

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
May 16, 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., May 16 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
Adam Odorisio	Garver Project Engineering (via zoom)
Payam Bahadorani	Garver Engineering (via zoom)
Jorge Delgado	Hilltop Securities (by Phone)

2. Public Input.

No public input.

3. Approval of the Minutes of the Regular Board Meeting Held on May 16, 2023.

The Board reviewed the minutes of the May 16, 2023 Regular Board Meeting. A motion was made by Mr. Rowell to approve the May 16, 2023 minutes and a second by Mr. Harse. The motion was approved by unanimous vote of those present.

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

Mr. Fry reviewed the Financial Report with the Board for the month April 2023. He explained that the several expense categories exceed the budgeted amount due to unusual expenses. Mr. Rowell made a motion to approve the Financial Report for the Month of April 2023. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

5. Presentation by First Southwest of the District's Bonding Capacity for the Construction of a New Wastewater Treatment Plant.

Mr. Jorge Delgado joined the meeting through a phone call. He stated that he worked on new Debt Capacity Scenarios since the previous debt proceed calculations did not meet the estimated projected expenses for a new Wastewater Plant. He explained that he obtained the preliminary valuation totals from the Cameron County Appraisal District and calculated the debt capacity. The report now shows the District can obtain from \$10,135,000 up to 20,000.00 in net proceeds depending on the tax rate that is adopted. Mr. Delgado recommended keeping the same tax rate for now until the Debt is acquired. Once the appraisal values are final on July 25, 2023, the District can definitely project a more accurate

debt net proceeds. He also stated that the District could possibly receive funds as soon as the end of this year. No action was taken.

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. Huacuja updated the Board on the Site Selection Study and the effort to reclassify the existing wastewater treatment plant to a higher treatment capacity. He stated that Garver will begin working on the next phase of the project which is the Evaluation of Technology. He introduced Mr. Payam Bahadorani and Adam Odorisio that would be connecting remotely online to give a presentation on the site selection study. Mr. Payan presented the future population projections based on the CCN boundaries and land available for future development. He stated that a conventional sewer plant would require a 13 acre site. He presented the four site possibilities along with the pros and cons related to each with regards to existing utilities, and a sufficient effluent outfall. After a brief discussion, Mr. Huacuja summarized the findings and recommended a 1.5 MGD facility for the ultimate buildout of the District which should not occur for several decades. He stated that the initial phase would likely be less than half of that, however. The Board inquired about the possibility of alternative power sources. Mr. Odorisio mentioned that they can explore alternative sources of power as some sort of backup for the wastewater treatment plant. No action taken on this item.

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

Mr. Fry stated that the monitored water supply reservoir number came in yesterday. They show 27% full which is higher than last month. When this number goes up, the District receives an allocation of water rights usage. According to the policy, this would put the District on the Stage 1 scenario. He also has continued taking advantage of free pumping whenever it is available from the TCEQ. Mr. Tipton recommended remaining in Stage 2 because the numbers are so close to the threshold and the summer months are just ahead. No action was taken.

8. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging - Mr. Fry gave an update on this project and stated that the crew is nearing the Escandon Bridge, but that they have faced delays due to all of the rain which renders the haul road to the spoil site impassable. In addition, the contractor's office was also destroyed by the tornado last weekend, and they will need at least a week to work in Port Isabel to pick up the debris.

9. General Manager's Report

- **Production and Sales Report-** The water loss report for April 2023 shows 13.06% 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 stated there were not a customer complaint list available for the month of April 2023.
- **Operations Report-** The operations report for April 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

10. 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.

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. Adjourn.

There being no further business, Mr. Rowell made a motion to adjourn the meeting, The motion was seconded by Mr. Tipton and approved by a unanimous vote at 10:46 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



PAT PACE, DIRECTOR

