

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
June 16, 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, June 16, 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
Clifford Rowell	Director

Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cindy Rathbun	Mayor
Fred Blanco	Town of Rancho Viejo Manager
Xavier Montemayor	Rancho Viejo Country Club President
Jesus Gutierrez	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 May 19, 2015.

The Board reviewed the minutes of the previous meeting for approval. Mr. Gonzalez requested that a correction be made from Director to Vice-President for Mr. Nelson's title. Mr. Nelson made a motion to approve the Minutes of the Regular Meeting held on May 19, 2015 as corrected. 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 May 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 May 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 56.6% and that the District will continue in the voluntary level one plan. No action was taken.

5. Discussion and Action to Amend the District's fee Schedule.

Mr. Fry reminded the Board about their discussion last month regarding the River Bend RV lot metering situation. He also stated that he was directed to place an item on the May agenda to clarify the tap charges/connection fees in the Rate Order Resolution. He 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. Mr. Cunningham mentioned that every District has their own methodologies for initial connection, but he has never heard of charging a monthly fee for inactive locked accounts. Mr. Cunningham added that he believes that an initial connection fee should cover the cost to maintain the connection even when it is inactive. He also suggested increasing the connection and disconnection charges to \$100.00 instead of \$25.00 in order to at least recuperate the actual costs incurred for the service. It was mentioned that increasing the charge would also discourage customers from temporarily disconnecting accounts. The Board then switched the discussion to flat fees for irrigators. Mr. Fry mentioned that the U.S. Fish and Wildlife has requested exclusion from the District because they no longer wish to pay the annual flat fee. Mr. Cunningham responded that flat fees are paid by people who expect to be irrigated and that they should not be mandatory for those who do not want raw water. Mr. Tipton stated that he agrees with the mentioned changes and suggested that Mr. Fry make these changes on the Rate Order and present it at the next meeting for final approval. Mr. Tipton made a motion to table this agenda item. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

6. Public Input.

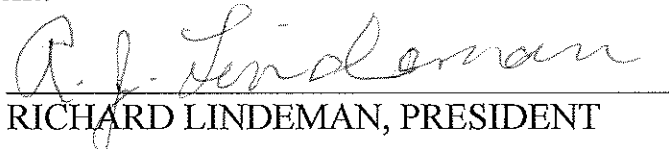
Mr. Jesus Gutierrez explained that he owns a rental house on 3701 Carmen Avenue that has been vacant since February 2014. He stated that in order to reconnect services he was required to pay the monthly minimum charge that was accumulated to date. He added that he had not requested service during that time and requested that the Board refund those monthly charges since the house was vacant and services were disconnected. The Board directed Mr. Fry to work with Mr. Gutierrez to refund the charges that occurred during the time that the house was not being serviced.

Mayor Rathbun discussed the drainage issues along Carmen Avenue near the Bend and Rancho Perdido. She mentioned the utility conflicts that were discovered and offered to assist in her official capacity regarding communication with the utility companies who should be governed by a Franchise Agreement with the Town. She stated that this problem needs to be resolved and not get delayed any longer.

8. General Manager's Report

- **Production and Sales Report**-Mr. Fry stated that a Water Loss Report was not included this month due to a major discrepancy between the amount of water provided and the amount of water consumed. He added that he is working to determine the cause of the discrepancy.
- **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**- There was no customer complaints for the month of May 2015.
- **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 10:31 a.m. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.


RICHARD LINDEMAN, PRESIDENT

ATTEST:


JIM TIPTON, SECRETARY/TREASURER