

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
August 16, 2016**

1. Call to Order of the Regular Meeting.

The Board of Directors met at the Valley Municipal Utility District No. 2 Office at 9:00 A.M., Tuesday, August 16, 2016 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Roger Nelson	President
Jim Tipton	Vice-President
Clifford Rowell	Treasurer
Richard Lindeman	Director
Oscar Gonzalez	Secretary

Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Olga K. Muñoz	Lago Viejo North Resident
Quintin Anderson	Long Chilton, LLP

2. Approval of Minutes of the Regular Meeting held on July 19, 2016.

The Board reviewed the minutes of the previous meeting for approval. Mr. Rowell made a motion to approve the Minutes of the Regular Meeting held on July 19, 2016. The motion was seconded by Mr. Tipton and approved by a unanimous vote of those present.

3. Approval of the Financial Report for the Month of July 2016.

The Board reviewed the Financial Reports for the past month. Mr. Fry stated that new membranes for the R.O. Treatment Plant had been ordered and that there was a line item in the Committed Fund to pay for them. He explained that only the Board could approve expenditures made from the Committed Fund. Mr. Tipton made a motion to approve the Financial Reports for the Month of June 2016 along with the approval of the expense for the membranes from the Committed Fund. The motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

4. Discussion and Action on Engagement of an Auditor for FY2016.

Mr. Fry presented the engagement letter from Long Chilton quoting a fee not to exceed thirteen thousand nine hundred dollars and zero cents (\$13,900.00) for their services. Mr. Anderson from Long Chilton stated that last year's fee was \$13,300.00. Mr. Tipton made a motion to contract Long Chilton to perform the 2016 FY Audit for the District. The motion was seconded by Mr. Gonzalez and approved by unanimous vote of those present.

5. Discussion and Action to Adopt a Resolution to Change the Dates of the Fiscal Year.

Mr. Anderson discussed the procedures involved in changing the Water District's Fiscal Year. He stated the Board can change the fiscal year at any time, but they have to pass a resolution and notify the Executive Director of TCEQ within 30 days. He added that the Audit would have to be done for a 13 month period and include September 2016. Mr. Fry stated that the purpose for the change is to match the County's fiscal year for ad-valorem purposes. Mr. Rowell made a motion to adopt the Resolution to change the Dates of the fiscal year to end on September 30th. The motion was seconded by Mr. Gonzalez and approved by unanimous vote of those present.

6. Discussion and Action to Approve a Resolution to Amend the Authorized Representatives to the Texpool Account.

Mr. Fry mentioned that the Texpool Account needs to be updated to show the names of the actual Board Officers for the District. Mr. Oscar Gonzalez made a motion to approve the Resolution to amend the Authorized Board Members to the Texpool Account. The motion was seconded by Mr. Clifford Rowell and passed by unanimous vote of those present.

7. Discussion and Action regarding Request from the Following Customer(s) to have Water Bill Adjusted.

a. Maribel DePonce, 150 Canteros Drive

The customer was not present so no action was taken.

8. Public Hearing on the Tax Rate for the 2016-'17 Tax Rate.

A Public Hearing to discuss the Tax Rate for the 2016-'17 Fiscal Year was opened. No members of the public were present and the Public Hearing was closed at 9:30 a.m.

9. Discussion and Action to set the Tax Rate for the 2016-2017 Fiscal Year.

The General Manager presented the Ad-Valorem Tax Rate Calculation and Yearly Expenses Report. Mr. Fry recommended that the coming year's tax rate continue at thirty-five cents per one hundred dollars of valuation (\$.035/\$100). Mr. Rowell made a motion to approve the 2016 M&O Tax rate at \$0.10/\$100 and Ad-Valorem Debt Tax rate at \$0.25/\$100 of valuation for a total rate of \$0.35/\$100. Mr. Gonzalez seconded the motion. The motion was approved by five votes in favor and none against.

10. Public Input.

Mrs. Olga Munoz from Lago Viejo North requested an update from the Board on the wooden retaining wall around the effluent pond located by the Lago Viejo Condos.

Mr. Rowell asked if any investigation had been done as to who is responsible for the replacement of this retaining wall. Mr. Tipton stated that he is concerned about the delay on the District's part in resolving this issue because of the risk and liability. He ordered the General Manager to have District staff fill in the holes in the meantime to

prevent any accidents. Mr. Fry stated he will take action to remediate the problem temporarily.

11. General Manager's Report

- **Production and Sales Report-** The water loss for July 2016 shows 16.44% unaccounted for water loss. .
- **RO Production Report-**The report for July 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-**The report for July 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** There were two customer complaints.
- **Operations Report-**Mr. Fry reported on the highlights of the monthly operations of the District.
- **Projects/Task List-**Mr. Fry reviewed the task list and gave status updates on various projects.

12. Recess into Executive Session Pursuant to Texas Government Code Section 551.074 (a) (1) (Personnel Matters):

- a. Discussion regarding the evaluation of the General Manager.
- b. Discussion regarding employee compensation for the 2016-17 Fiscal Year.

13. Discussion and Action on the Evaluation of the General Manager.


The Board discussed the evaluation of the General Manager and stated that they were pleased with the progress of the District. On a motion by Mr. Rowell, second by Mr. Tipton, the Board voted to increase the General Manager's salary by five percent.

14. Discussion and Action on the 2016-'17 Fiscal Year Budget.

The Board discussed the Budget and employee compensation for the 2016-'17 Fiscal Year. On a motion by Mr. Rowell, second by Mr. Gonzalez, the Board granted a two percent overall increase for the employees' wages with some additional percentages for the lower paid employees and others who had obtained higher level licenses.

15. Adjourn.

There being no further business, the Meeting was adjourned at 11:37 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



JIM TIPTON, VICE PRESIDENT

