

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
August 16, 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., August 16, 2022 in accordance with the duly posted notice with a quorum of Directors present as follows:

Roger Nelson	President
Jim Tipton	Secretary
Richard Harse	Director
Clifford Rowell	Treasurer

Absent:

Pat Pace	Vice-President
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Others present:

Scott Fry	General Manager
Kathy Cunningham	Attorney

2. Public Input.

There was no Public Input.

3. Approval of the Minutes of the Regular Board Meeting Held on July 26, 2022.

The Board reviewed the minutes of the July 26, 2022 Regular Board Meeting. Mr. Harse made motion to approve the July 26, 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 July 2022.

a. Amend Committed Fund to add the connection charges from the Ovation and Capella Developments.

Mr. Fry explained that Ovation and Capella Developments paid the \$429,200.00 Connection Fee last month. He recommended that it be transferred to the Committed Fund. Mr. Tipton made the motion to approve the transfer of \$429,200.00 to the Committed Fund. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

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

5. Presentation of the 2022-'23 Fiscal Year Budget.

Mr. Fry explained that he started working on the budget, but it is not complete. He has finished reviewing the Income items, the Administration, and the Water Plant, but will continue working with the personnel to update the remaining budget expenses. After a brief discussion, no action was taken. Mr. Fry stated that he would bring this item back at the next Regular Board meeting.

6. Discussion and Action to set the District's Tax Rate for the Upcoming 2022-'23 Fiscal Year.

Mr. Fry recommended that the Board maintain the current Tax Rate of \$0.35/\$100.00 of valuation which includes a \$0.10/\$100.00 of valuation for the Maintenance and Operations Tax Rate, and a \$0.25/\$100.00 of valuation for the Interest and Sinking Fund Tax Rate. A motion was made by Mr. Tipton to establish the Fiscal Year 2022-'23 Tax Rate as stated at \$0.35/\$100.00 of valuation. The motion was seconded by Mr. Rowell. The motion was approved by unanimous vote of those present.

7. Discussion and Action on the Requirement of New Water Rights for New Developments.

a. Annexation into the District.

Mr. Fry explained that he spoke with Charles Ortiz with Laguna Water District and he stated that they only take water rights for annexation. He also spoke with Brownsville PUB and they only take water rights for subdivisions. He will continue to research how other Water Districts are acquiring water rights.

b. New Developments within the District.

Mr. Fry stated that he did not have an update relative to water rights requirements for new developments. Mr. Tipton made a motion to table Item 7 until the next Board meeting. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

8. Discussion and Action To Establish a Policy for the Placement, Operation, and Removal of Decorative Aerator Fountains in the Resaca by Adjacent Property Owners.

Mr. Fry stated that due to excessive attention being placed on the drought, he has not yet developed a written policy for Resaca aerators. Mr. Tipton made a motion to table this item until the next Board meeting. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

9. Discussion and Action on the Drought Contingency Plan.

Mr. Fry informed the Board that the recent rains have helped and there is a little extra free water in the River. He is taking all the water he can to fill the resacas. He will be pumping today and tomorrow and sell excess water that the District cannot hold in the resaca to the Olmito Irrigation District No. 20. Mr. Fry stated that the water levels in the lakes have remained the same, therefore, the Stage 3 of the Drought Plan should continue. No action was taken.

10. Updates and Old Business.

Mr. Fry gave an update on the following items.

a. Resaca Dredging Proposed Project-Mr. Fry stated that he met with the contractor on Friday and the contractor is concerned that he will not be able to do anything because of the shallow water but that he may be able to over dig a small section to get started. The contractor stated he would run a 25 foot stretch from the spillway to Escandon to begin with and then work back and forth to widen it instead of trying to initially dredge the whole width of the Resaca. Mr. Fry stated that the advertisement for this project will be in the newspaper for next two consecutive weeks.

b. Potential Wastewater Treatment services from Neighboring Utilities – Mr. Fry stated that he met with Marilyn Gilbert, the new Chief Operating Officer at PUB last week. Ms. Gilbert stated that they see an opportunity for regionalization, but they are concerned with the overall effect that this will have on their conveyance system. She requested a

formal written request, including projected flows for when the District is completely built out. She also said that Southmost Regional Water Authority has a sewer component and that they are looking into the possibility of constructing a new regional plant which will alleviate both the treatment and delivery capacity issues. Mr. Fry stated that PUB shares the District's CCN, but that he contacted the Texas Rural Water Association (TRWA) to ask if the District can require property to be de-annexed from our political boundary if the developer chooses to go with PUB. He then stated that he has not heard back from the TRWA's Legal Department. Mr. Fry mentioned that another possibility in the meantime would be for the new subdivision to put a meter in their lift station, and then the District could pay PUB like a normal commercial sewer customer. Mr. Nelson stated that all the possibilities need to be studied including building a modular plant in that area. No action was taken.

11. General Manager's Report

- **Production and Sales Report-** The reported water loss July 2022 shows an **18.05 %** 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 was 1 customer complaints for the month of July 2022.
- **Operations Report-** The operations report for July 2022 was explained.
- **Vehicle Maintenance Report-** The report was presented and reviewed.

12. 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.

Kathy stated that there were no updates to the claim against the District by the Rio Bravo P.O.A.

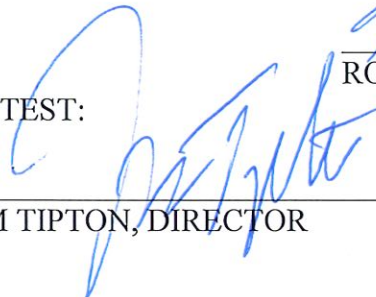
13. Discussion and Action Relative to the Executive Session.

No Action was taken, since there was no executive session.

14. Adjourn.

There being no further business, Mr. Tipton made a motion to adjourn the meeting, seconded by Mr. Rowell at 10:12 a.m.

ATTEST:



JIM TIPTON, DIRECTOR



ROGER NELSON, PRESIDENT

