

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
January 15, 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., Thursday, January 15, 2013 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

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| Richard Lindeman | President |
| Roger Nelson | Vice-President |
| Chris Partridge | Secretary/Treasurer |
| Oscar Gonzalez | Director |
| Jim Tipton | Director |

Others present:

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| Craig Stowell | General Manager |
| Jay Toro | Assistant Manager |
| Paul Cunningham | Attorney |
| Kathy Cunningham | Attorney |
| Jean Hager | Alderman |
| Cindy Rathbun | Alderman |

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 December 18, 2012.

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 December 18, 2012. The motion was seconded by Mr. Partridge. The motions passed by unanimous vote of those present.

3. Approval of the Financial Report for the Month of December, 2012.

The Board reviewed last month's financial report. Mr. Partridge made a motion to approve the Financial Report for the Month of December, 2012. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

4. Discussion and Action on Drought Plan Amendment.

Mr. Stowell reported on the meeting he attended with TCEQ including Commissioner Rubinstein. Commissioner Rubinstein discussed lake levels and the current relationship between the U. S. and Mexico. The commissioner also discussed about nine water systems that are running out of water rights and may need to be in a push water situation in CY 2013. Mr. Stowell reviewed the current

drought conditions in the Rio Grande Valley. He reviewed the water account balances of the District and stated that the District filled the Resaca of Irrigation District #20 using PUB water rights. This action kept our Resaca full through December without using our water rights. The Board discussed several changes to the current Drought Contingency Plan for the triggering of each stage and enforcement section. It was decided that Mr. Stowell would rewrite the policy based upon the discussion and submit it to the Board next month for approval.

5. Discussion and Action on Drought Situation.

As discussed in previous item, no action taken.

6. Discussion and Action on David Garza's Request for Annexation into the District.

Mr. Stowell presented to the Board a list of advantages and disadvantages for the property annexation. He explained that if the District annexes this property, it will be difficult to maintain another 7 acres of Resaca full in the drought conditions. This would not achieve the desire of Mr. and Mrs. Garza to maintain a full Resaca in times of drought. Mr. Nelson made a motion to deny the request for annexation, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

7. Public Input

Mrs. Hager asked if the larger water districts are also struggling with water shortages. Mr. Stowell explained that larger districts like PUB for example has ten times as many water rights as the District. They also get the left over water before it goes out to the gulf, so they have no water restrictions at the moment.

8. General Manager's Report

- **Production and Sales Report** The water loss for December 2012 shows a 30.82% loss.
- **RO Production Report** For December 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Raw Water Report** For December 2012 was distributed to the Board before the meeting. Mr. Stowell explained the report.
- **Customer Complaints.** The customer complaints for the month of December 2012 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. He gave an update on Safety Issues and Reserve Fund Projects balances. He mentioned that the Tower Project is going out for Bid next month. Mr. Stowell discussed Mr. Deponce's request for water service at a property on FM 1732 and Carmen Road.

- **Projects/Task list** Mr. Stowell presented a task list with priority or complete status updates.

9. Recess into Executive Session Pursuant to Texas Government Code Section 551.071 (Consultation with Attorney) and Section 551.074 (a) (1) (Personnel Matters).

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

The Board entered into executive session at 12:39 p.m. and closed out the session at 12:45 p.m.

10. Action on Items Discussed in Executive Session

- a. Mr. Nelson made a motion to set Jerry at a salary position with a pay of \$42,500.00, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

There being no further business to come before the Board of Directors, President Richard Lindeman adjourned the Regular Meeting at 12:48 p.m.



RICHARD LINDEMAN, PRESIDENT

ATTEST:



CHRIS PARTRIDGE, SECRETARY