

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
June 19, 2018**

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, June 19, 2018 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
Oscar Gonzalez	Director

Others present:

Scott Fry	General Manager
Kathy Cunningham	District Attorney
Joaquin Toro	Assistant Manager
Albert Perez	Brisky & Perez Insurance

2. Public Input.

No Public Input.

3. Approval of Minutes of the Regular Board Meeting held on May 22, 2018.

The Board reviewed the minutes of the Regular Meeting held on May 22, 2018. Mr. Tipton made a motion to approve the Board Meeting Minutes of May 22, 2018. The motion was seconded by Mr. Gonzalez and approved by a unanimous vote of those present.

4. Discussion and Action on the Financial Report for the Month of May 2018.

Mr. Fry reviewed the Financial Report with the Board for the past month. On a motion by Mr. Rowell, and a second by Mr. Gonzalez, the financial report for the Month of April was approved.

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

Mr. Perez presented to the Board the policy renewal and discussed the differences and risks among Mount Hawley and Texas Windstorm Insurance Association (TWIA) which were the entities that quoted premiums. He also explained in detail the deductible amounts the District would have to pay per location if they purchase from Mt. Hawley versus an overall deductible of 2% with TWIA. Mr. Perez stated that the current vendor, Mount Hawley, quoted \$18,795.00 for their renewal rates and TWIA quoted \$35,079.00. After the Board assessed the savings and risks of the quotes, Mr. Rowell made a motion

to approve and renew the Windstorm Policy with Mount Hawley. The motion was seconded by Mr. Gonzalez and approved by unanimous vote of those present.

6. Discussion and Action to Purchase Flood Insurance for Various District Facilities.

Mr. Perez also offered the Board Flood Insurance for the Administration Building and the Rancho Viejo Water Plant Building. Mr. Fry presented a map with the layout of the topography in Rancho Viejo to consider how these buildings would be affected by a potential flood. He stated that the Administration building and Water Treatment Plant would likely not be subject to flooding, and that almost everything near the ground in the Plant is water resistant. Mr. Tipton stated that the Board should still consider securing the administration building for flooding. Mr. Gonzalez made a motion to approve the purchase of flood insurance, for only the Administration Building, in the amount of \$2072.00 from Wright National Flood Insurance. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present.

7. Discussion and Action to Execute a Contract for Rehabilitation of the River Bend Elevated Storage Tank.

Mr. Fry explained that McGuire Iron sent a combined contract for both the rehabilitation and long term maintenance of the River Bend Tower. He added that the contract, as written, does not give the ability for the District to choose what specifically needs to be done, and that Maguire's quoted price includes \$241,000 for a recoat. Kathy Cunningham stated that she had been in contact with a representative from Maguire and that she is still not comfortable with the language in the contract. Mr. Fry stated that he contacted the two provided references where Maguire had already completed work and said that they both gave Maguire good reviews. They also both used independent tank inspectors, however. He stated that he contacted Dunham Engineering to see if they would be willing to contract their inspector to the District for this project, and that Dunham stated that they will not get involved in a project that they do not control. He added that Jimmy Dunham stated that he was familiar with the River Bend Tower and that he would gladly submit a proposal to manage the project. Mr. Fry stated that Mr. Dunham cautioned him about entering into a maintenance contract for various reasons. Mr. Fry reminded the Board that Dunham Engineering had managed the repainting of the Rancho Viejo Tower back in 2013, and that each of the companies who have inspected the Rancho Tower since then have complimented the paint job. Mr. Fry also stated that Brad McCrea, the inspector for Dunham Engineering, who inspected the River Bend Tower in 2014, stated that the paint appeared to be un-bonding back then, and he strongly recommended a complete rehabilitated be performed as opposed to a re-coat. Mr. Tipton stated that he no longer supported the concept of a rehabilitation with a term maintenance contract. Mr. Tipton made a motion to authorize the General Manager to accept Dunham's proposal and to execute a contract with Dunham Engineering to manage the

- **Vehicle Maintenance Report-** Mr. Toro presented the vehicle maintenance report.

12. The Board May Enter into Executive Session Pursuant to Texas Government Code Section 551.074(a) to Discuss Personnel Matters.

The Board quickly entered and exited the Executive Session.

13. Action Regarding Items Discussed in Executive Session.

On a motion by Mr. Rowell and a second by Mr. Tipton, the Board affirmed that they are not interested in being directly involved with personnel matters of District staff outside of the General Manager or the District's Attorney. The motion was approved by a unanimous vote of those present.

14. Adjourn.

Mr. Tipton made a motion to adjourn the meeting. The motion was seconded by Mr. Rowell and approved by unanimous vote of those present. The Meeting was adjourned at 10:45 a.m.



ROGER NELSON, PRESIDENT

ATTEST:



JIM TIPTON, VICE-PRESIDENT

rehabilitation of the River Bend Water Tower. The motion was seconded by Mr. Gonzalez and approved by a unanimous vote of those present.

8. Discussion and Action to Accept a Proposal by Maguire Iron, Inc. for a Multi-Year Maintenance Contract for One or Both of the District's Elevated Storage Tanks.

On a motion by Mr. Tipton and a second by Mr. Gonzalez, the Board voted to take no action on the proposed maintenance contract.

9. Discussion and Action on the Status of the District's Drought Contingency Plan.

Mr. Fry stated that the District has been able to curtail unnecessary pumping from the river, and that heavy rain was in the forecast. He recommended that the Board continue with Stage One of the Drought Contingency Plan. On a motion by Mr. Tipton, and a second by Mr. Gonzalez, the Board unanimously approved the continuation of Stage One of the Drought Contingency Plan.

10. Update, Discussion, and Action on the Development of the Project to Replace Utilities Associated with the Town of Rancho Viejo's Street Reconstruction Project.

- a. Status Report on the continuing authorization of the 1974 Bond Election and any action required. Mr. Fry stated that he placed this item on the agenda because of a potential question by the State Attorney General's Office about the original purpose of these bonds. He added that the bonds have since been approved and recommended that no action be taken on this item.
- b. Authorization for the General Manager to execute a Memorandum of Understanding with the Town of Rancho Viejo for the purpose of jointly bidding the Town's Street Rehabilitation Project along with the District's Utility Replacement Project and for the purpose of facilitating payments to contractors, vendors, etc. On a motion by Mr. Tipton, and a second by Mr. Gonzalez, the Board authorized the District's Manager and Attorney to craft a Memorandum of Understanding with the Town of Rancho Viejo and to bring it back to the Board for approval. The motion was approved by a unanimous vote of those present.

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11. General Manager's Report

- **Production and Sales Report-** The reported water loss for May 2018 shows 12.69% unaccounted for water losses.
- **RO Production Report-**The report for May 2018 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-**The report for May 2018 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** Mr. Fry received no customer complaints for May 2018 with the Board.
- **Operations Report-**Mr. Fry reported on the highlights of the monthly operations of the District.