

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO.
October 18, 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, October 18, 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
Miguel Ortiz	Resident
Anthony De Ponce	Resident
Peter Ferraro	Mr. Deponce's Attorney

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

Approval of Minutes of the Meeting held on September 20, 2011.

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 September 20, 2011. The motion was seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

Approval of the Financial Report for the Month of September, 2011.

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

Discussion and Action on Investment Policy

Mr. Lindeman stated that the District has to review the Investment Policy on a yearly basis. At the present time, there are no changes to be made to the

Investment Policy. Mr. Partridge made a motion to make no changes to the Investment Policy, seconded by Mr. Gonzalez. The motion passed by unanimous vote of those present.

Discussion and Action on Contract with Orbit

Mr. Lindeman mentioned that the Orbit Contract has expired and needs to be updated. The only change is to remove the Fifty Dollar (\$50.00) credit given to Orbit for Pixel Place, LLC maintaining the District's website. Pixel Place is no longer hosting the website. The motion passed by unanimous vote of those present.

Discussion and Action on Las Haciendas Resaca Maintenance in regards to Aeration, weed control, and Raw water filling and Associated Water Right.

Mr. Stowell informed the Board that he sent a letter to Mr. Pedro Aldaco and a copy to Mr. De Ponce. He informed Mr. Aldaco that the District will maintain a proper water level in the man-made lake upon request from the Home Owners Association and payment of the District's current Raw Water rates for each acre-foot of water placed into the lake. Mr. DePonce stated he disagrees with this because the District made an agreement in the past with Las Haciendas to maintain the Resaca in return for the Water Rights. Mr. Lindeman stated that there is no record of a Resaca maintenance agreement for that Subdivision, and the 14 acre feet Water Rights deed for the subdivision has not been filed in Austin. Mr. Ferraro asked why after six years the District has not charged for the water and if there is any record in the minutes about the agreement with Las Haciendas Subdivision. Mr. Cunningham stated that the District does not give free water and needs to enforce the current raw water rate charges when furnishing raw water to Las Haciendas. In reviewing the records, the new General Manager found that Las Haciendas is not paying for raw water like all the rest of the customers in District. The General Manager is going to investigate the background on this matter to see what happened.

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

Mr. Lindeman explained that in last month's Board meeting, the Board recommended not purchasing any more aerators. If the installed aerators fail, the District will pull them out of service unless the property owner wants to maintain it themselves. The aerators are not reducing the algae problem in most areas where they are installed and it is costing \$85.00 a month per connection for electricity.

Discussion and Action on Employee Jesus Serna Regarding Work Status and Injury Progress

Mr. Stowell informed the Board that no action can be taken on the employment status for Jesus Serna until a final evaluation is made by the Doctor stating Mr. Serna has permanent restrictions. The TML attorneys recommended not using the District's policy on injury leave because it is discriminatory. A final decision can be made once the employee is given permanent restrictions and the District cannot reasonably accommodate him to perform his job duties.

Public Input

Mrs. Hager presented the Beautification Committee plan to tile the bridges in Rancho Viejo. The Board reviewed the plan but since it is not an agenda item, no action can be taken. A question was raised about the possible interference of the pipes crossing the inside of the bridge with the proposed lower tiles.

The Mayor commented that the "No fishing" posted signs on the bridges are deteriorating. He will be looking into ordinances addressing the issue and who is responsible for them. He also informed the District that the lights on the Water Tower are not working.

General Manager's Report

- **Production and Sales Report** The water loss for September 2011 shows an 18.6 % loss.
- **Customer Complaints.** Mr. Lindeman reviewed the customer complaints for the month of September 2011.
- **General Manager's Report** The General Manager briefly discussed the current District's monthly operations.

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 11:02 a.m.



RICHARD LINDEMAN, PRESIDENT

ATTEST:



CHRIS PARTRIDGE, SECRETARY