

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
July 26, 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 9:02 A.M., July 26, 2022 in accordance with the duly posted notice with a quorum of Directors present as follows:

	Jim Tipton	Vice-President
	Richard Harse	Director
	Pat Pace	Secretary
Absent:		
	Roger Nelson	President
	Clifford Rowell	Treasurer
Others present:		
	Scott Fry	General Manager (via Phone)
	Kathy Cunningham	Attorney

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on June 21, 2022.

The Board reviewed the minutes of the June 21, 2022 Regular Board Meeting. Mr. Harse made motion to approve the June 21, 2022 minutes. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

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

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

5. Presentation of the Consumer Confidence Report.

Mr. Fry explained that the Consumer Confidence Report is a yearly report requirement by the State from all Water Utility Entities. The Quality Report provides important information to the customers on the water quality and details the chemical constituents of its produced water. Mr. Fry reviewed and briefly explained the report to the Board.

6. 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 9:17 a.m. The motion was seconded by Mr. Pace. The motion passed by unanimous vote of those present.

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

Mr. Tipton made a motion to accept the Consumer Confidence Report for the Year 2021 as presented. Mr. Harse seconded the motion. The motion passed by unanimous vote of those present.

8. Discussion and Action to Appoint a District Employee to Calculate the No New Tax Rate (Effective Rate) for the Upcoming Fiscal Year.

Mr. Fry explained that it is a new requirement from the State of Texas to appoint a District Employee to calculate the "No New Tax Rate". Mr. Fry stated that Rebecca Martinez usually fills out all the paperwork related to the calculation of the Tax Rate. Mr. Tipton made a motion to appoint Rebecca Martinez as the designated employee to calculate the "No New Tax Rate". The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

9. Discussion and Action to Authorize Rebecca Martinez to Sign Checks on Behalf of the District.

Mr. Fry stated that at the last Board meeting, it was suggested that Rebecca Martinez be added as a signer of District checks. Mr. Tipton made a motion to add Rebecca Martinez as a signer of District checks effective immediately and continue with the policy of two check signatures for checks over \$1,500.00. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

10. Discussion and Action on a Request by Matthew Williams of 99 Pizarro and Potentially Other Property Owners to Install Resaca Aerators in the District Owned Resaca Del Rancho Viejo.

Mr. Fry explained that the District has had several requests for aerator fountains to be placed in the Resaca near resident's homes. There is currently one Resaca aerator where the resident purchased the aerator and pays the electric bills, but District crews perform maintenance and installation. Mr. Fry stated that aerators are known to help reduce algae build-up in the Resaca. Mr. Tipton stated that the property owners not only need to install, maintain, and pay the electricity bill, but also remove them when they are no longer in use. Mr. Harse made a motion to table this item until Mr. Fry drafts up a written agreement that specifies these regulations for customers who requests for permission to install an aerator. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

11. Discussion and Action to Require Developers of Property in the District to Provide Rio Grande River Water Rights as A Condition for the Approval of Their Development.

Mr. Fry stated that to his knowledge, the District has never charged water rights to developers of new subdivisions within the District. Water Rights are conveyed on an acre foot of municipal rights per acre of annexed area, but in some cases, there are very dense developments which have the possibility of consuming a large amount of water on a small footprint, such as condo buildings. Water rights have also been required for developments with large water features on an acre foot of agricultural water rights per acre of water surface. The District required 14 acre foot of water rights from Las Haciendas Subdivision. Mr. Fry suggested requiring water rights or the cash equivalent as a condition of their development approval. Mr. Tipton made a motion to table this item until Mr. Fry investigates how other Water Districts handle this situation. The motion was seconded by Mr. Harse and approved by unanimous vote of those present.

12. Discussion and Action on the Drought Contingency Plan.

Mr. Fry explained that the District is out of Agriculture Water rights so he has been looking and calling around to lease additional water through water contracts. Mr. Fry stated that he was able to lease 170 acres yesterday from Chula Vista Developments which will help the District maintain water in the resaca for several more weeks. Mr. Fry suggested moving to Stage 3 of the Drought Plan, due to the low amount of available water rights. Mr. Tipton

made a motion to move the District into a Stage 3 Drought Response effective August 1, 2022 and notify the public with the next water billing statement. Mr. Fry stated that the effective date would have to be after a mail-out notification. The amended motion was seconded by Mr. Harse and approved by unanimous vote of those present.

13. Discussion and Action to Require Water Rights as a Condition of New Development Within the District. See item 11.

14. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging Proposed Project-Mr. Fry expressed concern over the ability to dredge during low water conditions.
- b. Potential Wastewater Treatment services from Neighboring Utilities – No Update
- c. Ovation and Capella Agreement – Mr. Fry stated that Ovation & Capella finally paid the \$429,200.00 for the development fees, but that the agreement still needs to be recorded.

15. General Manager's Report

- **Production and Sales Report-** The reported water loss June 2022 shows a 17.06 % unaccounted for water loss. He stated that this is a normal water loss amount.
- **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 were 5 customer complaints for the month of June 2022.
- **Operations Report-** The operations report for June 2022 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

16. 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.

Mr. Tipton motioned to enter Executive Session at 10:12 a.m. The Motion was seconded by Mr. Harse and approved by a unanimous vote of those present. The Board Exited the Executive Session at 10:16 a.m.

17. Discussion and Action Relative to the Executive Session.

Kathy Cunningham recommended that the Board make a motion to reject the current settlement offer from the River Bend P.O.A. Attorney, and continue with the litigation process. Mr. Tipton so moved. The motion was seconded by Mr. Harse and approved by a unanimous vote of those present.

18. Adjourn.

There being no further business, Mr. Pace made a motion to adjourn the meeting, seconded by Mr. Tipton at 10:17 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



PAT PACE, VICE-PRESIDENT

