MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
June 21, 2016

1. Call to Order of the Regular Meeting.

The Board of Directors met at the Valley Municipal Utility District No. 2 Office at 9:02 A.M., Tuesday, June 21, 2016 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Roger Nelson	President
Richard Lindeman	Director
Oscar Gonzalez	Secretary

Directors absent:

Jim Tipton	Vice-President
Clifford Rowell	Treasurer

Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cindy Rathbun	Mayor of Rancho Viejo

2. Approval of Minutes of the Regular Meeting held on May 17, 2016.

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 May 17, 2016. The motion was seconded by Mr. Lindeman and approved by a unanimous vote of those present.

3. Approval of the Financial Report for the Month of May 2016.

The Board reviewed the Financial Reports for the past month. Mr. Gonzalez made a motion to approve the Financial Reports for the Month of May 2016 and to expense from the Committed Fund the RO membranes and the Crane purchases. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

4. Discussion and Action on a Request from the Following to have a Water Bill Adjusted.

a. Misael Conde – 1212 Santa Ana. Mr. Fry explained that this customer had a water leak by his meter and under normal circumstances, the meter reader would have made the homeowner aware of the leak. He added that over the past few months the District has been cross training Distribution staff to read meters and that there have been new meter readers who did not recognize or report the leak. He stated that even though it is not the District's responsibility, staff strives to notify customers of leaks whenever they are detected. Mr. Fry added that Mr. Conde was aware that he had a leak and that he had been trying to find the leak over the past few months. Mr. Fry suggested the District provide relief to the customer by reducing the higher tiered water rates for the past several months. After a brief discussion, Mr. Gonzalez made a motion to reduce the higher cost

tiers of water down to the cost that the District pays for water and based on the Tier 1 rate. The motion was seconded by Mr. Nelson and passed by unanimous vote of those present.

5. **Presentation Regarding the Status of the Town of Rancho Viejo's Street Rehabilitation Project.**
   Mayor Rathbun presented the status of the Rancho Viejo Street Rehabilitation Program. She stated that the Town plans to obtain a three million certificate of obligation to make the selected repairs over a period of five years. She added that the Town currently has $300,000 in reserve to begin the project. She mentioned that the first phase will begin at Morelos which has serious drainage issues. The Mayor asked the Board to take this opportunity to consider replacing old utility infrastructure during this time in order to avoid having to cut the streets in the future since much of the District's infrastructure has reached the end of its useful life. No action was taken.

6. **Discussion and Action on Contract for the Collection of Delinquent Taxes**
   Mr. Fry mentioned that the County recently requested an updated Delinquent Tax Collection Contract. The existing contract was updated and presented to the Board for Approval. Mr. Gonzalez made a motion to approve the contract and Paul Cunningham as the Delinquent Tax Attorney for the District. The motion was seconded by Mr. Nelson and approved by unanimous vote of those present.

7. **Discussion and Action to Honor Richard Lindeman for his 20 years of Service to the District.**
   Due to the absence of two Board members, no action was taken.

8. **Discussion and Action to Regarding Bank Stabilization Along the Sewer Effluent Pond Near the Lago Viejo North Condominiums.**
   Mr. Fry stated that this agenda item was inadvertently left on the Agenda from last month. No action was taken.

9. **Discussion and Action on the 2016-'17 Fiscal Year Budget.**
   Mr. Fry stated that although a rough draft of the new budget was not yet available, he placed the item on the Agenda so that the Board could discuss any concerns regarding the Budget.

10. **Public Input.**
    Mayor Rathbun mentioned that the Town will be showing children's movies outside of the Town hall in the lawn area. The first one will be this Friday, June 24th.

11. **General Manager's Report**
    - **Production and Sales Report-** The water loss for May 2016 shows 11.59% unaccounted for water loss. .
    - **RO Production Report-**The report for May 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.

- **Raw Water Report**-The report for May 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints**- Mr. Fry reviewed one customer complaints for the month of May 2016 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, the Meeting was adjourned at 11:15 a.m.

ROGER NELSON, PRESIDENT

ATTEST:

OSCAR GONZALEZ, SECRETARY