

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
January 17, 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., January 17, 2023 in accordance with the duly posted notice with a quorum of Directors present as follows:

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

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering
Quentin Anderson	Carr, Riggs & Ingram
Anthony De Ponce	Rancho Estates, LP

**2. Public Input.**

There was no Public Input.

**3. Approval of the Minutes of the Regular Board Meeting Held on December 20, 2022.**

The Board reviewed the minutes of the December 20, 2022 Regular Board Meeting. Mr. Tipton made motion to approve the December 20, 2022 Minutes. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

**4. Approval of Financial Report for the Month of December 2022.**

Mr. Fry reviewed the Financial Report with the Board for the month December 2022. Mr. Rowell made a motion to approve the Financial Report for the Month of December 2022. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

**5. Presentation of the Financial Audit for the Fiscal Year 2021- '22.**

Mr. Quentin Anderson presented an overview of the 2021- '22 Fiscal year audit report. Mr. Anderson reviewed the audit report with the Board and stated that they audited the District's books and in their opinion, the financial statements are presented fairly in accordance with accounting principles, and they are not aware of any significant deficiencies or fraud. Mr. Anderson stated that after reviewing the Capital Project expenditures for the year, they concluded that a Federal Single Audit is not necessary. He also reviewed the supplemental information and the required communications for the Board of Directors and management. Mr. Tipton noted that he is listed in the audit as Vice-President and requested it be changed to Secretary and that Mr. Pace be shown as Vice-President. Mr. Pace requested that his name be changed to Pat Pace, Jr.

**6. Discussion and Action to Acknowledge the Audit for the Fiscal Year 2021- '22.**

A motion to approve the Audit for the Fiscal Year 2021-'22 was made by Mr. Rowell and seconded by Mr. Harse. The motion was approved by unanimous vote of those present.

**7. Discussion and Action to Execute a Contract with Garver, Inc. For Engineering Services Related to the Re-Evaluating of the Capacity of Rancho Viejo Wastewater Treatment Plant, Site Selection for a New Wastewater Treatment Plant, and Possible Design Services to Said Plant.**

Mr. Isaac Huacuja presented the proposed Service Agreement to provide engineering services related to the evaluation of the existing wastewater treatment plant, and to begin the planning of a new plant. He outlined the six phases of the project as the following: 1) the Project Management 2) Evaluation of existing system for TCEQ 3) the re-rate to obtain permit for new facility 4) the Evaluation of alternatives 5) the Preliminary Design, and 6) the new Wastewater Treatment Plant Construction. Mr. Huacuja stated that the last phase, the construction supervision of the new Wastewater Plant, is optional. Mr. Pace made a motion to submit the contract to counsel for review and have a workshop within two weeks to approve the contract. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

**8. Updates and Old Business.**

Mr. Fry gave an update on the following items.

- a. Resaca Dredging - Mr. Fry presented to the Board pictures of the containment berm and the bulkhead that was constructed. The backhoe, the excavator and wooden mats are at the location already. The containment berm is at a residual property from Rancho Viejo.
- b. Metering of the District's Potable Water Mains – Mr. Fry had no update.

**9. General Manager's Report**

- **Production and Sales Report-** The water loss report for December 2022 shows 15.8% 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-** There was 5 customer complaints for the month of November 2022 related to sewer backing up. Distribution Crew reported that they were all private issues.
- **Operations Report-** The operations report for December 2022 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

**10. The Board Entered into Executive Session as Allowed By Government Code 551.074 to Discuss A Personnel Issue and/or Section 551.071(1)(A) to Discuss Pending Litigation.**

- a. No executive session.

**11. 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.

**12. Discussion and Action to Execute a Contract with GDS Associates, Inc. for the Purpose of Evaluating the District's Existing Water and Sewer Rates, Performing A Rate Study, and Possibly Providing Testimony Related to the River Bend POA Rate Appeal to the Public Utility Commission of Texas.**

Mr. Fry stated that Cody Faulk recommended GDS Associates for the Rate Study. He presented the Letter agreement from GDS Associates, Inc. which describes the Scope of



Work and states a cost estimate of \$40,500.00 to \$55,000.00 for the Rate Study Project. A motion was made by Mr. Rowell to approve this agenda item as presented, seconded by Mr. Harse and approved by unanimous vote of those present.

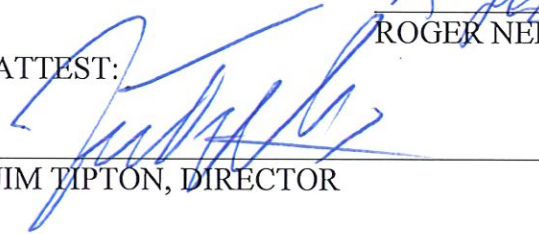
**13. Discussion and Action on a Petition for Annexation from Rancho Estates, L.P., for a Certain 21.10 Acre Tract Located at the Northeast corner of the Intersection of Carmen Avenue and FM 1732.**

Mr. De Ponce stated that the Town of Rancho Viejo had already annexed this property on the Northeast corner of the Intersection of Carmen and FM 1732. Mr. Fry stated that this property is complicated because it has a dual certificate of convenience and necessity (CCN) by both the Brownsville PUB and the Olmito Water Supply Corporation. Mr. Fry then explained that many years ago, BPUB and Olmito had no objections for the District to provide water and sewer services to this property because they had no service lines near that area at the time. Now that they do, this may be a problem, therefore the CCN issue needs to be cleared up officially with them. Ms. Cunningham stated that the petition needs to be more descriptive to comply with the water codes and assure the District that they will be able to service that area. She added that a title report needs to be reviewed along with the Town's annexation packet and subdivision development plans. No action was taken.

**14. Adjourn.**

There being no further business, Mr. Tipton made a motion to adjourn the meeting, The motion was seconded by Mr. Harse and approved by a unanimous vote at 10:51 a.m.

ATTEST:

  
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JIM TIPTON, DIRECTOR

  
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ROGER NELSON, PRESIDENT

