

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
September 21, 2021**

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., September 21, 2021 in accordance with the duly posted notice of said Meeting in person and via Zoom Video Conference with a quorum of Directors present as follows:

Roger Nelson	President
Jim Tipton	Vice-President
Clifford Rowell	Treasurer
Pat Pace	Secretary
Richard Harse	Director

Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Jay Toro	Assistant Manager
Sylvia Degollado	Rio Bravo Administrator
Riliegh Seabourn	RVPOA President
Ken Booth	River Bend Resident
Mark Barnard	River Bend Resident
Gail Roby	River Bend Resident
Shawn Roby	River Bend Resident

Others present thru zoom:

Albert Perez	Brisky and Perez Insurance
Linda Perez	Brisky and Perez Insurance
Jeremy Barnard	River Bend Resident
Pat Phillips	River Bend Resident
H.J. Michael	River Bend Resident
“Gumby” Harris	River Bend Resident

2. Public Input.

There was no Public Input unrelated to Item No. 3.

3. Discussion and Action to amend the rates for the RV Park Portion of River Bend Located South of the Levee.

Mr. Riliegh Seabourn stated he is the Board President of the Rio Bravo Association and flew down to be present at this meeting to discuss the District’s plan to implement the meter installations for the RV Community. He understands that there has not been an increase in rates for the RV Park lots since 2012 and he is willing to accept a reasonable increase. He stated that the residents are not against the rate increase, but instead against the individual metering. The anger among RV residents is escalating and he is willing to come to an agreement and would like a response from the Board soon. Mrs. Roby questioned why the Board has not raised the rates for several years because now the increase will be high to compensate for all past years and they do not agree with a high rate increase. Mr. Nelson

responded that the analysis of the cost and expenses had not been reviewed until now and they came to the conclusion that the RV Park is not contributing fairly. Mr. Barnard mentioned that the cost should be evaluated on a water usage ratio instead of a percent of expenses. Mr. Fry commented that he wants to treat the RV rates like the condos rates and charged the base rate plus gallons usage. Mr. Nelson suggested setting a workshop meeting when more owners can be present to discuss and come up with the rates. Mrs. Roby suggested that Mr. Fry present the information to Mr. Seabourn before the meeting to have his input. Mr. Rowell made a motion to table this item to the Meeting until after the Board Workshop. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

Mr. Rowell made a motion to table this item until after the workshop meeting that will take place sometime next month in October. Mr. Tipton seconded the motion and the motion passed by unanimous vote of those present.

4. **Approval of the Minutes of the Regular Board Meeting Held on August 24, 2021.**

The Board reviewed the minutes of the August 24, 2021 Regular Board Meeting. Mr. Rowell made motion to approve the August 24, 2021, seconded by Mr. Harse. The motion was approved by unanimous vote of those present.

5. **Approval of Financial Report for the Month of August 2021.**

Mr. Fry reviewed the Financial Report with the Board for the month of August 2021. He stated that August was another strong month and income is already higher than budgeted for the year. Mr. Tipton made a motion to approve the Financial Report for the Month of August 2021. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

6. **Discussion and Action to Renew the District's Employee Health Insurance .**

Mr. Perez presented the medical renewal cost projection from TML, BCBS, Aetna, United Healthcare and Humana. He stated that TML has the lowest rates in comparison to the same plans that the other companies offer. The current TML plan has an individual deductible of \$750.00 and an out of pocket maximum annual expense of \$4,000.00 for a renewal rate of \$470.04 per employee. Mr. Perez also presented four alternative quotes from TML based on differing deductibles and out of pocket maximum expenses. Mr. Tipton asked Mr. Perez to compare TML Alternative Quotes #5 and #6. Mr. Perez responded that Quote #5 has an individual deductible of \$1,000.00 and an out of pocket maximum expense of \$4,000.00 for an employee rate of \$460.53. Quote #6 also has a deductible of \$1,000.00, but an out of pocket maximum expense of \$3,000.00 for an employee rate cost of \$472.92. Mr. Rowell made a motion to approve TML Quote#5 with an employee deductible of \$1,000.00 for a rate cost of \$460.53, seconded by Mr. Pace. The motion was approved by a unanimous vote of those present.

7. **Discussion and Action to Purchase Cyber Liability Insurance.**

Mrs. Linda Perez explained that she has two clients that have suffered cyber liability damages, and that their company is now reaching out to clients and offering this type of insurance. She explained that the quotes were prepared based on the fact that the District does not share a network with another municipality, and answers to the questionnaire which was filled out by District personnel and Fritz Settle. She gave a presentation on the Smart Cyber Insurance Coverages and explained the two of the three options. Mr. Tipton requested that Mr. Fry contact Fritz Settle to get information on the type of server security the District

has on the system and his input on purchase of Cyber Liability Insurance. He then made a motion to authorize Mr. Fry to contact Fritz Settle to determine the appropriateness of this type of insurance coverage, and to select Option 2, if a positive determination was made. The motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

8. Discussion and Action to Set the District's 2021-22 Fiscal Year Budget.

a. General Budget.

Mr. Fry presented and explained the Budget Book for the upcoming year. He stated that it includes a detailed breakdown of each item, the budget history, a brief explanation of account, and why the proposed amount may be changing. He pointed out that the revenues for tap fees are much higher because there is a new, larger subdivision under development. He also added that a new line item has been created to cover the costs of servicing the new development, such as purchasing meters, inspection costs, and lab testing expenses. Mr. Harse recommended raising the supplies and parts expenses across the board due to inflation costs.

b. Salaries.

Mr. Fry explained to the Board that the payroll expenses will be higher this new year. It reflects his plans to give a higher raise than in the past years to the Distribution Crew due to inflation costs. Mr. Tipton recommended raising the starting wage rate to \$12.00 an hour for the Distribution crew.

c. Committed Fund

Mr. Fry presented the Committed Fund Report and explained that it is in a new format. He simplified it to reflect the \$10,000.00 monthly contribution less the costs spent for each individual Capital Expense. He stated that it is easier to understand and keep track of the remaining costs to be expensed and the remaining funds balance. Mr. Pace stated that he would like for the report to reflect the projected dates of the future expenses.

No Action Taken.

9. Update, Discussion and Action on the Project to Replace Utilities Associated with the Town of Rancho Viejo's Street Reconstruction Project.

Mr. Fry gave an update on the Project.

10. General Manager's Report.

- **Production and Sales Report-** The reported water loss for August 2021 shows a 16.05% unaccounted for water loss.
- **RO Production Report-**The report for August 2021 was distributed to the Board before the meeting.
- **Raw Water Report-**The report for August 2021 was distributed to the Board before the meeting.
- **Customer Complaints-** There one customer complaints for the month of August 2021.
- **Operations Report-** No report was presented this month.
- **Vehicle Maintenance Report-** No report was presented.

11. The Board May Enter Into Executive Discussion to Discuss Pending Litigation as Allowed Under Chapter 551.071 Of the Government Code, and Personnel Matters as Allowed Under Chapter 551.074 of the Government Code.

The Board entered into executive session at 11:15 a.m. and came out of session at 12:10.

12. Discussion and Action Regarding Pending Litigation.

On a motion by Mr. Rowell, and a second by Mr. Tipton, the Board authorized the District's Attorney to send a response letter to the demand letter sent by the attorney for R.M. Walsdorf regarding lack of timely payment for services rendered. The motion was approved by a unanimous vote of those present.

13. Discussion and Action on the Evaluation of the General Manager.

After reviewing and evaluation the performance of the General Manager, Mr. Rowell made a motion to approve a four percent increase in Salary. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

14. Adjourn.

There being no further business, Mr. Rowell made a motion to adjourn the meeting, seconded by Mr. Tipton at 12:30 p.m.



ROGER NELSON, PRESIDENT

ATTEST:

JIM TIPTON, VICE-PRESIDENT