

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
August 20, 2013**

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, August 20, 2013 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
Oscar Gonzalez	Director

Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Kathy Cunningham	Attorney
Jean Hager	Mayor
Juan Loya	BBVA Compass

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 July 23, 2013.

The Board reviewed the minutes of the previous meetings for approval. Mr. Nelson made a motion to approve the Minutes of the Regular Meeting held on July 23, 2013, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

3. Approval of the Financial Report for the Month of July, 2013.

The Board reviewed last month's financial report. Mr. Tipton made a motion to approve the Financial Report for the Month of July, 2013. The motion was seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

4. Update, Discussion and Action on Drought Situation.

Mr. Stowell explained the current Drought situation and the District's water account position. He stated that it did not go down 100 as projected, but instead it only went down 60 and the District will continue under Stage 2 restrictions. The monitored Water Supply Reservoirs are 32.4% full as of August 13th. Mr. Tipton made a motion to continue on Stage 2 Restriction of the Drought Policy. Mr.

Nelson seconded the motion. Ms. Sylvia Delgado asked if the District is going to fill up the Pond in River Bend because it is very low and the fish are dying. Mr. Stowell stated that since there is free pumping today and for safety reasons, he would turn on the pumps, but River Bend has to make sure the water diverts to that pond. Mr. Tipton made a motion to approve keeping the pond at the minimum level when there is free pumping only during this Stage 2 drought. Mr. Nelson seconded the motion. The motions passed by unanimous vote of those present.

5. Discussion and Action on River Bend Resort Water Service Rates for RV lots.

Mr. Stowell presented an Income/Expense Breakdown for River Bend for the period between May 2012 and April 2013. He explained that according to the percentage breakdown, River Bend overall pays its fair share according to water consumption. The RV lots are not contributing their share in comparison to River Bend Single Unit Houses and their contribution to overall expenses. Mr. Lindeman stated that in Mr. Stowell did not take into consideration Capital expenses such as Tower Maintenance, etc., therefore he recommends raising the rate to \$19.00. Mr. Nelson made a motion to approve an increase of \$4.00 a month for River Bend RV lots making the total \$19.00 a month, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

6. Consideration and Action on Engagement of Auditor for FY 2013.

Mr. Stowell presented the engagement letter from Long Chilton quoting a fee not to exceed Twelve Thousand Four Hundred Fifty dollars and zero cents (\$12,450.00) for their services. Last year's fees were \$12,075. Mr. Tipton made a motion to contract Long Chilton to perform the 2013 FY Audit for the District, seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

7. Consideration and Action Changing Banking Services from IBC to BBVA.

Mr. Stowell presented the analysis reports on the summary of charges from both Banks to compare the charges and evaluate the monthly savings if the District changes to BBVA. He estimated a monthly savings between \$60.00 and \$100.00 if the District changes to BBVA. Mr. Tipton made a motion to table this item for the next meeting, seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

8. Discussion and Action on Tax Rate for 2013 (FY 2014).

Mr. Stowell presented the Tax Rate Rollback Worksheet and explained how the rollback is calculated. He recommended the Ad-Valorem tax rate for 2013 to be thirty-seven cents per one hundred dollar valuation (\$.37/\$100). Mr. Gonzalez made a motion to approve the 2013 M&O Tax rate at .10/\$100, the Ad-Valorem Debt Tax rate at .2045 cents/\$100 valuation, and the Contract Tax rate at

.0655/\$100 valuation. Mr. Nelson seconded the motion. The motion passed by five votes in favor and none against.

9. Public Input

No Public Input.

10. General Manager's Report

- **Production and Sales Report** The water loss for July 2013 shows a 9% loss.
- **RO Production Report** For July 2013 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For July 2013 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of July 2013 were previously distributed to the Board. There were a total of six 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. The Contractors have started to clean and sand blast the tower. They are on schedule and should finish by October.
- **General Manager has resigned and his last day of work will be August 23, 2013.**

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

a. Discussion of evaluation, reassignment, duties and employment of employees.

The Board entered into executive session at 11:25 a.m. and closed out the session at 11:50 a.m.

12. Action on Items discussed in Executive Session.

No action taken.

There being no further business to come before the Board of Directors, Mr. Nelson made a motion to adjourn the meeting. Mr. Partridge seconded the motion. The motion passed by unanimous vote of those present.

President Richard Lindeman adjourned the Regular Meeting at 11:58 p.m.

R. J. Lindeman
RICHARD LINDEMAN, PRESIDENT

ATTEST:

Chris Partridge
CHRIS PARTRIDGE, SECRETARY