

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
December 20, 2022**

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., December 20, 2022 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 (Arrived 10:40)	Director
Clifford Rowell	Treasurer

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering
Cody Faulk (via Zoom)	Spencer Fane

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on November 15, 2022.

The Board reviewed the minutes of the November 15, 2022 Regular Board Meeting. Mr. Tipton made motion to approve the November 15, 2022 Minutes. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

4. Approval of Financial Report for the Month of November 2022.

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

5. Discussion and Action to Review and Possibly Amend the District's Investment Policy.

Mr. Fry explained the legal requirement to review the District's Investment Policy on an annual basis, and added that he is not proposing any changes at this time. A motion was made by Mr. Tipton to update the Investment Policy with no changes, second by Mr. Pace. The motion was approved by a unanimous vote of those present.

6. Presentation of Statements of Qualifications by Various Engineering Firms For Engineering Services Related to Evaluating and Possibly Improving the Treatment Capacity of The District's Existing Wastewater Treatment Plants, and for The Potential Planning, Design, and Construction of a New Wastewater Treatment Plant.

Mr. Fry stated that he placed the item on the agenda in case other Engineering firms would show up at this meeting. No action was taken.

7. Discussion and Action to rank the Firms that Submitted Statements of Qualifications for Engineering Services Related to Evaluating and Possibly Improving the Treatment Capacity of the District's Existing Wastewater Treatment Plants, and For the Potential

Planning, Design, and Construction of a New Wastewater Treatment Plant, and to Authorize the General Manager to Negotiate and Possibly Execute a Contract With one of the Top Ranked Firms.

Mr. Fry reminded the Board that he had presented the Statements of Qualification at the last Board meeting for Sigler Winston & Greenwood, Halff, Hanson, Garver and Ferris & Flinn. He added that he called several of the references and that the best recommendations he received were for Garver. Mr. Fry asked the Board to rank the top three most qualified firms in order of competence so that he can begin negotiating with the top firm. He then stated that if negotiations with the top firm do not work out, he will be required to formally cease negotiations and move on to the next highest ranked firm until an agreement is reached with one of the proposing firms. Mr. Tipton made a motion to rank the firms as follows: 1.) Garver 2) Hanson and 3) Ferris & Flinn, and to authorize the manager to enter into negotiations with the top ranked firms, continue negotiating the next highest ranked if one is not satisfactory, and to execute a contract. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

8. Discussion and Action to Authorize the General Manager to Purchase a New Scada System.

Mr. Fry presented a proposal from Hierholzer Engineering, Inc. in the amount of \$23,390.00 for a new SCADA (supervisory control and data acquisition) computer and software. He stated that Hierholzer has been assisting the District with SCADA related services for over ten years. He also stated that our current SCADA computer runs on Windows 7 which is no longer supported by Microsoft and therefore contains security vulnerabilities and can no longer be updated. He added that Hierholzer is proposing to install a new system which will have the capability of 5 users at one time instead of a single user, as we have under the current system. Mr. Fry stated that although this proposal did not reach the dollar amount threshold for Board approval, that he wanted to bring it before the Board because it was still a large purchase. Mr. Tipton made a motion to authorize the General Manager to purchase a new Scada System in the amount of \$23,390.00. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

9. Discussion and Action to Enter into Agreements with Nearby Land Owners for the Placement of Dredge Spoil on their Property.

Mr. Fry explained that he placed this item on the agenda because several property owners along FM1732 want the Dredge Spoil to fill in their low-lying tracts. Mr. Fry then requested authorization from the Board to allow him to execute agreements with nearby landowners for the placement of spoil on their tracts. He stated that he would work with Kathy to draft agreements that were applicable for each circumstance. Mr. Pace made a motion to authorize Mr. Fry execute agreements with land owners for the placement of dredge spoil on their property. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

10. Discussion and Action on 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. Fry informed the Board that he received a petition from Mr. Anthony DePonce who is with Rancho Estates, L.P., for annexation of 21.10 acre tract located on the northeast corner of the intersection of Carmen Avenue and FM 1732. Mr. Tipton asked if the Town of Rancho Viejo was aware the annexation. Mr. Fry stated that he believed that they knew about it, but that the Brownsville PUB may also have to agree to it since they are dual CCN

holders along with the Olmito Water Supply Corporation. He added that Olmito WSC has expressed to him that they do not object to the District serving this area. Mr. Tipton stated that he does not want to discuss this item until we know that Rancho Viejo and the Brownsville PUB are aware of it. Mr. Rowell made a motion to table this item, seconded by Mr. Pace. The motion was approved by unanimous vote of those present.

11. Discussion and Action to Award Christmas Bonuses to District Employees..

Mr. Fry stated that the Board typically awards an amount that will equal the amount after taxes and other deductions have been taken. Mr. Tipton made a motion to award a \$250.00 (after taxes) bonus to the employees this year. The motion was seconded by Mr. Rowell, and approved by a unanimous vote of those present.

12. Discussion and Action to Add December 23, 2022 as a District Holiday.

Mr. Pace made a motion to add December 23, 2021 to the Holiday Calendar for the Year 2022. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

13. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging - Mr. Fry informed the Board that there is a backhoe at the location and they were going to start this past weekend, but it was too wet. They will begin by utilizing the existing piles of dirt that are at the end of Santa Ana Avenue to construct a spoil containment berm, and then they will build a small bulkhead where the excavator is going to be removing the spoil from the barges.
- b. Metering of the District's Potable Water Mains – Mr. Fry had no update on this effort.

14. General Manager's Report

- **Production and Sales Report-** The water loss report for November 2022 shows 8.25% 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 no customer complaints for the month of October 2022.
- **Operations Report-** The operations report for November 2022 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

15. 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. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
Mr. Tipton made a motion to go into executive session and seconded by Mr. Pace, and approved by a unanimous vote at 10:31 a.m.
The Board emerged from Executive Session at 11:18 a.m.

16. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
Mr. Tipton made a motion to authorize the General Manager and Cody Faulk of Spencer Fane to engage a consultant to perform a Cost of Service and Rate Study for the District. The motion was seconded by Mr. Harse and approved by a unanimous vote of those present.


17. Adjourn.

There being no further business, Mr. Pace made a motion to adjourn the meeting, The motion was seconded by Mr. Tipton and approved by a unanimous vote at 11:20 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



JIM TIPTON, DIRECTOR