

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
September 19, 2023**

1. Call to Order of the Regular Meeting.

The Board of Directors of the Valley Municipal Utility District No. 2 held a Regular Meeting at 9:00 A.M., August 19, 2023 in accordance with the duly posted notice with a quorum of Directors present as follows:

Roger Nelson	President
Pat Pace	Vice-President
Clifford Rowell	Treasurer
Jim Tipton	Director
Richard Harse	Director

Directors absent:

Clifford Rowell	Treasurer
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Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering
Albert Perez	Higginbotham Insurance
Jennifer Rector	Higginbotham Insurance

2. Public Input.

No Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on August 15, 2023 and the Special Board Meeting Held on September 8, 2023.

The Board reviewed the minutes of the August 15, 2023 Regular Board Meeting. A motion was made by Mr. Rowell and seconded by Mr. Harse to approve the August 15, 2023 minutes. The Board reviewed the minutes of September 8, 2023 Special Board Meeting. A motion was made by Mr. Pace and seconded by Mr. Harse to approve the September 8, 2023 minutes. The motions were approved by unanimous vote of those present.

4. Approval of Financial Report for the Month of August 2023.

Mr. Fry reviewed the Financial Report with the Board for the month August 2023. Mr. Tipton made a motion to approve the Financial Report for the Month of August 2023. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

5. Discussion and Action to Select a Health Insurance Plan From the Texas Health Benefits Pool (THBP, Formaly Texas Municipal League) for the Upcoming Fiscal Year, Should the District Choose to Continue with the THBP.

Mr. Perez presented the medical renewal cost projection from the Texas Health Benefits Pool (THBP). He explained that the new rates have increased by 100%. The current THBP plan has an individual deductible of \$1000.00 and an out-of-pocket maximum annual expense of \$4,000.00 for a renewal rate of \$1057.24 per employee. Mr. Perez stated that he will be seeking quotes from the other major Insurance Companies to check for lower prices. He also recommended that the Board set up a committee to review Insurance Plan options and

quotes. Mr. Tipton and Mr. Pace agreed to be in the committee. Mr. Pace made a motion to select the renewal of the THBP plan with the same benefits as the current plan has, should we elect to continue with THBP in the future. The motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

6. **Discussion and Action to Renew the Wholesale Water Contract with the Olmito Water Supply Corporation.**

Mr. Fry presented the Wholesale Water Contract with the Olmito Water Supply Corporation. He explained that the contract has expired and needs to be updated. Ms. Cunningham suggested some corrections to the contract. Mr. Tipton made a motion to approve the renewal with the suggested corrections of typos and the removal of the water rights provision. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

7. **Discussion and Action on an Update by Garver USA Regarding the Re-Evaluation of the Capacity of the Rancho Viejo Wastewater Treatment Plant and the Status of the Proposed New Wastewater Treatment Plant.**

Mr. Fry introduced Isaac Huacuja from Garver Engineering. Mr. Huacuja stated that they do not have an update for this month, but that the next step is engaging a land surveyor on the assumption that ten acres are needed. Mr. Pace requested that the manager investigate if there is an existing contract with the Rancho Viejo Country Club for the effluent water currently used by the Club to water the golf course. If the existing Wastewater Treatment Plant is taken out of service, there will be no effluent water for the golf course watering. No action was taken.

8. **Discussion and Possible Action to Authorize Garver USA to Apply for Bureau of Reclamation Grant Funding Opportunities.**

Mr. Huacuja stated that Garver Engineering has identified several water efficiency grant opportunities available.

a.) **Related to the planned Wastewater Treatment Plant.**

One is the possibility to get a grant to improve effluent quality for water use. The grant would require a 50% match, and could possibly be used for the plant construction. Garver will analyze if this would be worthwhile, since the engineering costs would increase along with the construction costs.

b.) **Related to Raw Water River Pump Station Upgrades.**

Another possibility is to replace the District's aging River Pump Station. This grant requires a 5% match, and seems like a good opportunity. The current pumps predate the District and were installed by the Noriega Plantation back in the 1950's.

Mr. Huacuja added that the District qualifies for the grants and these grants may not be open next year. Mr. Fry expressed concern of Federal Funding causing the District to have to comply with the Build America, Buy America provision of the law, which could delay the wastewater treatment plant project and drive up its cost. Mr. Pace agreed and expressed concern of whether it was worthwhile since the first grant requires a 50% match. Mr. Pace then made a motion to approve Garver Engineer to pursue the grant related to the submission of the application for this grant. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

9. **Discussion and Action to Change the Stage of the Drought Contingency Plan.**

Mr. Fry stated that due to the current reservoir levels, the District should remain in Stage 2. No action was taken.

10. Discussion and Action to Contract with a Certified Public Accountant to Perform the 2022'23 Fiscal Year Audit.

Mr. Fry presented the engagement letter from CRI for Board review and stated that the cost for the regular audit will be \$22,220.00 plus \$5,500.00 for the Single Audit report. Mr. Tipton made a motion to engage Carr, Riggs, and Ingram to perform the District's Annual Audit. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

11. Discussion and Action Regarding the Budget for the 2023-24 Fiscal Year.

Mr. Fry gave a brief explanation of the progress that has been made on the Budget. Mr. Fry then stated that he would bring this item back at the next Regular Board meeting. No action was taken.

12. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging – Mr. Fry gave an update on this project.

13. General Manager's Report

- **Production and Sales Report-** The water loss report for August 2023 shows 5.69% unaccounted for water loss.
- **Production Report-** Mr. Fry discussed the improved production of the R.O. Plant.
- **Raw Water Report-** Mr. Fry discussed the raw water report.
- **Customer Complaints-** Mr. Fry explained the August 2023 complaints.
- **Operations Report-** The operations report for August 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

14. The Board May Enter into Executive Session as Allowed By Government Code 551.071(1)(A) to Discuss Pending or Contemplated Litigation.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas. Mr. Rowell made a motion to enter into executive session at 10:29 a.m. The Board entered into Executive Session at 10:20 a.m. and exited at 10:29 a.m.

15. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.

Mr. Rowell made a motion to authorize Kathy and Scott to work with Cody Faulk to present options to River Bend following the State Office of Administrative Hearing's ruling in the District's favor. The motion was seconded by Mr. Harse and approved by a unanimous vote of those present.

16. Adjourn.

There being no further business, Mr. Tipton made a motion to adjourn the meeting, The motion was seconded by Mr. Rowell and approved by a unanimous vote at 11:01 a.m.

ATTEST:



PAT PACE, VICE-PRESIDENT



ROGER NELSON, PRESIDENT

