

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
July 18, 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., July 18, 2023 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
Jim Tipton	Secretary

Directors absent:

Richard Harse	Director
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Others present:

Scott Fry	General Manager
Omar Martinez	Chief Operator
Kathy Cunningham	Attorney
Isaac Huacuja	Garver Engineering
Payam Bahadorani	Garver Engineering (via zoom)
Abigail Graves	Garver Engineering (via zoom)
Cody Faulk	Spencer Fane (via zoom)

2. Public Input.

No public input.

3. Presentation of the Latest Consumer Confidence Report.

Mr. Fry introduced Omar Martinez, the District's new Chief Operator to explain the Consumer Confidence Report. Mr. Martinez explained that the report provides important information to the customers on the water quality and details the chemical constituents of its produced water. Mr. Martinez then went through the report.

4. Public Hearing on the Consumer Confidence Report.

There being no public for this item, Mr. Tipton made a motion to open and close the hearing at 10:26 a.m. The motion was seconded by Mr. Pace. The motion passed by unanimous vote of those present.

5. Discussion and Action Relative to the Consumer Confidence Report.

Mr. Rowell made a motion to accept the Consumer Confidence Report for the Year 2022 as presented. Mr. Tipton seconded the motion. The motion passed by unanimous vote of those present.

6. Approval of the Minutes of the Regular Board Meeting Held on June 20, 2023.

The Board reviewed the minutes of the June 20, 2023 Regular Board Meeting. A motion was made by Mr. Pace to approve the June 20, 2023 minutes. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

7. **Approval of Financial Report for the Month of June 2023.**

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

8. **Discussion and Action to appoint an Officer of the District to Calculate the Tax Rate for the Upcoming Fiscal Year.**

Mr. Fry explained that last year the Tax Office began requiring taxing entities to officially pre-name a District Employee to calculate the entity's tax rate. Mr. Tipton made a motion to appoint Rebecca Martinez as the designated employee to calculate District's Tax Rate. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

9. **Discussion and Action on a Request by Manish Verma of Versa Development, LLC for the Approval of an Agreement Between the District, The Olmito Water Supply Corporation, and Versa Development, to Amend Boundary Line for the Water and Sewer Certificates of Convenience and Necessity Between the District and the Olmito Water Supply Corporation.**

Mr. Fry presented the proposed agreement to update the CCN boundaries for water and sewer service to include the new Ovation and Capella Apartment projects. Mr. Fry explained that this was only the first step to be able to annex that property into the District in the future. Ms. Cunningham stated that this agreement had been sitting dormant for over a year until Ovation and Capella paid the subdivision development fees. Since it has been almost two years, she had to review the agreement, but has made no significant changes. Mr. Pace made a motion to approve the proposed agreement between the District, Olmito Water Supply Corporation, and Versa Development, to amend the boundary line for the CCN between the District and Olmito Water Supply Corporation. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

10. **Discussion and Action to Adopt a Resolution to Update the District's Water Conservation Plan.**

Mr. Fry stated that because the District borrowed Federal Funds for the 2018 Utility Replacement Project, now we have to maintain a Water Conservation Plan, which has to be updated every five years. He stated that the updated plan includes changes to items such as the number of water connections, and status updates to conservation measures and milestones. A motion was made by Mr. Tipton to adopt the Resolution to update the District's Water Conservation Plan and seconded by Mr. Pace. The motion passed by unanimous vote of those present.

11. **Discussion and Action to Utilize the Remaining Bond Funds from the 2018 Utilities Replacement Program CWSRF and DWSRF Loans.**

Mr. Fry explained to the Board how he plans to utilize the remaining bond funds from the Water and Sewer Project Replacement Program. He stated that with the minimal remaining bond funds from the DWSRF program he will continue to buy water meters. For the CWSRF, Mr. Fry presented a list of replacements and repairs needed and costs associated with them which totaled \$534,200.00. That will leave \$750,499.00 to be used for Clay Sewer replacement. He explained that he calculated based on the numbers used by contractor in the project and increased them by 20%. No action was taken.

12. Discussion and Action to Compensate R.M. Walsdorf for Work Performed During the 2018 Utilities Replacement Project, For which Federal Loan Proceeds Were Denied by the Texas Water Development Board due to Errors on the Contractor's DBE Forms.

Mr. Fry stated that \$123,821.43 is due to R.M. Walsdorf for the Water and Sewer Utility replacement projects because TWDB denied payment for this since the RM Walsdorf failed to properly complete the Disadvantaged Business Enterprise (DBE) forms. Mr. Fry suggested that the District utilize the Committed Funds to pay for it as opposed to securing a loan and paying associated fees. Mr. Tipton made a motion to approve the payment to R.M. Walsdorf in the amount of \$123,821.43 from the Committed Funds. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

13. Discussion and Action on an Update by Garver USA Regarding the Re-Evaluation of the Capacity of the Rancho Viejo Wastewater Treatment Plant and the Status of the Proposed New Wastewater Treatment Plant.

Mr. Fry introduced Isaac Huacuja from Garver Engineering. Mr. Huacuja and Payam Bahadorani gave a presentation to the Board on the three best options available for the construction of a new wastewater treatment plant and the preliminary budget estimates for the construction. He explored the treatment technology alternatives and explained the pros and cons of the Common Wall System, the Sequence and Batch (SBR) alternative, the Conventional System. Mr. No action was taken.

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

No action was taken.

15. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging - Mr. Fry gave an update on this project. He stated they are 65% complete and are continuing past the Escandon Bridge widening the channel back toward the west. He mentioned that he plans to expand the contract by 25%. Mr. Tipton suggested that the District conduct further surveying along the resaca to determine other areas that may need to be dredged.

16. General Manager's Report

- **Production and Sales Report-** The water loss report for June 2023 shows 10.08% 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 April, May, and June 2023 complaints.
- **Operations Report-** The operations report for June 2023 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

17. 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.
Mr. Tipton made a motion enter into executive session at 10:32 a.m. The executive session was closed at 10:52 a.m.

18. 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.

19. Adjourn.

There being no further business, Mr. Rowell made a motion to adjourn the meeting, The motion was seconded by Mr. Pace and approved by a unanimous vote at 11:12 a.m.

ROGER NELSON, PRESIDENT

ATTEST:



PAT PACE, DIRECTOR