

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
May 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., May 21, 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
Richard Harse	Treasurer

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney (via phone)
Chuck Loy	GDS & Associates (zoom)

Not present:

Clifford Rowell	Treasurer
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2. Elected Directors Take the Oath of Office.

Kathy Cunningham administered the Oath of Office to Jim Tipton and Richard Harse.

3. Election of Board Officers.

Mr. Nelson stated that all positions for Board Officers were open. Mr. Tipton suggested that all position remain the same. Mr. Tipton made a motion to declare all Board Officers positions filled as they currently exist. Mr. Harse seconded the motion. The motion passed by unanimous vote of those present.

4. Public Input.

There was no Public Input.

5. Approval of the Minutes of the Regular Board Meeting Held on April 16, 2024 and the Special Board Meeting Held on May 6, 2024.

The Board reviewed the minutes of the April 16, 2024 Regular Board Meeting. Mr. Tipton noted that the date on the minutes should be April 16 instead of April 17. A motion was made by Mr. Tipton and seconded by Mr. Pace to approve the minutes of the April 16, 2024 with the correction mentioned. Another motion was made by Mr. Pace and seconded by Mr. Tipton to approve the minutes of the May 6, 2024 Special Board Meeting. The motions were approved by unanimous vote of those present.

6. Approval of Financial Report for the Month of April 2024.

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

7. Discussion and Action regarding the proposed Rate Increase.

Chuck Loy with GDS Associates explained that the District needs to comply with the notice requirements for the rate increases. He suggested that the notices go out sooner than the required date and to raise the rates in the beginning of the Fiscal Year, October 1, 2024. He presented the results on the Rate Study based 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 applying 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. 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

A motion to table items A and B was made by Mr. Pace and seconded by Mr. Harse. The motion was approved by unanimous vote of those present.

9. Updates and Old Business.

No Updates.

10. General Manager's Report

- **Production and Sales Report-** The water loss report for April 2024 shows 15.73 % 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-** No complaints Report.
- **Operations Report-** The operations report for April 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. Tipton and a second by Mr. Harse, the Board entered into Executive Session at 9:55 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. Harse and a second by Mr. Pace, the Board voted unanimously to exit the Executive Session at 10:09 a.m.

12. 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.

13. Adjourn.

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

ATTEST:



PAT PACE, VICE PRESIDENT



ROGER NELSON, PRESIDENT

