

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2
November 17, 2015**

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, November 17, 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
Oscar Gonzalez	Director
Jim Tipton	Director

Directors Absent:

Clifford Rowell	Director
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Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager
Cyndie Rathbun	Town Mayor
Javier Vera	Alderman
Fred Blanco	Town of Rancho Viejo Manager
Quentin Anderson	Long, Chilton, CPA

2. Approval of Minutes of the Regular Meeting held on October 20, 2015.

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 October 20, 2015. The motion was seconded by Mr. Tipton and approved by a unanimous vote of those present.

3. Approval of the Financial Report for the Month of October 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 October 2015. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

4. Discussion and Action to Approve an Amended Contract from Orbit Broadband for the Placement of Communication Equipment on the District's Water Tower .

Mr. Fry explained that Orbit Broadband requested a revision to the previously approved contract to clarify that the District will be responsible for the

maintenance of the towers and that it will indemnify Orbit Broadband. Mr. Cunningham stated that he did not have any issues with the proposed revision. Mr. Tipton made a motion to approve the revision, seconded by Mr. Nelson. The motion was approved by unanimous vote of those present.

5. Presentation of the District's Annual Audit.

Mr. Quentin Anderson of Long Chilton, LLP presented and discussed the August 2015 Year End Audit Report. He stated that the books and records were in order and all new accounting policies have been implemented. The District adopted new accounting guidance, GASB Statement No. 68 (Accounting & Reporting for Pensions) and GASB Statement No. 71 (Pension Transitions for Contributions made subsequent to the Measurement Date). Mr. Anderson also noted two audit findings regarding the authorization of disbursements and the Billing of Water & Sewer. The first had to do with the District following its own requirement that checks valued over a certain amount shall be signed by two officials. The second concern involved a very slight discrepancy in just a couple of samples of the District's utility bills. He suggested that the District further investigate the cause of the discrepancy. After reviewing the financial statements and notes on the Audit Report, Mr. Gonzalez made a motion to approve the 2015 Audit Report. The motion was seconded by Mr. Nelson and approved by unanimous vote of those present.

6. Discussion and Action on a Request from the Following to Have a Water Bill Adjusted.

- a. Town of Rancho Viejo-FM 1732 Carmen Entrance Meter. Mr. Blanco explained that the Town's September irrigation bill in the amount of \$998.32 was extremely high. It was for 286,000 gallons of water usage for a leak and it has been repaired by Zepeda Sprinklers. Mrs. Rathbun asked for relief to their account. Mr. Lindeman stated that when the District has adjusted bills, it has been based on reducing the higher tiered rates to the lower tier amount. He added that no adjustment could be given to this account because the Town already pays the lowest tier rate.
- b. Town of Rancho Viejo-Resaca Bend Irrigation Meter. Mr. Fry explained that Mr. Ortiz had repaired a valve that was broken and suggested that this was probably the cause of the high usage. Mr. Lindeman stated that no adjustment could be given to the account because the Town already pays the lowest tier rate.

7. Public Input.

Mayor Cyndie Rathbun announced that the Town will be having their first Christmas tree lightning on December 6, 2015 and encouraged everyone to

attend. She also stated that Good Neighbor Settlement House Donation Drive will be held at 4 Pizarro on December 12, 2015 from 9 a.m. to 12:00 p.m.

Alderman Javier Vera, Street Committee Chairman, informed the Board on the analysis performed by Ambiotec Civil Engineering Group on the street conditions. He stated that the estimated cost to repair all of the town's streets will be approximately \$5.5 million. He then informed the Board of the discussions that have been occurring during the Street Committee Meetings. He stated that he would like to work together with the District to improve the drainage system and look for opportunities to obtain outside funds to assist with the project.

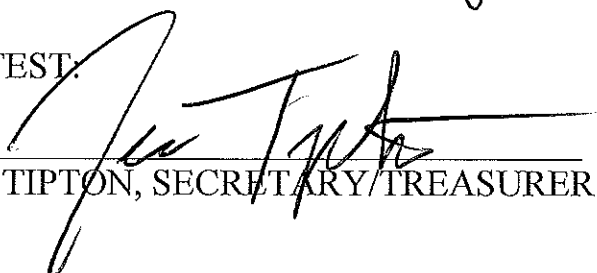
11. General Manager's Report

- **Production and Sales Report-** The water loss for October 2015 shows a 14.39 % water loss. Mr. Fry explained that staff has changed the old analog distribution meter to a modern magnetic meter which should lead to more accurate water loss calculations in the future.
- **RO Production Report-** The report for October 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-** The report for October 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** Mr. Fry reviewed the two customer complaints for the month of October 2015 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, Mr. Gonzalez made a motion to adjourn the Regular Meeting at 11:35 a.m. The motion was seconded by Mr. Nelson and approved by unanimous vote of those present.


RICHARD LINDEMAN, PRESIDENT

ATTEST:


JIM TIPTON, SECRETARY/TREASURER

