

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
November 15, 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, November 15, 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
Jim Tipton	Director

Directors absent:

Oscar Gonzalez	Director
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Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager

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 October 16, 2012.

The Board reviewed the minutes of the previous meeting for approval. Mr. Nelson made a motion to approve the Minutes of the Regular Meeting held October 16, 2012. The motion was seconded by Mr. Partridge. The motions passed by unanimous vote of those present.

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

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

4. Update, Discussion and Action on Drought Situation.

Mr. Stowell reviewed the current drought conditions and water account balances. He explained that preserving the ponds on Santa Ana and Tesoro is up to the Rancho Viejo Resort and Mr. Javier Montemayor. When Falcon and Amistad levels and water account balances have been restored to an acceptable level, an action item to allow water to be placed in the ponds will be on the agenda. No action was taken by the Board.

5. Discussion and Action on Reconnect Fee Policy when Service is to be Reconnected on Off-hours.

Mr. Stowell explained that a \$25.00 charge is normally charged to an account to reconnect water during working hours and after hours. Since the employee that is on call is paid a minimum of two hours and a mileage allowance, the charge for after-hours should be higher. Mr. Tipton made a motion to charge \$25.00 for normal working hours and \$100.00 for after-hours, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

6. Discussion and Action on Health Insurance Plan for CY2013.

Mr. Stowell presented quotes for the Medical Health Plan for 2013. The current plan provided by the District to employees has a \$5,000.00 deductible for all medical expenses incurred. Mr. Stowell explained that there are other options such as a co-pay plan that would keep the premium cost about the same, but are better plans for the employees. Mr. Tipton made motion to table this item for discussion with Mr. Cunningham, the attorney and Mr. Perez, the Brisky & Perez Insurance Agent, in order to clarify some items. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

7. Presentation on Video of Wastewater Lines.

Mr. Stowell presented the videos taken with the new sewer line camera. With this camera he hopes to get to know the system better. He explained to the Board what he saw inside the lines he has inspected on De Leon and Carmen. He will continue inspecting all the sewer lines to find out how bad they are damaged and what repairs need to be done to make them work more efficiently.

8. Presentation on Fleet Maintenance Database.

Mr. Stowell stated that he purchased the File Maker Pro database program to keep records of fleet, fixed assets, work orders, and other items. He has already designed and implemented the fleet maintenance recording and presented a demonstration to the Board. He will continue working on the other database files.

9. Discussion and Action on Proposal for Tower Painting Engineering Support.

Mr. Stowell explained that the two proposals by Dunham Engineering, Inc. Dunham Engineering recommended that the outside of the River Bend tower be done with the inside because it would be damaged while doing the inside. He also explained that the budget did not allow the painting of the both towers as estimated in proposal one. The District can do the Rancho Viejo Tower this year (proposal two), and then the River Bend Tower 2 to 3 years later. Proposal two also had two options for the construction inspection report. Option 1 had the recommend

amount of inspection by Dunham Engineering, while option 2 had full-time coating inspection. Mr. Lindeman suggested accepting Dunham Engineering's proposal two for the design, bid and construction for the painting of just the Rancho Viejo tower. He also suggested getting an evaluation for the 20,000 gallon ground storage tank at River Bend and an inspection report on it. Mr. Stowell will check with PUB or Laguna Madre Water District to find out who did their tower repairs. Mr. Partridge made a motion to accept Dunham Engineering's proposal of \$30,000 for design and bid, and \$20,000 for construction inspection support (option 1), seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

10. Public Input

No Public Input.

11. General Manager's Report

- **Production and Sales Report** The water loss for October 2012 shows a 25.78% loss.
- **RO Production Report** For October 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For October 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of October 2012 were previously distributed to the Board. There were a total of nine complaints.
- **Operations Report** Mr. Stowell reported on Water, Sewer, Distribution and Lift Station operations.
- **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 evaluation, reassignment, duties and employment of employees.

The Board entered into executive session at 2:13 p.m. and closed out the session at 2:25 p.m. Mr. Nelson made a motion to allow the General Manager and Attorney to accept and resolve the proposal by ERHWS to swap the Easement and dissolve the 1986 Interconnect agreement. The motion was seconded by Mr. Partridge. The motion passed 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 2:28 p.m.

R. J. Lindeman

RICHARD LINDEMAN, PRESIDENT

ATTEST:

Chris Partridge

CHRIS PARTRIDGE, SECRETARY