

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
January 19, 2015**

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, January 19, 2015 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
Jim Tipton	Secretary/Treasurer
Clifford Rowell	Director
Oscar Gonzalez	Director

Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cindy Rathbun	Alderman
Paul Cunningham	Attorney
Doug Penticoff	Rancho Viejo Resort
Mrs. Martinez	Rancho Viejo Resident
Ms. Martinez	Rancho Viejo Resident

The Meeting was called to order by Mr. Richard Lindeman at 9:03 A.M.

2. Approval of Minutes of the Regular Meeting held on December 16, 2014.

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 December 16, 2014. The motion was seconded by Mr. Gonzalez and approved by a unanimous vote of those present.

3. Approval of the Financial Report for the Month of December 2014.

The Board reviewed the Financial Reports for past month. Mr. Rowell made a motion to approve the Financial Reports for the Month of December 2014. The motion was seconded by Mr. Gonzalez and approved by a unanimous vote of those present.

4. Discussion and Action on Updating Investment Policy.

Mr. Fry explained that the District's Investment Policy was outdated and needed to be revised so that it would be in compliance with the Public Funds Investment Act. He presented the revised Investment Policy to the Board. Mr. Nelson made a

motion to approve the Investment Policy as presented. The motion was seconded by and approved by unanimous vote of those present.

5. Update, Discussion and Action on Drought Conditions and Drought Contingency Plan.

Mr. Lindeman explained the current Drought situation and the Water Rights Account Allocation status. He stated that the combined water levels in the Rio Grande Reservoirs have exceeded fifty percent and that the District does not need to continue under the Stage 2 drought restrictions. Mr. Nelson made a motion to terminate the Stage 2 drought restrictions and move to voluntary Stage 1 measures as described in the Drought Contingency Plan. Mr. Rowell seconded the motion. The motion was approved by unanimous vote of those present.

6. Discussion and Action to Modify the District Purchasing Policy.

Mr. Fry presented and explained the changes he made to the Purchasing Policy. Mr. Lindeman suggested changing the phrase “without obtaining written quotes” to “using verbal competitive quotes” wherever applicable throughout the document. Mr. Rowell made a motion to approve the Purchasing Policy as amended. Mr. Tipton seconded the motion. The motion was approved by unanimous vote of those present.

7. Discussion and Action to Amend the Reserve Account to Prioritize Projects by Possibly Deleting Existing Ones and Adding New Ones.

Mr. Fry presented the 2015 Reserve Fund Project Priority List. He reviewed the list with the Board and reorganized the list by priorities. Mr. Lindeman suggested that Mr. Fry keep working on it and present it again at the next meeting. No Action Taken.


8. Public Input.

Mrs. Martinez, owner of 400 Tesoro, stated that she called the answering service on December 27, 2014 to report a leak near her meter. She added that a District employee arrived and told her the leak was on her side of the meter, and that she repaired the leak that same day. She stated that her December bill was \$1,094.00 for 212,000 gallons used, and she asked the Board for any relief from her excessive bill. After a brief discussion, Mr. Lindeman stated that the only thing that the District would consider was that she be charged the lowest rate of \$2.00 per 1000 gallons. Mr. Lindeman then stated that she could work out the details administratively with the District Manager.

9. General Manager's Report

- **Production and Sales Report**-Mr. Fry stated that the unaccounted for water loss for December 2014 was 0.91%, and he explained the leaks, flushing, and other water used.
- **RO Production Report**-The report for December 2014 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report**-The report for December 2014 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints**-The customer complaints for the month of December 2014 were previously distributed to the Board. Mr. Fry discussed the one complaint.
- **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.

There being no further business, President Richard Lindeman adjourned the Regular Meeting at 11:10 a.m.


RICHARD LINDEMAN, PRESIDENT

ATTEST:


ROGER NELSON, VICE-PRESIDENT