

**Hidalgo County Water Improvement District Number Three
Board of Directors' Meeting
May 15, 2024**

Call to Order:

President Othal Brand, Jr. called the regular meeting to order at the District's Office located at 1325 Pecan Blvd, McAllen, Texas 78501. The meeting began by reciting the pledge of allegiance. President Othal Brand, Jr. gave the prayer invocation.

Board Members Present:

Othal Brand, Jr.	President
Chris Burns	Vice-President
Mark Freeland	Secretary
Lance Neuhaus	Director

Absent:

W.D. Moschel	Director
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Others Attending:

Jim Hall	Ewing & Lara
Frank Ferris	Ferris & Flinn & Medina
Macarena Ortiz	Attorney
Jose R. De Leon	HCWID#3 General Manager
Raquel Espinoza	
Tomas De Leon	

Visitors:

Beatriz Martinez	Santa Cruz Irrigation District No. 15
Robert Garza	City of McAllen
George Gutierrez	City of McAllen
Raul Garcia	RE Garcia Associates

Consideration and possible action to approve the Minutes for the Regular Board Meeting on March 20, 2024.

A Motion was made by Chris Burns and seconded by Lance Neuhaus to approve the Minutes for the Regular Board Meeting on March 20, 2024.

Motion Carried.

Consideration and possible action regarding the review of Financial Reports and the approval of accounts payable checks.

A Motion was made by Mark Freeland seconded by Chris Burns regarding the review of the Financial Reports and the approval of Accounts payable checks.

Motion Carried.

Engineering Report

a) Report on District allocation in the Falcon & Amistad Reservoir System.

Engineer Frank Ferris reported the District began the month with a Usable Balance of 2,350 acre feet, amounting to 27 % of the annual water right and 19% of the storage balance. Water allocated in District software is 2340 acre feet. The US share is down to 20.6% as of May 4th.

b) Las Milpas Road –Currently no updates.

c) HCRMA Project- No pending activities.

d) McAllen South Industrial Park- waiting for gate materials to arrive.

e) City of McAllen South 10th Street Drainage Improvements –The City of McAllen needs to repair the pipeline on South10th Street.

f) Report on Repair of the Main Line Leak and City repair of storm sewer outfall at Bicentennial and Savannah. –repaired the main line leak at Bicentennial and Savannah and the project is ongoing.

Consideration and possible action to approve construction plans for the McAllen Drainage Channel Improvement Project to improve Lateral U drainage ditch crossing.

No Action.

Consideration and possible action to approve the plat of Dos Lobos Phase 1 located at Trenton and Bicentennial Blvd, Hidalgo County, Texas.

A Motion was made by Lance Neuhaus and seconded by Mark Freeland to approve the plat of Dos Lobos Phase 1 located at Trenton and Bicentennial Blvd, Hidalgo County, Texas.

Motion Carried.

Consideration and possible action on the process on the continuation of the outstanding bill invoice(s) to the City of McAllen.

A Motion was made by Lance Neuhaus and seconded by Chris Burns to approve the outstanding bill invoice(s) for the unpaid balance of the 2022 take or pay amount accrues interest at the rate of 5.75 % per annum (the 4.75% WSJ Prime Rate in effect on July 1, 2022 plus 1 %) and will continue to accrue interest at that rate until paid. The unpaid balance is for that invoice accruing interest in the amount of \$47.45 per day until paid.

The three invoices for the unpaid 2023 take or pay amounts were due on February 16, 2024 and, when they became past due on that date, each of those invoiced amounts began to accrue interest at the rate of 9.25% per annum (the 8.25% WSJ Prime Rate in effect on July 1, 2023 plus 1%) and will continue to accrue interest at that rate until paid. The cumulative unpaid balance of those three invoices is accruing interest in the amount of \$398.21 per day until paid.

Motion Carried.

Consideration and possible action to approve the Water Conservation Plan Annual Report and the five year updates to the Water Conservation Plan and the Drought Contingency Plan.

A Motion was made by Lance Neuhaus and seconded by Chris Burns to approve the Water Conservation Plan Annual Report and the five year updates to the Water Conservation Plan and the Drought Contingency Plan.

Motion Carried.

Consideration and possible action to approve a letter responding to a request from Representative Terry Canales.

A Motion was made by Chris Burns and seconded by Lance Neuhaus to approve a letter responding to a request from Representative Terry Canales allowing General Manager Joe De Leon and President Othal Brand, Jr. to sign the letter.

Motion Carried.

Consideration and possible action to approve the plat of Cross Border Industrial Park Subdivision located at Las Milpas and 23rd Street, Hidalgo County, Texas.

A Motion was made by Lance Neuhaus and seconded by Chris Burns to approve Cross Border Industrial Park Subdivision subject to Engineer's redline corrections, located at Las Milpas and 23rd Street, Hidalgo County, Texas.

Motion Carried.

Consideration and possible action to approve the plat of D I Industrial Park Subdivision located at Las Milpas and 23rd Street, Hidalgo County, Texas.

A Motion was made by Lance Neuhaus and seconded by Chris Burns to approve D I Industrial Park Subdivision, located at Las Milpas and 23rd Street, Hidalgo County, Texas.

Motion Carried.

Executive Session pursuant to Sections 51.071(1) and 551.072(2), Texas Government Code, to consult with attorney for Hidalgo County Water Improvement District No. 3 regarding matters, including each of those matters described below, in which the duty of the attorney for the District under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code and to seek the advice of the attorney for the District regarding (i) a pending eminent domain proceeding in Cause No. CCD-0517-D styled "Hidalgo County Water Improvement District No. 3 vs


Hidalgo County Irrigation District No. 1”, (ii) legal issues relating to proposed consolidation agreement between Hidalgo County Water Improvement District No. 3 and Santa Cruz Irrigation District No. 15, (iii) a pending lawsuit in Cause No. C-0937-20-A styled “Hidalgo County Irrigation District No. 1 vs. City of McAllen vs. Hidalgo County Water Improvement District No. 3”. (iv) a pending McAllen Public Utility petition filed with the Public Utility Commission of Texas appealing wholesale water rates of Hidalgo County Water Imp. District No. 3, (v) a pending lawsuit in Cause No. C-1601-22-1 styled “McAllen Public Utility vs. Othal Brand, Jr., in his official capacity, et al” and pending interlocutory appeal in Case No. 13-23-00020-CV in the 13th Court of Appeals, and (vi) contemplated litigation relating to to default by City of McAllen with respect to payment obligations pursuant to *Permanent Water Supply and Delivery Contract*, as amended, between Hidalgo County Water Improvement District No. 3 and City of McAllen.

The Board did not enter into executive session.

Adjourn

A Motion was made by Lance Neuhaus and seconded by Chris Burns to adjourn the Board Meeting at 1:20 p.m.

Motion Carried.



Othal Brand, Jr. President



Mark Freeland, Secretary