

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
February 19, 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, February 19, 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
Oscar Gonzalez	Director
Jim Tipton	Director

Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Kathy Cunningham	Attorney
Jean Hager	Alderman
Cindy Rathbun	Alderman
J.T. Head	River Bend Resident
Sylvia Degollado	River Bend POA Manager
Dan Nolan	River Bend POA Vice President
Rick Cardenas	Rancho Viejo Resident

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 January 15, 2013.**

The Board reviewed the minutes of the previous meetings for approval. Mr. Tipton made a motion to approve the Minutes of the Regular Meeting held January 15, 2013. The motion was seconded by Mr. Nelson. The motions passed by unanimous vote of those present.

**3. Approval of the Financial Report for the Month of January, 2013.**

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

**4. Discussion and Action on Rancho Commercial Plaza, LLP's Request for Service.**

Mr. Stowell introduced Mr. Anthony DePonce's request for water and sewer services for his property at the corner of FM1732 and Carmen Avenue. This property is in Rancho Viejo's ETJ but out of the VMUD #2's district. PUB and Olmito Water Supply have the CCN. Permission needs to be obtained from them in order to supply Mr. DePonce with water and sewer service. Mr. Stowell recommended that the developer enter into a developer's agreement with the District which will outline the agreements of the terms for the development and service including annexation into the district, obtaining permission from the two CCN holders and revising the CCN. Mr. Nelson made a motion to have a development agreement drawn up and signed by the developer and presented to the board for approval to provide water and sewer service to the property. The motion was seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**5. Discussion and Action on Drought Plan Amendment .**

Mr. Stowell explained that he rewrote the Drought Contingency Plan. He discussed the changes for the triggering of each stage and enforcement section. Mr. Nelson made a motion to approve the revised Drought Plan Policy, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**6. Discussion and Action on Drought Situation.**

Mr. Stowell explained the U.S. Drought Monitor and the District's water account position. The District hardly used any water rights in November and December 2012. There was free pumping until yesterday at 4:00 p.m. and now everyone's resacas are full. Mr. Stowell recommended that the District remain in stage 2 requirements.

**7. Discussion and Action on River Bend Resort Water Service Including:**

**a.) Cross Connection Program** Mr. Stowell reported on the incident with a cross connection in the River Bend Resort area. After discovering a possible cross-connection and maybe a contamination at River Bend, Mr. Stowell took action to try and correct the problem. The District's crew installed vacuum breakers on all the houses and flushed all the lines. They tried to find the cross connection, but the problem mysteriously disappeared. Water samples were sent to be tested, and the final results came back acceptable. Mr. Stowell met with the River Bend residents to explain the situation to them. Mr. Stowell would like to monitor and enforce the backflow requirements here in Rancho Viejo as well. He will be obtaining a customer service inspection certification and will continue working to comply with all the state requirements.

**b.)Water Meters** Mr. Stowell explained that River Bend has three hundred lots that are not metered. There are plenty of meters in stock that could be used to meter these lots.

**c.)Raw Water Delivery & Rates** Mr. Partridge made a motion to install meters in the RV lots in River Bend, seconded by Mr. Tipton. Mr. Cunningham mentioned that the Board has to decide who would be charged for a meter installation and what rates should apply. Mr. Partridge withdrew his motion. Mr. Lindeman made a motion to study all the ramifications of metering all existing RV lots, seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

**8. Discussion and Action on Rancho Nuevo Annexation.**

Mr. Stowell explained that the District received and approved a petition to annex the Rancho Nuevo subdivision back in 2006. The petition was approved, but a resolution was never drafted or recorded. Mr. Stowell recommends the District do a title search for the sold properties and sends the owners a letter asking them for their agreement to be annexed into the District. If they do not agree, then they will be charged twice the rate because that is the policy for out of District customers. Mr. Tipton made a motion to approve the issuance of the letter and proposal to the Rancho Nuevo Subdivision property owners, seconded by Mr. Gonzalez. Mr. Stowell mentioned that there is also a concern with the Resaca in the Rancho Nuevo Subdivision. It had dried up, but then filled up only because the Valley MUD supplied water to Irrigation District #20. Mr. Lindeman stated that there is no record stating the District would maintain the Resaca in the Rancho Nuevo Development, therefore, the only concern at the moment is the annexation of the Subdivision. Mr. Rick Cardenas mentioned that he will research the paperwork on the annexation to present to the Board.

**9. Discussion and Action on Revising Permit Requirements and Charging Permit Fees.**

Mr. Stowell explained that the District approves four different kinds of permits for customers in the District. The process to obtain and issue a permit takes the effort and time of the District's personnel. For this reason, the District should charge to issue the permit. He will be researching and organizing the information for permit issuance and fees to present in a future meeting.

**10. Discussion and Action on Water Tower Logo Design**

Mr. Stowell presented the logos suggested for the Water Tower. The club has proposed a different logo, and they are willing to pay for the cost of their logo. Mr. Stowell said he will hold a meeting with the Club and the Town after he opens the bids and put it out for everyone to vote on it.

**11.Public Input**

Mr. J.T. Head mentioned that if the District installs meters in the River Bend RV lots, he would cap all irrigation lines and the residents would be obligated to connect the District's water lines and pay for the water use. This would also eliminate the dangers of cross contamination.


Mrs. Jean Hager mentioned that she would like to be informed when the meeting for the Water Tower Logo takes place.

## **12. General Manager's Report**

- **Production and Sales Report** The water loss for January 2013 shows a 14.89% loss.
- **RO Production Report** For January 2013 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For January 2013 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of January 2013 were previously distributed to the Board. There were a total of seven complaints.
- **Operations Report** Mr. Stowell reported on Water, Sewer, Distribution and Lift Station operations. He gave an update on Safety Issues and Reserve Fund Projects balances.
- **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, 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 2:25 p.m.

  
RICHARD LINDEMAN, PRESIDENT

ATTEST:

  
CHRIS PARTRIDGE, SECRETARY