

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
January 23, 2024**

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 23, 2024 in accordance with the duly posted notice with a quorum of Directors present as follows:

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

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Matthew Montemayor	Carr, Riggs, Ingram CPA
Andre Ayala	Hilltop Securities
Isaac Huacuja	Garver Engineering

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on December 19, 2023.

The Board reviewed the minutes of the December 19, 2023 Regular Board Meeting. A motion was made by Mr. Pace and seconded by Mr. Harse to approve the minutes of the December 19, 2023 Board meeting minutes. The motion was approved with three votes and two abstentions. Mr. Rowell and Mr. Tipton both abstained since they did not attend that meeting.

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

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

5. Presentation of The District's Financial Audit for the 2022-'23 Fiscal Year.

Mr. Montemayor introduced himself as a replacement for Quentin Anderson who has retired. Mr. Montemayor presented and reviewed the 2023- '24 Fiscal year audit report with the Board. He 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. Montemayor also stated that after reviewing the Capital Project expenditures for the year, they concluded that a Federal Single Audit was not necessary.

He also reviewed the supplemental information and the required communications for the Board of Directors and management. Mr. Tipton asked if there were any significant journal entries made by the auditors. Mr. Montemayor stated that there only the usual year-end journal entries. Mr. Tipton asked if the Board can receive a

monthly report of any write offs to accounts receivable and a monthly delinquent customer report. Mr. Fry stated that one will be printed out and included in the Board package.

6. Discussion and Action on the District's Financial Audit for the 2022-'23 Fiscal Year.

A motion was made by Mr. Rowell to approve the District's Financial Audit for the year 2022-'23 Fiscal Year, seconded by Mr. Pace. The motion was approved by a unanimous vote of those present.

7. Update, Discussion and Action Regarding the Proposed Wastewater Treatment Plant.

a. Engineering Update

Mr. Huacuja gave a status update on this project. He stated that he received a proposal from Orive Surveying for the surveying of the land, and another from MEG Engineers for the Geotechnical Engineering Services. Mr. Pace stated that the Board is not in a position to approve these services until the purchase of the land is final. Mr. Tipton made a motion to table the approval of Survey and Engineering services until the next meeting.

b. Financial Update

Mr. Ayala from Hilltop Securities presented a Preliminary Bond Capacity Analysis the for the proposed Wastewater Treatment Project at the different debt service tax rates. Mr. Ayala gave a brief presentation to the Board on the District's funding options and Debt Capacity. He presented the preliminary debt capacity scenarios with net Proceeds to District of \$12,972,250.00, \$13,779,750.00, \$15,000,000.00, and \$20,000,000.00. No action was taken.

8. Discussion and Action to Correct the 2001 Annexation Petition for the Bend at Rancho Viejo Subdivision, Reflecting the Correct Metes and Bounds Survey Plat, which was never Updated as Specified in the Original Petition, Increasing the Acreage Based Upon the Actual Acreage of the Subdivision Plat.

Mr. Fry stated that when Miguel Ortiz developed the Bend Subdivision and had it annexed into the District in 2003, the exhibit containing the metes and bounds was incorrect. They left out all of Lot 1, a large portion of Lot 37, and smaller sections of lots 2-5 and 31-36 and that it now needs to be corrected. Mr. Harse made a motion to correct the 2001 Annexation petition exhibit to match the actual survey plat of the subdivision. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

9. Updates and Old Business.

a. Mr. Fry stated that there were no updates.

10. General Manager's Report

- **Production and Sales Report-** The water loss report for December 2023 shows 16.55% 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 December 2023 complaints.
- **Operations Report-** The operations report for December 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

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

On a motion by Mr. Rowell and a second by Mr. Harse, the Board voted unanimously to enter Executive Session at 10:39 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. Rowell and a second by Mr. Harse, the Board voted unanimously to exit the Executive Session at 10:41 a.m.

12. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
 - b. Land Acquisition Related to the Construction of a New Wastewater Treatment Plant.
- No action was taken on either item.

13. Adjourn.

There being no further business, Mr. Rowell made a motion to adjourn the meeting, The motion was seconded by Mr. Harse and approved by a unanimous vote at 10:42 a.m.

ATTEST:


PAT PACE, VICE PRESIDENT


ROGER NELSON, PRESIDENT

