MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
June 20, 2017

1. Call to Order of the Regular Meeting.

The Board of Directors met at the Valley Municipal Utility District No. 2 Office at 9:02 A.M., Tuesday, June 20, 2017 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Jim Tipton	Vice-President
Oscar Gonzalez	Secretary
Richard Lindeman	Director

Not present:

Roger Nelson	President
Clifford Rowell	Treasurer

Others present:

Scott Fry	General Manager
Joaquin Toro	Assistant Manager
Kathy Cunningham	Attorney
Cyndie Rathbun	Town of Rancho Viejo Mayor

2. Approval of Minutes of the Regular Board Meeting held on May 17, 2017.

The Board reviewed the minutes of the meeting held on May 17, 2017 for approval. Mr. Gonzalez made a motion to approve the minutes of the Regular Meeting held on May 21, 2017. The motion was seconded by Mr. Lindeman and approved by a unanimous vote of those present.

3. Approval of the Financial Report for the Month of May 2017.

The Board reviewed the Financial Reports for the past month. Mr. Gonzalez made a motion to approve the Financial Reports for the Month of May 2017, seconded by Mr. Lindeman. The motion passed by a unanimous vote of those present.

4. Discussion Action to Amend the District's Drought Contingency Plan.

Mr. Fry reviewed the District's Drought Contingency Plan with the Board. He pointed out that the triggers to move to each stage are based on water storage in the Rio Grande Reservoirs and our allocated water rights. He added that based on our water rights allocation that we have technically never left stage three. He also stated that our allocation is directly tied to the amount of water in the reservoirs, and is therefore redundant. He suggested removing the allocation trigger and amending the reservoir storage trigger to match those of other area cities and Districts. He pointed out that the District receives two thirds of its potable water from wells that are connected to the brackish Gulf Coast Aquifer,

and suggested that the District adopt a separate criteria for potable water and for irrigation water, since the latter is completely dependent on the river. Mr. Gonzalez made a motion to table the Policy plan changes until next meeting, when the full Board could be present. The motion was seconded by Mr. Lindeman and passed by unanimous vote of those present.

5. **Discussion and Action to Initiate Stage 1 of the Drought Contingency Plan.**
   Mr. Gonzalez made a motion to initiate Stage 1 of the Drought Contingency Plan. The motion was seconded by Mr. Lindeman and approved by unanimous vote of those present.

6. **Discussion and Action to Establish a Policy to Handle Requests by Other Utilities to Cross the District's Easement or Right-of-Way.**
   Mr. Fry presented a policy that was borrowed from the Cameron County Irrigation District No. 6, and modified to fit our needs. He stated that the policy was for utilities that do not necessarily serve District customers and simply want to cross our main canal easement. He indicated the desire to establish a policy since he anticipates that TransMontaigne will be requesting a permit very soon. Mr. Fry included in the policy the same fee of $1,250 that the Cameron County District No. 6 charges to cross their facilities. Mr. Gonzalez made a motion to approve the Canal Easement Crossing Permit Policy, with an amended fee of $1,500. The motion was seconded by Mr. Lindeman and approved by a unanimous vote of those present.

7. **Discussion a July 3, 2017 as a District Holiday.**
   Mr. Fry stated that since this year the 4th of July holiday falls on a Tuesday, he is requesting that the Board approve the preceding Monday as a District holiday. He mentioned other local governmental entities which include in their policy that if certain holidays falls on a Tuesday or Thursday, then the proceeding Monday or following Friday are also automatically granted as a holiday. Mr. Gonzalez made a motion to declare July 3, 2017 as a District Holiday. The motion was seconded by Mr. Lindeman and approved by a unanimous vote of those present.

8. **Update, Discussion, and Action on the Development of the Project to Replace Utilities Associated with the Town of Rancho Viejo's Street Reconstruction Project.**
   a. Funding Update.
      Mr. Fry stated that we are still waiting on the issuance of the amended Intended Use Plan from the Texas Water Development Board to determine the status of the loan application. He stated that he expects to hear something during early July.
   b. Design Update.
      Mr. Fry stated that the Town is moving forward with Phase IA, which is for streets that do not have utilities that will need to be replaced.

9. **Public Input.**

Mrs. Munoz with Lago Viejo stated that she has attended about six Board meetings and nothing has been done to repair the seawall pond at Lago Viejo North. Mr. Tipton stated that by next meeting there should be a timeline of the project to be done. Mayor Rathbun spoke in support of the retaining wall project.

Mrs. Partridge mentioned that Advocat has run out of funds and the District has not begun to collect donations on their behalf. The Mayor stated that she is still waiting for a detailed distribution report from Advocat in order to approve them as a Donation Group for voluntary collections through the Water Billing.

Mayor Rathbun informed the Board that Movie Nights will begin Friday, June 23rd.

10. General Manager's Report

- **Production and Sales Report-** The reported water loss for May 2017 shows 14.03% unaccounted for water losses.
- **RO Production Report-**The report for May 2017 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-**The report for May 2017 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** Mr. Fry reviewed the two customer's complaints for May 2017 with the Board.
- **Operations Report-**Mr. Fry reported on the highlights of the monthly operations of the District.
- **Projects/Task List-**Mr. Fry stated that everything on the task list has already been discussed.

11. Adjourn.

Mr. Gonzalez made a motion to adjourn the meeting. The motion was seconded by Mr. Lindeman and approved by unanimous vote of those present. The Meeting was adjourned at 10:21 a.m.

JIM TIPTON, VICE-PRESIDENT

ATTEST:

OSCAR GONZALEZ, SECRETARY