

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
February 10, 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 9:00 A.M., February 10, 2022 in accordance with the duly posted notice with a quorum of Directors present as follows:

Roger Nelson	President
Clifford Rowell	Treasurer
Pat Pace	Secretary
Richard Harse	Director

Directors absent:

Jim Tipton	Vice-President
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Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney
Rileigh Seabourne	River Bend POA Board Member
Sylvia Delgado	River Bend POA Manager
Ken Booth	River Bend POA Board Member
Quentin Anderson, CPA	Carr, Riggs, and Ingram

**2. Public Input.**

There was no public input.

**3. Approval of the Minutes of the Regular Board Meeting Held on January 18, 2022.**

The Board reviewed the minutes of the January 18, 2022 Regular Board Meeting. Mr. Rowell made motion to approve the January 18, 2022 minutes. The motion was seconded by Mr. Pace and approved by unanimous vote of those present.

**4. Discussion and Action to Amend the District's Service Policies to Update The Water and Wastewater Rate Class for RV Parks.**

Mr. Fry stated that based on last Board meeting's discussion, he has revised Section G of the current District Service Policy. He reviewed the changes and how they would affect the way the RV Park is charged for water and sewer usage. Mr. Seabourne from the River Bend Property Owners' Association (POA) addressed the Board to clarify some issues. He stated that if the District is going to meter the RV's, then the POA is not agreeing to pay for half of the master meter cost. He also understood that the entire RV Park may not be metered. He added that the POA wants all lots south of the levee to be metered including the section around Rio Bravo by Mississippi. Mr. Seabourne stated that the POA would prefer if the District starts billing every customer at the same time starting January 1, 2023 after all homes are individually metered. Mr. Seabourne then stated that he had another concern not related to the RV metering that he would like to mention. In the past, the District has been pumping water out of the effluent pond so that it does not overflow, but now the District is digging a ditch to allow the water to flow west. They would like to know if that water is treated or untreated because they are concerned that the bacteria may cause health hazards. Mr. Fry responded that the water coming out of the Sewer Plant is treated and chlorinated then

pumped into that first Pond. From there it is transferred to the secondary pond to be used by the golf course for irrigation. The Golf Course has not used it. Since it has been a wet winter, the pond is building up. The District personnel excavated a path to be able to send the water out somewhere and not cause overflowing problems. Mr. Pace made a motion to approve the amendment to the District's Service Policy. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

**5. Presentation of the Audit for the Fiscal Year 2020-'21.**

Mr. Quentin Anderson presented an overview of the 2020-'21 Fiscal year audit report. He mentioned that this year was challenging since they had personnel out sick and most of the requests were handled electronically. He stated that since the District is receiving Federal Awards, they have included the compliance reports and will also file the Single Audit Report. Mr. Anderson reviewed the audit report with the Board and stated that they audited the District's books and in their opinion, the financial statements are presented fairly in accordance with accounting principles, and they are not aware of any significant deficiencies or fraud. He also reviewed the required communications for the Board of Directors and management. Mr. Anderson did note that several payments related to the Clean Water and Drinking Water State Revolving Funds Project were made months after the invoices were received. He acknowledged that the late payments were due to some issues that the Texas Water Development Board had with Disadvantaged Business Enterprise procurement by the contractor. Mr. Anderson stated that the only reason that this was brought up was because the Board had adopted a Cash Management Policy for federal funds which states that "the District shall attempt to expend all advances of federal funds within six business days of the receipt of funds". He then recommended that the Board amend the Cash Management Policy for Federal Funds which was adopted the previous year. Mr. Anderson also recommended that staff include the federal funds project as part of the District's Annual Budget.

**6. Discussion and Action to Acknowledge the Audit for the Fiscal Year 2020-21.**

A motion to approve the Audit for the Fiscal Year 2019-'20 was made by Mr. Rowell and seconded by Mr. Pace. The motion was approved by unanimous vote of those present.

**7. Approval of Financial Report for the Month of January 2022.**

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

**8. Discussion and Action to Discuss Water Loss.**

Mr. Fry stated that as discussed last month, the Texas Rural Water Association suggested getting rid of meters after they read over 1,000,000 gallons of usage. Mr. Fry then presented a list of commercial meters and their current reading and explained that the last time they were changed was in 2008. He stated that the useful life of a commercial meter is 10 to 15 years. He stated that he will start a program to change meters, but will first do some testing on them and then start switching out the ones with the highest readings. No action was taken.

**9. 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. No Action was taken.

**10. Updates and Old Business.**

Mr. Fry gave an update on the following items.

- a. Resaca Dredging Proposed Project – No update.
- b. Potential Wastewater Treatment services from Neighboring Utilities – Mr. Fry stated that he sent out the letters to Brownsville PUB, Olmito WSC, East Rio Hondo WSC, and Military Highway WSC asking if they have any interest in serving our District with sewer services. This is required by the TCEQ before any plans of a sewer plant construction begins. Brownsville PUB responded and stated they will put it on the agenda for Board action. East Rio Hondo WSC stated they can do it but it will be more expensive. Olmito WSC stated they have started their new Sewer Plant, but may not have the capacity due to force main capacity and new subdivision development. Military Highway did not respond.
- c. Ovation and Capella Agreement – Mr. Fry stated that the agreement documents is with their attorney and they are trying to finalize the easement policy.

**11. General Manager's Report**

- **Production and Sales Report-** The reported water loss January 2022 shows a 17.08 % unaccounted for water loss.
- **Production Report-**The report for January 2022 was distributed to the Board before the meeting.
- **Raw Water Report-**The report for January 2022 was distributed to the Board before the meeting.
- **Customer Complaints-** There were two customer complaints for the month of January 2022.
- **Operations Report-** The operations report for January 2022 was explained.
- **Vehicle Maintenance Report-** No report was presented.

**12. Adjourn.**

There being no further business, Mr. Rowell made a motion to adjourn the meeting, seconded by Mr. Pace at 10:22 a.m.

  
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ROGER NELSON, PRESIDENT

ATTEST:

  
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CLIFFORD ROWELL, TREASURER

