

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
December 18, 2012**

1. Roll Call/Call to Order

The Board of Directors met at the Valley Municipal Utility District No. 2 Office at 9:00 A.M., Thursday, December 18, 2012 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Richard Lindeman	President
Roger Nelson	Vice-President
Chris Partridge	Secretary/Treasurer
Oscar Gonzalez	Director
Jim Tipton	Director

Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Jean Hager	Alderman
Sylvia Degollado	River Bend POA Manager
JT Head	River Bend Golf Course Supervisor
Chris Cohenden	River Bend Resident
Jim Hogam	River Bend Resident
Art Penfield	River Bend Resident

The Meeting was called to order by Mr. Richard Lindeman at 9:00 A.M.

2. Approval of Minutes of the Regular Meeting held on November 15, 2012 and Special Meeting December 4, 2012.

The Board reviewed the minutes of the previous meetings for approval. Mr. Nelson made a motion to approve the Minutes of the Regular Meeting held November 15, 2012 and the Minutes for the Special Meeting held December 4, 2012. The motion was seconded by Mr. Gonzalez. The motions passed by unanimous vote of those present.

3. Approval of the Financial Report for the Month of November, 2012.

The Board reviewed last month's financial report. Mr. Nelson made a motion to approve the Financial Report for the Month of November, 2012. The motion was seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

4. Discussion and Action on TCDRS 2013 Plan.

Mr. Stowell explained that the TCDRS Plan has to be reviewed yearly. The current employee contribution rate is seven percent and the employer contribution rate is 5.53 percent. Mr. Tipton made a motion to keep the same plan provisions and make no changes. Mr. Partridge seconded the motion. The motion passed by unanimous vote of those present.

5. Discussion and Action on Updating investment Policy.

Mr. Stowell explained that the Investment Policy has to be reviewed yearly. He has made no changes except the date to reflect the updated yearly review. Mr. Partridge made a motion to approve the Investment Policy as presented, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

6. Update, Discussion and Action on Drought Situation.

Mr. Stowell reviewed the current drought conditions in Texas and the Rio Grande Valley for the benefit of the public that was not present at the past Board meetings. He explained that the water levels at the reservoirs and the water account balances of the District are extremely low. Mr. Penfield asked why the Resaca there in River Bend is full and the ponds at are drying up. Mr. Stowell informed him the Resaca is for irrigation purposes and the ponds are only aesthetic. If the District implements stage 3 of the drought policy, then irrigation will also be affected. Alternatively, if the conditions improve and the allocations increase, the River Bend ponds will be filled up again. No action was taken by the Board for the drought situation.

7. Discussion and Action on David Garza's Request for Annexation into the District.

Mr. Partridge made a motion to table this item, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

8. Discussion and Action on Adding December 24, 2012 as Holiday for CY2012.

Since Christmas Eve falls on a Monday, December 24, Mr. Stowell is requesting this day as a holiday for CY2012. Mr. Nelson made a motion to add December 24, 2012 as Holiday for CY2012. Mr. Gonzalez seconded the motion. The motion passed by unanimous vote of those present.

9. Discussion and Action on Proposal for Clarifier Improvements Support.

Mr. Stowell stated that Dunham Engineering submitted their proposal to complete the clarifier rehabilitation project. If they start in March then they will be done by Mr. Stowell gave a presentation showing pictures of the clarifier and the needed repairs. Mr. Tipton made a motion to go ahead with the bid process, spend the

12,500.00 plus the advertising cost, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

10. Public Input

Mrs. Hager thanked the Board Members for their cooperation with the Town of Rancho Viejo during this past year and she wished them all a Merry Christmas.

11. General Manager's Report

- **Production and Sales Report** The water loss for November 2012 shows a 20.69% loss.
- **RO Production Report** For November 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For November 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of November 2012 were previously distributed to the Board. There were a total of six complaints.
- **Operations Report** Mr. Stowell reported on Water, Sewer, Distribution and Lift Station operations. He gave an update on Safety Issues and Reserve Fund Projects balances.
- **Projects/Task list** Mr. Stowell presented a task list with priority or complete status updates.

12. Recess into Executive Session Pursuant to Texas Government Code Section 551.071 (Consultation with Attorney) and Section 551.074 (a) (1) (Personnel Matters).

- a. Discussion and action on East Rio Hondo interconnect dispute.
- b. Discussion and Action on Christmas Bonuses.
- c. Discussion and evaluation, reassignment, duties and employment of employees.

The Board entered into executive session at 11:15 a.m. and closed out the session at 11:55 a.m.

13. Action on Items Discussed in Executive Session

- a. Mr. Nelson made a motion to approve the transfer of the Wilkinson Easement to East Rio Hondo Water Supply and also, dissolve the 1986 contract with them. The motion was seconded by Mr. Partridge. The motion passed by unanimous vote of those present.
- b. Mr. Gonzalez made a motion to approve the employee Christmas Bonus of One Hundred Dollars \$100.00 (plus payroll tax) for the ten regular employees, \$50.00 (plus payroll tax) for Juan Torres and Carlos Martinez, and \$25.00 (plus payroll tax) for Jose Vela and Luis Marroquin. The motion

was seconded by Mr. Partridge. The motion passes by unanimous vote of those present.

- c. Mr. Gonzalez made a motion to separate Raymond Banda, Water Plant Supervisor, from his work with the Valley Municipal Utility District No. 2. The motion was seconded by Mr. Nelson. The motion passes by unanimous vote of those present. Mr. Nelson made a motion to terminate the Health Insurance for Carlos Osorio, seconded by Mr. Gonzalez. The motion passes by unanimous vote of those present.

There being no further business to come before the Board of Directors, President Richard Lindeman adjourned the Regular Meeting at 12: 04 a.m.



RICHARD LINDEMAN, PRESIDENT

ATTEST:



CHRIS PARTRIDGE, SECRETARY