

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
November 21, 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 9:06 A.M., November 21, 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
Richard Harse	Director

Directors absent:

Jim Tipton	Treasurer
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Scott Fry	General Manager
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on September 19, 2023 and October 17, 2023.

The Board reviewed the minutes of the September 19, 2023 Regular Board Meeting. A motion was made by Mr. Rowell and seconded by Mr. Harse to approve the minutes of the September 19, 2023 Board meeting minutes. Another motion was made by Mr. Rowell and seconded by Mr. Harse to approve the minutes of the October 17, 2023 regular Board meeting minutes. The motions were approved by unanimous votes of those present.

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

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

5. Discussion and Action to Engage GDS Associates, Inc. of Austin to Update the District's Rate Model.

Mr. Fry explained that the rate study that GDS Associates performed as part of the PUC lawsuit was for the Fiscal Year 2021. Since the District is considering a rate increase for the upcoming year, Mr. Fry suggests updating the District's rates with an updated model with 2024 budgeted numbers and allocations. Mr. Rowell made a motion to approve the engagement of GDS Associates, Inc to update the District's Rate Model with the 2024 budgeted numbers. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

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

Mr. Fry presented and reviewed the Budget with the Board. He then stated that he is presenting two options for the Budget. The difference in Option A and Option B is the payroll increases and all the other expenses remain the same. Mr. Rowell made a motion to approve Option B for the 2023-2024 Fiscal Year Budget. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

7. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. New Wastewater Treatment Plant - Mr. Fry gave an update on this project. Mr. Huacuja advised the Board that Garver is almost to a point in which property acquisition will have to occur to continue the design work.
- b. Resaca dredging – Mr. Fry stated that Bryant Industrial has finally initiated dredge work on the north side of the Escandon Bridge.

8. General Manager's Report

- **Production and Sales Report-** The water loss report for October 2023 shows 14.2% 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 October 2023 complaints.
- **Operations Report-** The operations report for October 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

9. The Board May Enter into Executive Session as Allowed By Government Code Pursuant to:

On a motion by Mr. Harse and a second by Mr. Pace, the Board voted unanimously to enter Executive Session at 10:25 a.m.

- a. Section 551.071(1)(A&B) to Discuss Pending or Contemplated Litigation and/or A Settlement Offer Related to the River Bend POA Rate Appeal to the Public Utility Commission of Texas.
- b. Section 551.072 to Discuss the Purchase of Real Property Related to Land Acquisition for the New Wastewater Treatment Plant.

On a motion by Mr. Pace and a second by Mr. Harse, the Board voted unanimously to exit the Executive Session at 10:34 a.m.

10. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
Mr. Pace made a motion to table the decision on the River Bend POA's offer. The motion was seconded by Mr. Harse and approved by a unanimous vote of those present.
- b. Land Acquisition Related to the Construction of a New Wastewater Treatment Plant.
No action was taken on item b.

11. Adjourn.

There being no further business, Mr. Pace made a motion to adjourn the meeting, The motion was seconded by Mr. Harse and approved by a unanimous vote at 10:36 a.m.

ATTEST:



PAT PACE, VICE-PRESIDENT


ROGER NELSON, PRESIDENT

