

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
May 19, 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, May 19, 2015 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Richard Lindeman	President
Jim Tipton	Secretary/Treasurer
Roger Nelson	Director
Oscar Gonzalez	Director

Directors absent:

Clifford Rowell	Director
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Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cindy Rathbun	Alderman
Kathy Cunningham	Attorney
Jan Pausewang	River Bend Resident
Fred Blanco	Town of Rancho Viejo Manager

The Meeting was called to order by Mr. Richard Lindeman at 9:03 A.M.

**2. Approval of Minutes of the Regular Meeting held on April 21 , 2015.**

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 April 21, 2015. 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 April 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 April 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 54% and that the District will continue in the voluntary level one plan. No action was taken.

**5. Discussion and Action on Request by J.T. Head for a Refund for Fees that he Paid in Conjunction with Subdivisions that were Platted in which Meters were Never Placed.**

Mr. Fry stated that J.T. Head has requested a refund of his tap fees for several RV lot subdivisions that he created over the years since the District does not read meters in the RV section of River Bend. Mr. Fry stated that Mr. Cunningham had told him that meters were never placed in the RV section of River Bend because the developer did not want to be billed the associated monthly fees for individual meters. It was also stated that the District had agreed at the time, not to meter the RV lots since it would be time consuming and costly to read 258 additional meters. Mr. Fry directed the Board to their packets which included the original and amended agreements between the District and River Bend. The amended agreement, he pointed out, indicates that River Bend had agreed to have all lots metered. He also mentioned that a District Policy dating back to the early 1980's was included that showed that all connections to the District's system have to pay \$750 for water connections and \$750 for sewer connections. Mr. Gonzalez asked if meters had ever been installed on the lots in question. The District's Distribution Supervisor, Javier Ramos, confirmed by phone that meters have been installed at the lots in question, but that they are not being read. Mrs. Pausewang stated that Mr. Fry had told J.T. that a lot that had been recently sold would not have to pay a connection fee. She stated that she felt that was unfair since the POA has had to pay each time that they want to connect a new lot to the system. Mr. Fry explained that he was approached by J.T. Head a few months back regarding tap fees being charged for the RV lots at River Bend. Mr. Head had asked if lots that he was selling would be charged tap fees. Mr. Fry then stated that because of his understanding of the State's Model Rules Law, he assumed that all connection fees had been paid at the time that the subdivision was approved. Because of that he told Mr. Head that lots would not have to pay tap fees as they are sold. Mr. Fry acknowledged that he had made this statement in error, and that connection fees will have to be paid as existing, unoccupied lots are developed. Mr. Gonzalez made a motion to deny J. T. Head's refund request of \$27,500.00 related to his subdivisions tap fees. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present. Mrs. Pausewang acknowledged that the RV lots should pay some type of connection fee, and she added that the District needs to look at its policy because RV lots are not the same as residential lots. Mr. Lindeman responded that the Board will be reviewing the District's fee schedule.

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

Mr. Fry stated that he placed this item on the agenda in case the Board wanted to make changes as a result of Item 5. This item will be discussed in the next meeting to clarify the tap fee charges. No action was taken.

## 7. Public Input.

Mrs. Rathbun asked if any progress was made on the drainage issue for Rancho Perdido and The Bend. Mr. Fry stated that he met with Xavier Montemayor and Rick Cardenas. Mr. Cardenas agreed that he would use his equipment to help with the drainage problem and Mr. Montemayor agreed to reimburse him for his part. When the area was spotted, it became evident that there were several utility conflicts including natural gas and underground electricity. Mr. Fry stated that they will meet to discuss other options including taking the drainage back to a golf course pond, or crossing Carmen with a culvert and re-grading the other side of the road.

Mrs. Rathbun commented they are working with an engineering firm on the Town's streets master plan, even though they do not have any funds yet. She stated that she would like to work with the District to incorporate its needs such as utilities and drainage as well.

Mrs. Pausewang discussed some of the history of River Bend in relation to the metering. She stated that she didn't have any objection to the District charging connection fees as long as everyone was treated equally.

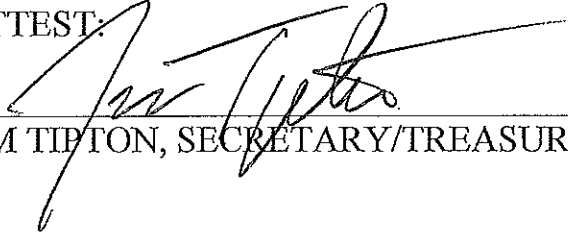
## 8. General Manager's Report

- **Production and Sales Report**-Mr. Fry stated that the unaccounted for water loss for April 2015 was 2.16%.
- **RO Production Report**-The report for April 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report**-The report for April 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints**-The customer complaints for the month of April 2015 were previously distributed to the Board. Mr. Fry discussed the three complaints.
- **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. Nelson made a motion to adjourn the Regular Meeting at 10:31 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:

A handwritten signature in black ink, appearing to read "Jim Tipton", written over a horizontal line.

JIM TIPTON, SECRETARY/TREASURER