

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
June 19, 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., Tuesday, June 19, 2012 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Richard Lindeman	President
Chris Partridge	Director
Oscar González	Director

Directors absent:

Jim Tipton	Director
Roger Nelson	Vice-President

Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Kathy Cunningham	Attorney
Jean Hager	Alderman
Cindy Rathbun	Alderman

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

2. Approval of Minutes of the Meetings held on May 9, 15, and 21, 2012.

The Board reviewed the minutes of the previous meetings for approval. Mr. Gonzalez made a motion to approve the Minutes of the Meetings held May 9, 15, and 21, 2012 with the minor corrections to the minutes to May 15, 2012. The motion was seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

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

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

4. Discussion and Action on Town of Rancho Viejo's Entrance Project.

Mr. Stowell presented an estimate for the parts and labor costs for the Town's Entrance Signs Project. He suggested that the District donate the labor and equipment costs for this project. Mr. Gonzalez made a motion to approve the donated labor and equipment costs for the Town of Rancho Viejo Signs Project,

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

5. Public Input.

Mrs. Hager mentioned that she is concerned with the Resaca level because there will be a 4th of July Boat Parade. Mr. Stowell assured her the level will be at a suitable level at certain areas. Mrs. Rathbun asked why there is too much algae in the resacas. Mr. Stowell responded that since the drought began last year, the low water level causes the problem to get worst.

6. Discussion and Action on Establishing a Records Management Policy.

Mr. Stowell explained that the District has not updated its Record Control Schedules and Policies. He presented a Resolution to establish a Records Management Policy consistent with the local Government Records Act. Mr. Partridge made a motion to approve the Resolution, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

7. Discussion and Action on Budget Amendment #2.

Mr. Stowell requested that the costs of the Resaca Generator be transferred from the Operating expenses to the Reserve Expenses because it is a capital equipment cost. Mr. Gonzalez made a motion to increase the Resaca Generator Expense Reserve Budget by \$40,000.00, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

8. Discussion and Action on Implementation of Further Drought Restrictions.

Mr. Stowell presented to the Board a report showing the District's Water Rights Account Balance. He stated that the available balance is 39% and it will continue to go down due to the existing drought. Mr. Stowell also gave a report on the Drought Emergency Planning Workshop he attended on June 14 @ the Brownsville Events Center and suggested the Board adopt stage 2 due to the water shortages. Mr. Gonzalez made a motion to implement Stage 2 of the Drought Contingency Plan and publish the necessary notices to inform the public. Mr. Partridge seconded the motion. The motion passed by unanimous vote of those present.

9. Discussion and Action of Raw Water Policies and Delivery Restrictions.

Mr. Lindeman explained that Mr. Grasso has not been able to water from the Resaca because it extremely low. He explained that VMUD is not responsible to fill up that Resaca because it is not in the District. Mr. Grasso stated that years ago a previous Board suggested that he water from the Resaca and that is why he installed a Resaca pump. Mr. Gonzalez made a motion to authorize the General

Manager to hire Green Valley to disconnect the sprinkler system from the Resaca and connect it to potable water for a cost not to exceed \$1000.00 (one thousand dollars). Mr. Partridge seconded the motion. The motion passed by unanimous vote of those present.

10. Discussion and Action on Amended Personnel Policy

Mr. Gonzalez made a motion table this item to the next Regular Board meeting, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

11. Discussion and Action on Next Year's Budget.

The General Manager and the Board discussed in detail the current budget to date and the proposed amounts for next year's budget. No action taken.

12. General Manager's Report

- **Production and Sales Report** The water loss for May 2012 shows a 19.34% loss.
- **RO Production Report** For May 2012 was distributed to the Board before the meeting.
- **Raw Water Report** For May 2012 was distributed to the Board before the meeting.
- **Customer Complaints.** The customer complaints for the month of May 2012 were previously distributed to the Board. There were a total of six complaints.
- **Operations Report** Mr. Stowell presented a report on Water, Sewer, Distribution and Lift Station operations.
- **Projects/Task list** Mr. Stowell presented a task list with priority or complete status updates.

13. Recess into Executive Session Pursuant to Texas Government Code Section 551.072 (Deliberation Regarding Real Property) and Section 551.074 (a) (1) (personnel matters).

- a. Discussion and action on the purchase, exchange lease, or value of real property.
- b. Discussion of evaluation, reassignment, duties and employment of employees.

The Board entered into executive session at 1:18 p.m. and closed out the session at 1:50 p.m.

14. Action on Items Discussed in Executive Session.

No Action.

There being no further business to come before the Board of Directors, Mr. Partridge made a motion to adjourn the meeting, seconded by Mr. Gonzalez.

President Richard Lindeman adjourned the Regular Meeting at 1:55 p.m.



RICHARD LINDEMAN, PRESIDENT

ATTEST:



CHRIS PARTRIDGE, SECRETARY