

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
July 21, 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, July 21, 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	Director
Oscar Gonzalez	Director

Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Arnulfo Olivares	Resident
Albert Perez	Brisky & Perez Insurance

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 June 16, 2015.**

The Board reviewed the minutes of the previous meeting for approval. Mr. Gonzalez made a motion to approve the Minutes of the Regular Meeting held on June 16, 2015. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

**3. Approval of the Financial Report for the Month of June 2015.**

The Board reviewed the Financial Reports for the past month. Mr. Tipton made a motion to approve the Financial Reports for the Month of June 2015. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

**4. 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 are at 58.2% and that the District will continue in the voluntary level one plan. No action was taken.

**5. Discussion and Action on a Request from the Following Residents to have their Water Bills Adjusted.**

- a. **Arnulfo Olivares**, the property owner of 38 Pizarro Avenue, explained that he had a \$912.04 combined water and sewer bill for the month of June 2015. He explained that the high usage was due to a leak under his foundation which he repaired immediately. He asked the Board to recognize that the usage resulted from an unavoidable leak and that they consider making an adjustment to his bill. Mr. Lindeman explained that the District has to charge him at least the minimum cost of what the Southmost Regional Water Authority charges the District. Mr. Gonzalez made a motion to approve charging the property owner a tier one rate of \$2.25 per thousand gallons of usage for the water. The motion was seconded by Mr. Nelson. The motion was approved by a unanimous vote of those present.
- b. **Richard Grasso**, the property owner of 900 Villa Boulevard, wrote a letter to the Board requesting an adjustment to his \$154.02 water bill. He explained that the leak was due to a valve not properly installed by the District some years ago.  
Mr. Lindeman stated that the District did not do the work and Mr. Grasso has to call a plumber to fix his private leak, otherwise, the high monthly usage will continue. No action was taken.

**6. Discussion and Action to Renew the District's Windstorm Insurance Policy with Possible Modification.**

Mr. Albert Perez presented the Windstorm renewal policy to the Board. Mr. Tipton asked why the District has a one percent deductible. Mr. Perez stated that the amount of the deductible is optional and that the District could increase the deductible. He added that he could recalculate the premium at a two or three percent deductible if the Board elects to change it. Mr. Fry presented a list of proposed changes to the policy. He suggested removing the High Service Pump Building and the Rapid Mix Standpipe. He also suggested increasing the value on the River Bend Water Tower. Mr. Albert Perez stated that he will increase the deductible to two percent and remove the buildings as indicated, but that the adjustments would have to be done later since the premium was due on the day of the meeting. Mr. Perez recommended making the check without the adjustments and mailing it out immediately so that there would not be a lapse in coverage. Mr. Nelson made a motion to leave the deductible for the Administration Building at one percent while increasing the deductible on the remaining items to two percent, as well as deleting the structures previously mentioned and increasing the value of the River Bend Water Tower. The motion was seconded by Mr. Tipton and approved by unanimous vote of those present.

**7. Discussion and Action to Amend the District's Fee Schedule.**

Mr. Fry presented a draft of the Rate Order Resolution with the inclusion of Water and Sewer Connection Fees and a description of what is included in these connection charges. The Board discussed terminating the vacation mode in which customers are only charged for water when their meter is locked during extended vacations. Mr. Cunningham stated that it is not typical to require customers to maintain service if they do not want to, and that the initial connection fee should cover the cost to maintain the connection even when it is inactive. It was also mentioned that increasing the re-connect charge would discourage customers from temporarily disconnecting accounts. The Board discussed all the suggested changes which were highlighted on the draft Resolution. Mr. Fry also mentioned that he would consolidate the Fees & Rate Schedule with the Rate Order Resolution. Mr. Tipton stated that he agreed with the mentioned changes and made a motion to approve the draft as final. The motion was seconded by Mr. Nelson and approved by unanimous vote of those present.

**8. Discussion and Action to Discuss the District's Role regarding Drainage.**

Mr. Fry stated that this item was placed on the Agenda at the request of the Board during a previous meeting. He added that drainage has garnered more attention due to the constant rains earlier this year. He also mentioned that the Town is working on a Bond Issue to re-pave various streets and address drainage. He asked the Board what role the District would take in this effort since it had been mentioned at previous Town meetings that the District is in charge of drainage. After a brief discussion, it was agreed to by the Board that the Town needs to incorporate and pay for necessary drainage improvements as part of their street rehabilitation program since the quality and life of the streets is dependent on good drainage. Mr. Fry also brought up recent complaints from several residents who argue that their properly maintained swales stay full of water because downstream neighbors do not properly maintain their own swales. Paul Cunningham stated that the Town needs to require maintenance of their swales through their existing ordinances because they have a better ability to enforce ordinances through their municipal court. No action was taken.

**9. Discussion and Action on the Budget for the 2015-2016 Fiscal Year.**

The Fiscal Year 2015-2016 Budget was presented to the Board by Mr. Fry. The General Manager and the Board discussed the current budget to date and the proposed amounts for next year's budget. Mr. Tipton made a motion to approve the 2015-2016 Budget as presented. The motion was seconded by Mr. Gonzalez, and approved by unanimous vote of those present.

**10. Public Input.**

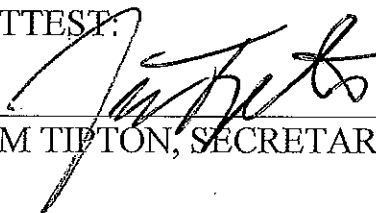
There was no Public Input.

**9. General Manager's Report**

- **Production and Sales Report**-Mr. Fry stated that he is still working on the Water Loss Report discrepancy between the amount of water provided and the amount of water consumed. He added that he believes the cause is a malfunctioning meter.
- **RO Production Report**-The report for June 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report**-The report for June 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints**- Mr. Fry reviewed the twelve customer complaints for the month of June 2015 with the Board.
- **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, Mr. Tipton made a motion to adjourn the Regular Meeting at 11:36 a.m. The motion was seconded by Mr. Gonzalez and approved by unanimous vote of those present.

  
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RICHARD LINDEMAN, PRESIDENT

ATTEST:  
  
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JIM TIPTON, SECRETARY/TREASURER