

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
April 16, 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., April 16, 2024 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

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney (via phone)
Isaac Huacuja	Garver Engineering
Jorge Delgado	Hilltop Securities (via Teams)
Andre Ayala	Hilltop Securities (via Teams)
Daniel Martinez	Winstead PC (via Teams)
Robert Daniels	Higginbotham Insurance

Not present:

Richard Harse	Director
Clifford Rowell	Treasurer

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on March 21, 2024.

The Board reviewed the minutes of the March 21, 2024 Regular Board Meeting. A motion was made by Mr. Pace and seconded by Mr. Tipton to approve the minutes of the March 21, 2024 Board meeting minutes. The motion was approved by unanimous vote of those present.

4. Approval of Financial Report for the Month of March 2024.

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

5. Discussion and Action to Renew the District's Windstorm Insurance Policy.

Robert Daniels of Higginbotham Insurance presented the renewal premium from Mt. Hawley Insurance at \$49,141.74. He then went over the TWIA premium which was higher than Mt. Hawley. Mr. Daniels reviewed the deductibles for the District's insured locations and then stated that Mt. Hawley "Deductible Buyback" insurance cost is \$10,804.44 which he explained to the Board increased from 5% to \$10,000 per location. Mr. Tipton made a motion to approve the renewal, including the deductible buyback with Mt. Hawley based on the recommendations by Mr. Daniels for the stated amount. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

6. **Discussion and Action to Review and Possibly Update the Drought Contingency Plan.**
Mr. Fry briefly went over the Drought Contingency Plan. He stated that the Board should review this plan periodically. He did not recommend any changes. No action was taken.
7. **Presentation, Discussion and Action on the Updated Rate Model.**
Chuck Loy with GDS Associates presented his results on the Rate Study done on the 2023 Financial Reports and explained the revenue requirements based on the 2024 Budget. He recommended that the increase be phased in a 2-year or 3-year period and apply the selected Rate Annual Increases to All Rates. He also recommends improving a Billing Report that will be more specific to Rate studies. A motion was made by Mr. Pace to approve the 2 year phase in rate increase and seconded by Mr. Tipton. The motion was approved by unanimous vote of those present. The Board then directed Mr. Fry to bring back an implementation plan which shows the actual rates for all categories.
8. **Update, Discussion and Action Regarding the Proposed Wastewater Treatment Plant Design.**
a. Approval of agreement for Surveying Services from Orive Land Surveying, LLC
b. Approval of agreement for Geotechnical Services from MEG Engineers
c. Authorization to submit Bond Engineering Report/Application to TCEQ
A brief discussion was held on the status of the land acquisition. Mr. Tipton then made a motion to table items A and B and authorize item C. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.
9. **Consideration and Approval of an Order Authorizing Application for Approval of Project and Bond Issue by the Texas Commission on Environmental Quality.**
Mr. Martinez stated that it appeared that this Order had been previously adopted, but he recommended that it be re-adopted since the engineer has produced more data which has led to a more accurate cost estimate. Mr. Tipton made a motion to approve the order authorizing the application for approval of the Project and Bond Issue by the Texas Commission on Environmental Quality. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.
10. **Consideration and Approval of a Bond Counsel Engagement Agreement with Winstead PC.**
After a brief introduction by Daniel Martinez, Mr. Tipton made a motion to approve the engagement of Bond Counsel with Winstead PC. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.
11. **Updates and Old Business.**
No Updates.
12. **General Manager's Report**
- **Production and Sales Report-** The water loss report for March 2024 shows 25.43 % unaccounted for water loss. Mr. Fry will be investigating the high 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 March 2024 complaints.
 - **Operations Report-** The operations report for March 2024 was explained.
 - **Vehicle Maintenance Report-** The report was presented and reviewed.

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

On a motion by Mr. Pace and a second by Mr. Tipton, the Board entered into Executive Session at 9:50 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. Pace and a second by Mr. Tipton, the Board voted unanimously to exit the Executive Session at 10:07 a.m.

14. Discussion and Action Relative to the Executive Session.

- a. River Bend POA Rate Appeal to the Public Utility Commission of Texas.
On a motion by Mr. Pace and a second by Mr. Tipton, the Board unanimously voted to approve the revised settlement provided by the Ratepayers.
- b. Land Acquisition Related to the Construction of a New Wastewater Treatment Plant.
No action was taken.

15. 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 10:28 a.m.

ATTEST:



ROGER NELSON, PRESIDENT



PAT PACE, VICE PRESIDENT

