco USA	\$130.00
21852	AT&T Mobility	\$65.19
21853	Allegra Print & Imaging	\$247.75
21854	American Heritage Life	\$290.99
21855	Boswell Elliff Ford	\$402.75
21856	Cameron County Drainage District #3	\$17,201.37
21857	Dainamik Business Solutions	\$490.00
21858	Direct Energy	\$88.00
21859	Dossett Law Office	\$400.00
21860	First Community Bank	\$470.05
21861	Fresno Valve & Casting	\$9,536.40
21862	Florentino Lara	\$770.00
21863	Gateway Pipe & Supply	\$8,364.00
21864	Irrigation-Mart	\$2,326.91
21865	Hollon Oil Co.	\$1,886.15
21866	Iafsa USA, Inc.	\$2,693.00
21867	Sonia Lambert	\$45.00
21868	LRGV Water District	\$2,049.80
21869	Matt's Building Materials	\$53.99
21870	McCoy's	\$268.64
21871	Nueces Power Equipment	\$36.00
21872	NRG Business	\$4,247.52
21873	New Horizon Publishers, Inc.	\$660.00
21874	Office Depot Credit Plan	\$336.69
21875	Powerplan	\$154.82
21876	Romco Equipment	\$955.76
21877	Rio Grande Steel, LTD	\$106.98
21878	Texas Child Support SDU	\$228.92
21879	TWCA Risk Management Fund	\$1,754.00
21880	Unifirst	\$629.60
21881	Verizon	\$574.60
21882	Wayne Halbert	\$2,600.00
21883	Waste Management of Texas	\$386.87

Assistant Manager, Craig Harmon, reported on the following items to the Board of Directors:

- a) September Maintenance Report – Includes 38 jobs performed by the crews for the month and \$312.63 billed for private work performed.
- b) September Pumping Plants Reports – 1) Running standard operations; 2) General maintenance of plant and grounds: Pump #1 – 50 CFS pulled out for rebuilding. Radiator on #8 N/G engine was taken for rebuilding by Azteca in Donna; 3) Pumping for the month: Pump Station #1 – 8/27 – 12 p.m. Rate set at 100 CFS through end of pumping period; Pump Station #2 – No Pumping; 4) Rainfall: 0.00"; 5) Acre feet diverted: 6446.396; 6) Total No Charge Pumping: 99.1734; 7) Average TDS readings: 718 p.p.m.
- c) September Financial Reports:
 - 1) M&O Account – The financial report was presented.
 - 2) Rehab Account – The financial report was presented.
 - 3) Canal Rehab Account – The financial report was presented.
 - 4) WaterSMART Account – The financial report was presented.

- d) Water Duty – was 2.67 acre-feet per acre for the month of September 2023 and 1.76 acre feet per acre year-to-date.
- e) Bureau of Reclamation WaterSMART Grant Funding – The District will be applying for grant funding for the piping of Laterals C-2 and 15. It was the consensus of the Board to proceed with the grant application and ratify the action through the adoption of resolutions at the November board meeting.

A motion was made by Buck Rhyner, seconded by Lupe Argullin, and upon unanimous vote, passed to adjourn the meeting at 10:34 a.m. Next regular meeting is scheduled for Thursday, November 9, 2023 at 9:00 a.m.

Sam Simmons, President

Buck Rhyner, Secretary