

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

Directors absent:

Oscar Gonzalez	Secretary
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Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cindy Rathbun	Mayor of Rancho Viejo
Timothy Gibson	Lago Viejo North Resident
Olga K. Muñoz	Lago Viejo North Resident
Cesar Muñoz	Lago Viejo North Resident
Erika Santos	77 Cortez
Erika Santos	77 Cortez
Melchor Rocha	77 Cortez
Ada Barrera	36 Alvarado

2. Approval of Minutes of the Regular Meeting held on June 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 June 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 June 2016.

The Board reviewed the Financial Reports for the past month. Mr. Rowell made a motion to approve the Financial Reports for the Month of June 2016. The motion was seconded by Mr. Tipton and approved by a unanimous vote of those present.

4. Discussion and Action on an Interlocal Agreement with the Brownsville Public Utilities Board Regarding the Diversion of Water from The Rio Grande River on their Behalf.

Mr. Fry presented the Interlocal agreement which allows VMUD to officially act as a pumping agent on behalf of the Public Utilities Board. He explained that the District has always diverted water on their behalf, but the new Water Master wants an agreement established. Mr. Tipton made a motion to approve the Interlocal

Agreement with the Brownsville Public Utilities Board. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

5. Discussion and Action to Renew the District's Windstorm Insurance Policy.

Mr. Albert Perez stated he has shopped for Windstorm policies outside of TWIA and presented them to the Board. He added that he found a competitive quotation with Mt. Hawley, a private company with an A+, Class 11 Rating by A.M. Best. He explained that Mt. Hawley is non-admitted by TWIA, which means that it is not guaranteed by the State and that they get to write in their own exclusions and conditions. After a brief discussion, Mr. Rowell stated that as long as Mt. Hawley is financially solvent and future projections appear favorable, he would like for the District to switch to Mt. Hawley for a premium savings of \$13,000.00. Mr. Rowell made a motion to move the Windstorm policy from TWIA to Mt. Hawley. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

6. Discussion and Action on the District's Resaca Maintenance Program.

Mr. Fry mentioned that due to the amount of time and effort that the District has spent on maintaining the resacas and ponds, he has worked on an analysis to evaluate how much it costs to maintain the resacas over the course of a year. He presented it to the Board for their review and stated that it costs about \$29,718.00 yearly to maintain the Resacas and the revenue that comes in from raw water that is taken from the resaca is only \$19,863.00. No action was taken.

7. Discussion and Action to Honor Richard Lindeman for his 20 years of Service to the District.

Mr. Tipton commended Mr. Lindeman for his twenty years of voluntary service to the Board. He presented Mr. Lindeman with a Proclamation which he read aloud.

8. Discussion and Action to Regarding Bank Stabilization Along the Sewer Effluent Pond Near the Lago Viejo North Condominiums.

Mr. Fry stated that the wooden retaining wall around the sewer effluent pond located by the Lago Viejo Condominiums is failing below the water line which is causing serious erosion below the carpet grass. He added that although the majority of the 1,200 foot retaining wall is located within District property, it is unknown who installed the wall. He stated that the purpose of the pond was to store effluent water from the sewer plant before it is pumped out by the Club to be blended with resaca water for irrigation purposes, and that it also serves as an aesthetic amenity to the Lago Viejo Condominiums. Mr. Tipton stated that the District has to resolve this problem because it is a risk and a liability to the District. He asked Mr. Fry to bring back to the next Board meeting estimates of the cost to repair at least the most damaged and dangerous areas of this retaining wall. In the meantime, he wants a safety barrier to be placed around this area to prevent any accidents.

9. Presentation Regarding on the 2016-'17 Fiscal Year Budget.

The Fiscal Year 2016-2017 Budget was presented to the Board by Mr. Fry.

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

The General Manager and the Board discussed the current budget to date and the proposed amounts for next year's budget. He also explained the detailed expense accounts and the reallocation of the budget amounts for these accounts. No action was taken on the budget.

11. Public Input.

- Mayor Rathbun thanked the District for helping with the Volunteer Fire Department Collection of one dollar per customer account. She added that has not heard any complaints and thinks everything will work out well. She also expressed appreciation that the District is trying to resolve the Lago Viejo Pond problem.
- Mr. Timothy Gibson of Lago Viejo North stated that the smell in his condos is intolerable at times. He believes the smell is at its worst when the dumping at the drying beds takes place. He also stated that the wind blows fecal dust onto his vehicles and wants a solution to these problems. Mr. Fry stated that he will be calling him to set up a meet with him and try to come up with a solution to the problem.
- Ms. Erika Santos of 77 Cortez addressed the Board to request some relief from her high water bill. She stated that they have refilled their pools since the water had turned green and the pool repairman suggested they empty it out. Mr. Rowell suggested charging them the SRWA water rate.
- Ms. Ada Barrera of 36 Alvarado informed the Board that she has had to replace the water lines in her front yard twice because of her neighbor's tree roots. Her neighbors are never home since they are from Mexico. Her plumber stated that the problem will persist as long as that tree remains there. She is asking for assistance with this problem and for relief of her high water bills due to the line breaks. Mr. Tipton suggested that she talks to Mr. Fry for a solution to this tree root problem in the water lines and District charge her the SRWA water rate.

11. General Manager's Report

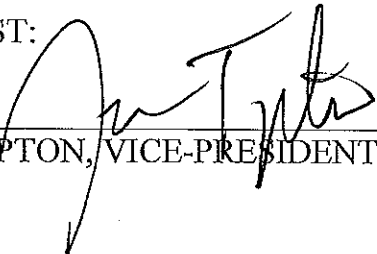
- **Production and Sales Report-** The water loss for June 2016 shows 15.97% unaccounted for water loss. .
- **RO Production Report-**The report for June 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-**The report for June 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** There was no 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.

There being no further business, the Meeting was adjourned at 10:55 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



JIM TIPTON, VICE-PRESIDENT