

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
September 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., Tuesday, September 18, 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
Jim Tipton	Director

Directors absent:

Roger Nelson	Vice-President
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Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Kathy Cunningham	Attorney Assistant
Cyndie Rathbun	Alderman
Jean Hager	Alderman
Blanca Perez-Moreno	Rancho Viejo Resident
J.T. Head	River Bend
Mike Ortiz	Ortiz Farms
Jr. Munoz	Texas Parks & Wildlife
Pablo Yturbe	Texas Parks & Wildlife

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

2. Approval of Minutes of the Special Meeting held on July 24, 2012 and the Regular Meeting held on August 21, 2012.

The Board reviewed the minutes of the previous meetings for approval. Mr. Gonzalez made a motion to approve the Minutes of the Special Meeting held July 24, 2012, seconded by Mr. Partridge. Mr. Partridge made a motion to approve the minutes of the Regular Meeting held August 21, 2012 with corrections to Item b under Executive Session Action. 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 August, 2012.

The Board reviewed last month's financial report. Mr. Tipton made a motion to approve the Financial Report for the Month of August, 2012. The motion was

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

4. Public Hearing on Tax Increase for FY 2013 (2012 Tax Year).

Mr. Lindeman asked if there was any public opposition to the adopted tax rate. There were no objections from the public.

5. Discussion and Action on August Water Bill for Customer at 145 Pizarro Avenue.

Mr. Stowell presented a letter from Ms. Perez-Moreno of 145 Pizarro Avenue. She is requesting that an adjustment be made to her bill because she had no leaks and she did not use that water. Mr. Lindeman stated that the meter registers correctly and the only thing the Board can do is allow her to make partial payments. Mr. Tipton made a motion deny any adjustments to the water bill for 145 Pizarro but authorized Mr. Stowell to set up a payment plan for Ms. Perez-Moreno. Mr. Gonzalez seconded the motion. The motion passed by unanimous vote of those present.

6. Presentation on Current Drought Situation.

Mr. Stowell reported on the present drought situation in Texas and the Rio Grande Valley. He explained that the water levels at the reservoirs and the water account balances of the District are extremely low.

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

Mr. Lindeman mention that if there is no more farming between now and the end of January, the District will end up with the reallocated amount for municipal. TCEQ may also shut off all irrigation water accounts, and if there is no water carried over in the account from the previous year, the District will not be able to get any more water from TCEQ. Mr. Ortiz mentioned that SMRWA will draw ground water in front of some of the District's Resaca and that might affect the Resaca water levels. Mr. Stowell stated that he is not sure that it will affect the District's water in the Resaca. Mr. Stowell recommended monitoring the water usage for each month and reviewing the plan each month during the meeting. He also mentioned that the customers who have been violating the policy have been given verbal warning over the phone. If they do not comply, they will be given citations which may go to court and court fees will have to be paid. He also recommended that the ponds used solely for aesthetic purposes should not be filled anymore. Mr. Tipton made a motion to continue with the drought restrictions and place the item on the next agenda to monitoring the situation on a monthly basis, seconded by Mr. Gonzalez. Mr. Gonzalez made a motion to temporarily stop filling the ponds that are not used for irrigation purposes and not charge them

during this time. Mr. Tipton seconded the motion. The motions passed by unanimous vote of those present.

8. Public Input

Mrs. Hager asked how the citations for violated the drought restrictions would be enforced. Mr. Stowell explained that the policy is already in effect. This is the first time that it is enforced; therefore, he is working through some of the issues.

9. General Manager's Report

- **Production and Sales Report** The water loss for August 2012 shows a 11.42% loss.
- **RO Production Report** For August 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For August 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of July 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. He gave an update on safety issues and incentive programs, the Reserve Fund Projects, and Bond Fund Project.
- **Projects/Task list** Mr. Stowell presented a task list with priority or complete status updates.

There being no further business to come before the Board of Directors, President Richard Lindeman adjourned the Regular Meeting at 11:30 p.m.

RICHARD LINDEMAN, PRESIDENT

ATTEST:

CHRIS PARTRIDGE, SECRETARY