

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
March 15, 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, March 15, 2016 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

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|------------------|---------------------------|
| Richard Lindeman | President |
| Roger Nelson | Vice-President |
| Clifford Rowell | Director |
| Directors absent | |
| Jim Tipton | Director |
| Oscar Gonzalez | Director |
| Others present: | |
| Scott Fry | General Manager |
| Jay Toro | Assistant General Manager |
| Cindy Rathbun | Mayor of Rancho Viejo |
| Eduardo Espinoza | TXDot Representative |
| Maria Jimenez | TXDot Representative |
| Eddie De Leon | Contract Land Staff |
| Silver Salas Jr. | TXDot Representative |
| Rose Mary Sancho | Rancho Viejo Resident |
| Carlos Sancho | Rancho Viejo Resident |
| Manuel Almanza | Rancho Viejo Resident |
| Anthony De Ponce | Rancho Viejo Resident |
| Peter Ferraro | Attorney for Mr. De Ponce |

2. Approval of Minutes of the Regular Meeting held on February 16, 2016.

The Board reviewed the minutes of the previous meeting for approval. Mr. Nelson made a motion to approve the Minutes of the Regular Meeting held on February 16, 2016. The motion was seconded by Mr. Rowell and approved by a unanimous vote of those present.

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

The Board reviewed the Financial Reports the past month. Mr. Rowell made a motion to approve the Financial Reports for the Month of February 2016. 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. Kevin Isbell-800 Santa Ana.

Customer was not present. No action was taken.

5. Discussion and Action Regarding the Sale of a Parcel of Land to the Texas Department of Transportation for the Purpose of Widening the U.S. Highway 281.

Mr. Lindeman explained to the Board that the District has a main water line that runs along US Highway 281 outside of the right-of-way of the Texas Department of Transportation (TxDot). He said that TxDot has plans to widen this highway and are offering to purchase the piece of land from the District where the water line is located. Mr. Lindeman mentioned that he has other concerns that need to be addressed such as a Military Highway Water Supply Corporation water line that is located in the current TxDot right-of-way. He questioned if that line would have to be moved, and if so, to where. He also asked about the reimbursement to the District for its water line which may have to be moved. Maria Jimenez, Right-of-Way Specialist for TxDot, stated that TxDot will investigate Mr. Lindeman's concerns. Mr. Eduardo Espinoza, Project Engineer for TxDot, explained that if the water line is developed and relocated, then it is compensable. Also, that if it is at least 2 feet deep and within the new right of way, the District has to get a Joint Use Agreement approved. Mr. Rowell questioned why the District has to get permits and pay fees when TxDot is the one purchasing the property. Mr. Espinoza mentioned that he will check with his supervisors to see if TxDot can pay for the agreement. Mr. Lindeman stated that the District cannot make a decision until all the concerns have been addressed and presented in writing. Ms. Jimenez stated that a TxDot representative will meet with Mr. Fry before the next meeting to discuss these issues. Mr. Rowell made a motion to table this item. The motion was seconded by Mr. Nelson and passed by unanimous vote of those present.

6. Discussion and Action Regarding the Electricity Rates

Mr. Fry stated that the District received some new rates for the energy contract that is up for renewal in June. He presented the proposals from three energy consulting firms – Real Energy Solutions, True Energy, and HGAC Energy Purchasing Corporation. Mr. Fry explained that the Houston-Galveston Area Council (HGAC) has a cooperative purchasing program which the District is a member of. He added that the HGAC goes out for statewide bids each year for items such as heavy equipment which allows its members to legally make large purchases without having to advertise for bids, since the bids were already

taken by the coop. He mentioned that electricity is different and that they do not have an annual statewide bid. He said that they search the market for the best price when they are asked, and that they have the ability to make apples to apples comparisons of the various companies. He added that each electrical provider presents their rates differently and they can confuse customers with items such as line or nodal charges. He also mentioned that HGAC has a \$450.00 annual fee for their services, which also include being a customer advocate throughout the year. Mr. Fry ended with the most recent rate obtained by the HGAC of about \$0.038/KWH with GDF Suez and said that HGAC could find the District a rate once we sign a letter of intent to use their services. Mr. Rowell made a motion to give Mr. Fry signatory authority to execute a contract through the H-GAC Energy Purchasing Corporation for the District. The motion was seconded by Mr. Nelson and approved by unanimous vote of those present.

7. Discussion and Action on a request by Anthony De Ponce of 608 Avenida Tesoro for the District to Make Repairs to his Driveway which he Alleges was Damaged by the Presence of a Stormwater Inlet.

Mr. Lindeman explained that the stormwater inlet in Mr. De Ponce's driveway was installed in the 1970's and that the house was then built alongside the inlet and the driveway but that a garage was later added to the house, on top of the storm sewer line. Mr. Fry explained that there are other lots in which owners have also added to their homes and built their driveways over stormwater lines and inlets. Mr. De Ponce alleges the inlet has sunk in cracking his driveway and now it needs to be repaired. Mr. De Ponce stated that he received an estimate of \$4,000.00 to have his driveway repaired. Mr. Fry stated that a similar situation had recently occurred on Alvarado Avenue, but that the property owner repaired the driveway and sealed the inlet at his own cost. Mr. Rowell made a motion to have the driveway and inlet repaired at the District's expense. The motion was seconded by Mr. Nelson and passed by unanimous vote of those present.

8. Public Input.

Mrs. Rathbun stated that the Town would like to utilize the utility bill inserts that are being offered by AVR for their announcements or perhaps even a quarterly newsletter. She added that the Town would pay any additional fees associated with their inserts.

11. General Manager's Report

- **Production and Sales Report-** The water loss for January 2016 shows a 5.28% unaccounted for water loss.

- **RO Production Report**-The report for January 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report**-The report for January 2016 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints**- Mr. Fry reviewed the three customer complaints for the month of January 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 10:45 a.m.


RICHARD LINDEMAN, PRESIDENT

ATTEST:


JIM TIPTON, SECRETARY/TREASURER