MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
February 21, 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., February 21, 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
Isaac Huacuja	Garver Engineering

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on January 23, 2024.

The Board reviewed the minutes of the January 23, 2024 Regular Board Meeting. A motion was made by Mr. Rowell and seconded by Mr. Tipton to approve the minutes of the January 23, 2024 Board meeting minutes. The motion was approved by unanimous vote of those present.

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

Mr. Fry reviewed the Financial Report with the Board for the month January 2024. Mr. Pace made a motion to approve the Financial Report for the Month of January 2024. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

5. Discussion and Action on the District's Smart Meter Conversion Program.

Mr. Fry presented a Report listing of all the meters in the District. He explained that the District currently utilizes the Automated Meter Reading (AMR) which collects the readings electronically by drive-by and the Analog metering system where readings are manually collected by walk-by Meter Reader. He asked the Board if they were interested in changing the system to Advanced Metering Infrastructure (AMI) which will constantly report to the office server. If there is a leak, the AMI meters system is designed to notify the office immediately and usage can be queried directly from the office. The drawback for the AMI system is the cost which totals to $78,400.00 for the software, training, hosting and collectors. Mr. Tipton made a motion to approve the purchase of only 1 inch and above AMI meters to replace AMR meters. The motion was seconded by Mr. Pace. The motion was approved by a unanimous vote of those present.

6. **Update, Discussion and Action Regarding the Proposed Wastewater Treatment Plant Design.**
   a. Proposed Tertiary Treatment Addition for Re-Claimed Water. Isaac Huacuja of Garver Engineering explained the necessity for a tertiary treatment to the Board. He stated that it would be necessary to re-claim the effluent water leaving the plant, which is increasingly important in our climate of ever increasing drought. He added that it would be much easier to install initially than to try to retrofit it into the plant in the future. He reviewed the cost for the system and went over a work order amendment for the engineering work involved. After a motion by Mr. Tipton and a second by Mr. Rowell, the Board voted to execute the Work Order to add the Tertiary Treatment System.
   b. Proposed Sanitary Sewer Collection Modifications. Mr. Huacuja mentioned that the new plant design was underway, but that the District still needs to get the sewage from Rancho Viejo to the new plant site. He mentioned several easy modifications to lift stations that could get some of the sewage re-routed but mentioned that the Board should consider making a plan to get the rest of the sewage re-routed. He then presented a work order to evaluate the existing collection system and make recommendations to move all of the sewage to the new site. He stated that the work could be done in phases over several years, but that it would be better to perform a complete evaluation for planning purposes. After a motion by Mr. Rowell and a second by Mr. Tipton, the Board voted to execute the Work Order to evaluate the existing sewer collection system and to perform design services to re-route several of the District's lift stations to move part of the sewage from Rancho Viejo to the new plant site The motion was approved by a unanimous vote of those present.
   c. Procurement of Geotechnical Engineering Services Related to Site Design. On a motion by Mr. Rowell and a second by Mr. Harse, this item was tabled until the land for the sewer plant site is acquired.
   d. Procurement of Geotechnical Engineering Services Related to Site Design. On a motion by Mr. Rowell and a second by Mr. Harse, this item was tabled until the land for the sewer plant site is acquired.

7. **Discussion and Action to Approve an Order Authorizing the Application for Approval of Project and Bond Issue by the Texas Commission on Environmental Quality for the Construction of New Wastewater Treatment Facilities.**
   Mr. Harse made a motion to approve the Order Authorizing the Application for Approval of Project and Bond Issue by the TCEQ for the new Wastewater Treatment Plant construction. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

8. **Discussion and Action to Approve a Resolution Declaring the Intention to Reimburse Certain Expenditures Related to the Design and Construction of New Wastewater Treatment Facilities.**
   Mr. Rowell made a motion to approve the Resolution declaring the Intention to Reimburse certain expenditures related to the design and construction of the new Wastewater Treatment Facility. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

9. **Updates and Old Business.**
   a. Rate Model.

Mr. Fry stated the District has been providing information to Chuck Lloyd for the new Rate Model. As soon as the rate model is complete, he will begin working on the new water rates.

10. General Manager's Report

- **Production and Sales Report-** The water loss report for January 2024 shows **7.16** % 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 January 2024 complaints.
- **Operations Report-** The operations report for January 2024 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 10:50 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. Tipton, the Board voted unanimously to exit the Executive Session at 11:15 a.m.

12. Discussion and Action Relative to the Executive Session.

a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
No Action.
b. Land Acquisition Related to the Construction of a New Wastewater Treatment Plant.
Mr. Rowell made a motion to authorize the General Manager to make an offer of $10,000.00 per acre to Mr. Sampayo for the land and $5,000.00 to Mr. Chacon for the Frontage land. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

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 11:19 a.m.

Roger Nelson

ROGER NELSON, PRESIDENT

ATTEST:

PAT PACE, VICE PRESIDENT