

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
April 15, 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 2:00 P.M., April 15, 2022 in accordance with the duly posted notice with a quorum of Directors present as follows:

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

Others present:

Scott Fry	General Manager
Kathy Cunningham (Via zoom)	Attorney
Rileigh Seabourne	River Bend POA Board Member
Sylvia Delgado	River Bend POA Manager
Ken Booth	River Bend POA Board Member
Cody Faulk	Spencer Fane Law Firm
Albert Perez (via Zoom)	Higginbotham Insurance

2. Public Input.

Mr. Fry discussed the offer from Come Dream Come Build (formerly Community Development Corporation of Brownsville) to provide District employees with a variety of programs which they offer from housing down payment assistance to low fee/interest payday loans. Mr. Fry stated that these programs would not create any liability for the District.

3. Approval of the Minutes of the Regular Board Meeting Held on March 15, 2022.

The Board reviewed the minutes of the March 15, 2022 Regular Board Meeting. Mr. Tipton made motion to approve the March 15, 2022 minutes. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

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

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

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

Albert Perez of Higginbotham Insurance presented the renewal premium from Mt. Hawley Insurance at \$30,440.84. He then went over the TWIA premium which was much higher than Mt. Hawley. Mr. Perez reviewed the deductibles for the District's three insured locations and then stated that Mt. Hawley was offering a service called "Deductible Buyback", which he explained to the Board. Mr. Tipton made a motion to approve the renewal with Mt. Hawley for the stated amount, and to authorize the General Manager to negotiate for the deductible buyback, and execute the purchase of the Deductible Buyback at a maximum price of \$5,000. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

6. Discussion and Action on a Request by the River Bend P.O.A. to Clarify the Monthly Billing for the RV Park Portion of River Bend.

Mr. Fry stated that the River Bend P.O.A. had requested that this item be brought back for clarification. He stated Mr. Pace had made a motion which to add of consumption charges to the water and sewer base rates for the RV section of River Bend, along with the installation of individual meters, and a conversion of the RV lots from the flat rate classification to the metered single family classification, which would occur in January 2023. Mr. Fry stated that there had been some confusion around the way that the item was recorded. Mr. Nelson suggested that action had already been taken at that no action would be necessary. Mr. Tipton stated that the statement by Mr. Fry was correct, and no formal action was taken.

7. Discussion and Action on a Request by Eduardo Lash for the District to Execute a License Agreement for the use of the District Owned Property Between his rear Property Line and the Edge of the Resaca.

Mr. Fry stated that it appears that errors were made during the original survey of the resaca which has led to some lots extending slightly into the resaca, while other lots stop several feet short of the edge of the resaca. He added that when the District was originally created, the resaca was surveyed and dedicated, in fee, to the District, and that these errors have caused the District to actually own small portions of some of the ground between the resaca and peoples' individual lot lines. Mr. Fry then explained that Mr. Lash had been concerned that the District, at some time in the future, could possibly block his access to the rear portion of the lot and the resaca. Kathy stated that several options had been evaluated to guarantee Mr. Lash the complete use of this land from a license agreement to an easement, and that the license agreement would be the preferred route. Mr. Lash's counsel had requested a perpetual easement which would run with the land, but she did not recommend that and she had removed it from the agreement so that the license would be only between Mr. Lash and the District. She stated that a perpetual license would be almost the same as giving Mr. Lash the property, which is not legal. Mr. Nelson raised the concern about improvements to this property, such as seawalls or docks raising the taxable value of a District owned property. Mr. Tipton suggested that Kathy add some language in the agreement to address that issue. Mr. Fry stated that it should not be an issue since the District was a tax exempt organization, and because this improvement issue already exists on many of these lots throughout the District. Mr. Tipton made a motion to authorize the Manager and Counsel to finalize and execute a License Agreement with Mr. Lash which would address any concerns that had been discussed. The Motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

8. Updates and Old Business.

Mr. Fry gave an update on the following items.

- a. Resaca Dredging Proposed Project – Mr. Fry stated that he did not have an update on the dredging project.
- b. Potential Wastewater Treatment services from Neighboring Utilities – Mr. Fry stated that he was waiting on the Brownsville PUB to submit their wholesale rate to the District.
- c. Ovation and Capella Agreement – Mr. Fry stated that the easement policy agreement documents has been finalized, but that it has yet to be executed, and payment has not been made. The Board instructed management to reach back out to Mr. Franklin, and to move forward with a demand letter if necessary.
- d. River Bend RV meters – Mr. Fry stated that this had already been discussed.

9. General Manager's Report

- **Production and Sales Report-** The reported water loss February 2022 shows a 24.26 % unaccounted for water loss. He stated that this occurs from time to time, directly after a month with an excessively low 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-** There were no customer complaints for the month of March 2022.
- **Operations Report-** The operations report for February 2022 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

10. The Board Entered into Executive Session as Allowed By Government Code 551.071(1)(A) to Discuss Pending or Comtemplated Litigation at 2:40 p.m.

11. The Board Exited the Executive Session at 3:06 p.m. Mr. Tipton made a motion to hire Spencer Fane to draft a response to the Public Utility Commission of Texas in response to the rate challenge which was initiated by the River Bend P.O.A. The motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

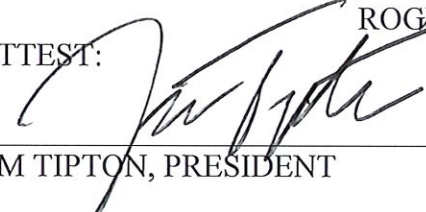
12. Adjourn.

There being no further business, Mr. Rowell made a motion to adjourn the meeting, seconded by Mr. Tipton at 3:06 p.m.



 ROGER NELSON, PRESIDENT

ATTEST:



 JIM TIPTON, PRESIDENT

