

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
April 18, 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., April 18, 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
Jim Tipton	Secretary

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering
Jorge Delgado	Hilltop Securities
Harry Page	River Bend Resident
Sylvia Degollado	River Bend POA

2. Public Input.

No public input.

3. Approval of the Minutes of the Regular Board Meeting Held on March 21, 2023.

The Board reviewed the minutes of the March 21, 2023 Regular Board Meeting. Mr. Tipton noted an error regarding the motion for adjournment. A motion was made by Mr. Rowell to approve the March 21, 2023 minutes with the corrections to the adjourning motion. The motion was seconded by Mr. Harse and approved by the remainder of the Board members present, apart from Mr. Tipton who abstained from the vote, since he was not present during the March meeting.

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

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

5. Discussion and Action to Authorize the General Manager to Execute a Contract with WIF4U for the Purpose of Installing Communication Antennae on the District's Elevated Storage Tanks.

Mr. Fry explained that the Internet Provider that rents the Water Tower from the District sold the company to Wifi4U and a new contract needs to be executed. He stated that the lease is based on the previous lease and the fees will stay the same. He asked Ms. Cunningham if she could review the contract. Mr. Tipton made a motion to approve the contract subject to the attorney's review. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

6. **Discussion and Action to Select Funding Sources for All or Part of The Projects to Expand the Capacity of the Rancho Viejo Wastewater Treatment Plant and to Construct a New Wastewater Treatment Plant.**

Mr. Fry reviewed the items discussed at last meeting which included the construction of a new wastewater treatment plant and the re-evaluation of the capacity of the existing Rancho Viejo Wastewater Treatment Plant. He introduced Mr. Jorge Delgado from Hilltop Securities who was present to discuss the Bond capacity for the proposed Wastewater Treatment Project. Mr. Delgado gave a brief presentation to the Board on the District's funding options and Debt Capacity. He presented a preliminary debt capacity scenario of \$4,352,400. Mr. Tipton stated that this amount is not sufficient for new wastewater treatment plant. Mr. Huacuja explained that the funding for the Project to expand the existing wastewater treatment plant and to construct a new wastewater treatment plant would significantly exceed four million dollars. Mr. Delgado stated that he would get with the Engineer to get a more accurate cost and present an updated preliminary debt capacity scenario with the updated numbers from the Appraisal District, which should come out the following week. Mr. Fry mentioned that he brought Mr. Delgado to present so that the Board would have an idea of what it would take to fund the project through the open market (private funding) which would be quicker and easier to manage. Mr. Fry explained that the federal funding options require much more engineering efforts such as lengthy studies, and that requirements such as the new Buy America, Build America requirements are concerning due to additional costs and supply chain issues associate with American made products, at this time. A motion was made by Mr. Rowell to select the Open Market as the funding source for all or part of the Projects to Expand the Capacity of the Rancho Viejo Wastewater Treatment Plant and to construct a New Wastewater Treatment Plant. The motion was seconded by Mr. Pace and approved by unanimous vote of those present. The Board also requested the Mr. Delgado update his numbers to reflect the latest Appraisal District estimates, and that he come back to re-present at the next meeting.

7. **Discussion and Action to Renew the District's Windstorm Insurance Policy.**

Albert Perez of Higginbotham Insurance presented the renewal premium from Mt. Hawley Insurance at \$36,902.13. He then went over the TWIA premium which was higher than Mt. Hawley. Mr. Perez reviewed the deductibles for the District's insured locations and then stated that Mt. Hawley was offering a service called "Deductible Buyback", in the amount of \$9,192.73 which he explained to the Board. Mr. Tipton made a motion to approve the renewal based on the recommendations by Mr. Perez to renew with Mt. Hawley for the stated amount. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

8. **Discussion and Action to Allow Residents of the River Bend Community to Utilize Raw Water For Lawn Irrigation Since the River Bend Golf Course is no Longer Allowing the use of its Golf Course Irrigation System for Residential Irrigaton.**

Mr. Harry Page explained that River Bend Resort is discontinuing the red line system which has provided irrigation water to the property owners' homes for 45 years. He is asking for permission from the District to connect to the Potable water line so that they are able to irrigate their lawns. Mr. Fry explained that property owners need to obtain a sprinkler system permit and a backflow preventer if they are connected to the potable water and comply with all the regulations established by the District. They can also install a pump and pump the raw water for their lawn, but they will have to pay the \$10.00 monthly fee for the raw water.. Mr. Tipton made a motion to allow the River Bend residents to utilize the Raw Water or potable water for their yard irrigation after they comply with all the rules and regulations established

by the District. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

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

Mr. Fry explained that even though the water reservoir is going down slowly, he has been getting taking advantage of free pumping whenever it is available from the TCEQ. The District's Water Rights are at 24.6% and the combined lake water levels are at 27.5%. Mr. Fry recommends staying in Stage 2 because the numbers are so close to the threshold that if he moves to Stage 1, then next month he may have to move back to Stage 2. After a brief discussion, Mr. Rowell made a motion to remain in Stage 2 of the Drought Contingency Plan. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

10. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging - Mr. Fry gave an update on this project. He stated they are nearing the curve before the Escandon Bridge with the initial 30 foot wide channel.
- b. Approval of a Resolution to accept the improvements related to the 2018 Utilities Replacement Project associated with the Town of Rancho Viejo Street Paving Project. Mr. Fry explained that this Resolution pertains to the Retainage owed to R.M. Walsdorf. The Texas Water Development Board requires that this resolution is approved to acknowledge the closeout of the project to pay the retainage. Mr. Rowell made a motion to acknowledge the completion of the 2018 Utility Improvements related to the Town of Rancho Viejo's Street Re-Paving Project. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

11. General Manager's Report

- **Production and Sales Report-** The water loss report for March 2023 shows **21.51%** 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 reviewed the 11 customer complaints for the months of January thru March 2023.
- **Operations Report-** The operations report for March 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

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

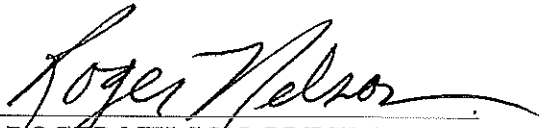
- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas. Mr. Rowell made a motion to enter into executive session followed by a second from Mr. Tipton. The Board entered into executive session at 10:35 and exited 10:54.

13. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas. No action was taken.

14. Adjourn.

There being no further business, Mr. Harse made a motion to adjourn the meeting, The motion was seconded by Mr. Tipton and approved by a unanimous vote at 10:54 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



PAT PACE, DIRECTOR