

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO.  
November 15, 2011**

The Board of Directors of the **VALLEY MUNICIPAL UTILITY DISTRICT NO. 2** met at the Valley Municipal Utility District No. 2 Office at 9:00 A.M., Tuesday, November 15, 2011 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
Chris Partridge	Director
Oscar González	Director
Jim Tipton	Director

Others present:

Craig Stowell	General Manager
Jay Toro	Assistant Manager
Paul Cunningham	Attorney
Robert Medrano	Mayor
Jean Hager	Alderman
Quirino Balderas	Resident
Gerardo Barragan	Resident
Ricardo Adobatti	Resident
Quentin Anderson	Long, Chilton, LLP
Albert Perez	Brisky & Perez Ins.

The Meeting was called to order by Mr. Richard Lindeman at 9:00 A.M.

**Approval of Minutes of the Meeting held on October 18, 2011.**

The Board reviewed the minutes of the previous meeting for approval. Mr. Tipton made a motion to approve the Minutes of the Regular Meeting held October 18, 2011. The motion was seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**Approval of the Financial Report for the Month of October, 2011.**

The Board reviewed last month's financial report. Mr. Partridge made a motion to approve the Financial Report for the Month of October, 2011. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

### **Public Input**

Mrs. Hager mentioned that the sprinkler system for the Marquee was disconnected a few months ago. She would like for it to be reconnected.

Mr. Balderas expressed his concerns about the aeration system for the resacas. He believes that without the aerators there will be no supply of oxygen. This will cause the fish to die, a foul smell, and algae to spread. He presented pictures of some Resaca areas in Rancho Viejo which already have this problem. Mr. Barragan suggested charging customers one dollar a month fee for aerator maintenance. Mr. Lindeman stated this is not possible because not everyone has property on a Resaca and they would not agree to the charge. Mr. Stowell explained that he is looking into installing solar aerators which would also aerate the water but would be more cost effective. Mr. Lindeman told the public that the District will continue to research this situation and once they have a decision it will be made public.

### **Discussion and Action on Appointment of Investment Officer**

Mr. Lindeman stated that the District has to appoint a new Investment Officer. Mr. Partridge made a motion to appoint Craig Stowell and Rebecca Martinez as Investment Officers. Mr. Gonzalez seconded the motion. The motion passed by unanimous vote of those present.

### **Discussion and Action on Town Beautification Committee Bridge Tiling Project**

Having been previously distributed, the plans were reviewed and discussed by the Board. Mrs. Hager asked the Board if the District could wash the bridges with its equipment. Mr. Stowell replied that he would schedule it with the crew. Mr. Tipton made a motion to approve the tiling project by the Town Beautification Committee. The motion was seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

### **Discussion and Action on 2011 Audit Report**

Mr. Anderson presented and discussed the August 2011 year end audit report to the Board of Directors. He stated that the books and records were in order and not many adjustments were needed. After reviewing the financial statements and notes on the audit report, Mr. Anderson made some recommendations on establishing a capital expenditure policy and adjusting accounts receivable. Mr. Tipton made a motion to approve the District's 2011 Audit Report, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**Discussion and Action on Health Insurance Plan for 2012.**

Mr. Stowell presented the Board with four health plans from Brisky & Perez Insurance Agency and three plans from Dean Nittler. After reviewing the plans, Mr. Stowell recommended Plan#RSH3 with BlueCross Blueshield for an amount of \$282.46 per employee. The plan is very similar to the current Health plan offered by Valley Baptist Health plan at \$348.71 per employee. Mr. Stowell recommended increasing the \$500.00 Health Allowance debit card to \$1000.00 per enrolled employee. Mr. Gonzalez made a motion to authorize Mr. Stowell to renew with BlueCross Blueshield and accept policy #RSH3 and increase the employee health debit card to \$1000.00 per employee. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

**Discussion and Action on Overtime and OFF-Hour Work Policy**

Mr. Stowell explained to the Board of Directors that Section 6 Work Schedule and Time Reporting on the Employee Policy needs to be updated to reflect more accurate requirements of work schedules and payment of time worked. Mr. Gonzalez made a motion to approve the amendment to Section 6 of the Personnel Policy, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

**Discussion and Action on Budget Amendment 1.**

Mr. Stowell presented and explained the budget amendments. The changes are under the reserve fund accounts and do not increase or decrease the final budget amounts. He is deleting some accounts and grouping them as one. Mr. Tipton made a motion to approve the budget amendments, seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

**Discussion and Action on Membership to the South Texas Water Utility Manager's Association**

Mr. Stowell is requesting approval from the Board to join the South Texas Water Utility Manager's Association. Mr. Nelson made a motion to authorize Mr. Stowell to join as Board member on the South Texas Water Utility Manager's Association, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**Discussion and Action on Electrical Cost and Rates Associated with Lift Stations and Aerators**

Mr. Stowell presented information on the models and options for solar aerators. He recommends purchasing a couple of them to test them and if they work out, then the rest would be purchased. Mr. Nelson made a motion to authorize Mr. Stowell to purchase the best solar aerator at the most reasonable price. The motion was seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

**Update/Discussion on High School Service Status**

Item was not discussed but will be discussed in the next meeting.

**Recess into Executive Session Pursuant to Texas Government Code Section 551.07 (Litigation)**

The Board recessed into executive session at 12:52 pm and reconvened at 1:30 pm.

**ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION.**

g. Discussion and action on Southmost Regional Water Authority true-up bills for fiscal years 2009 and 2010.

Mr. Nelson made a motion to authorize Mr. Stowell to contact Mr. Bruciak with SMRWA to discuss Water Plant Operations, seconded by Mr. Gonzalez.

h. Update/discussion on Las Haciendas Resaca maintenance in regards to aeration, weed control and raw water filling and associated water rights.

No Action Taken

i. Discussion and action on employee Jesus Serna regarding work status and injury progress.

Mr. Gonzalez made a motion to hire a replacement for Jesus Serna but upgrade the level of the position to the General Manager's discretion, seconded by Mr. Nelson.

The motions passed by unanimous vote of those present.

**General Manager's Report**

- **Production and Sales Report** The water loss for October 2011 shows a 27.7 % loss.
- **Customer Complaints.** Customer complaints for the month of September 2011 were previously distributed to the Board.
- **General Manager's Report** No General Manager's Report.

There being no further business to come before the Board of Directors, Mr. Nelson made a motion to adjourn. A second was made by Mr. Gonzalez. The motion passed by unanimous vote of those present.

President Richard Lindeman adjourned the Regular Meeting at 1:50 p.m.

  
\_\_\_\_\_  
RICHARD LINDEMAN, PRESIDENT

ATTEST:

  
\_\_\_\_\_  
CHRIS PARTRIDGE, SECRETARY