

**MINUTES OF THE BOARD OF DIRECTORS MEETING
VALLEY MUNICIPAL UTILITY DISTRICT NO.
September 20, 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, September 20, 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
Jean Hager	Alderman

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

Approval of Minutes of the Meeting held on August 16, 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 August 16, 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 August, 2011.

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

Discussion and Action on Authorization Policy

Mr. Craig Stowell stated that he would like for the District to implement an Authorization Purchase Policy. He presented a draft of the policy and discussed it with the Board. The Board will review the policies and take action in the next meeting.

Discussion and Action on Adding New General Manager to Bank Accounts with Ability to Sign Checks

Mr. Lindeman mentioned that the new General Manager has to be added to the signature cards on all of the District's Financial Institutions and authorize him to sign on the checks. Mr. Tipton made a motion to approve the resolution to add the General Manager, Mr. Craig Stowell, to the Bank Signatures. Mr. Nelson seconded the motion. 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 Mr. De Ponce's has requested water to fill his man made Resaca. He presented to the Board the Water Rights deed and correspondence from Mr. Burkhardt on Las Haciendas subdivision. Mr. Cunningham stated that the water rights transfer has not been filed in Austin. He suggested that Mr. Stowell utilize the July 23, 2001 letter to enforce the current raw water rate charges when furnishing raw water to Las Haciendas. Mr. Nelson made a motion to authorize Mr. Stowell and Mr. Cunningham to prepare a resolution that addresses this issue and present it in the next meeting for approval. The motion was seconded by Mr. Partridge. The motion passed by unanimous vote of those present.

Discussion and Action on TCDRS 2012 Plan

Mr. Lindeman presented the proposed 2012 plan for the Employee Retirement contributions. He stated that the new rate has already been approved in the budget but TCDRS requires Board approval of the plan in an open session. Mr. Gonzalez made a motion to approve the 2012 plan with an employee contribution rate of 7% and the employer contribution rate of 5.57%. Mr. Nelson seconded the motion. The motion passed by unanimous vote of those present.

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

After discussing and evaluating the electrical yearly costs for the lift stations and aerators, Mr. Lindeman 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. Mr. Stowell will create a policy for aerators in the District's Resacas. Mr. Gonzalez made a motion to authorize Mr. Stowell to create a uniform policy for the use of aerators, seconded by Mr. Nelson. The motion passed by unanimous vote of those present.

Discussion and Action of Proposal Made to New High school on Highway 77.

Mr. Lindeman gave an update on the New High School's request for water and sewer services from the District. A proposal has been prepared quoting a South Texas High School a cost estimate of \$625,000.00 plus \$50,000.00 for the District's expenses. There is a high possibility that the District will have to furnish water and sewer services. Mr. Tipton made a motion to approve of the making a proposal to them for water and sewer based on the actual estimated cost. Mr. Gonzalez seconded the motion. The motion passed by unanimous vote of those present.

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

Mr. Stowell informed the Board that Jesus Serna has been out from work since April 20, 2011 and the Doctor's latest status report does not allow him to return to work. According to the District's policy, if an employee is not back to work within 30 days or the prognosis is not for full recovery within 90 days from date of injury, the employee will be separated from work. Five months have gone by since the date of injury and Jesus Serna is still not back to work. Mr. Nelson made a motion to separate Jesus Serna as a result of his current medical condition and because no prognosis is not for a full recovery as of September 7, 2011 and he has exceeded the policy requirements. Mr. Gonzalez seconded the motion. The motion passed by unanimous vote of those present.

Public Input

Mrs. Hager informed the Board that she will ask Cheryl at the Town Office to provide the District with the Las Haciendas Subdivision plat. She also requested the District's permission to allow the Beautification Committee to tile the bridges. Mr. Lindeman suggested that she provide the District with a design or plan and a written formal request to present it at the next Board meeting.

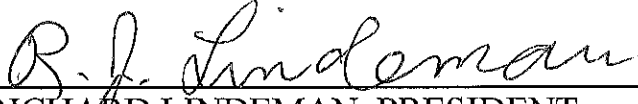
General Manager's Report

- **Production and Sales Report** The water loss for August 2011 shows a 20.7 % loss.
- **Customer Complaints.** Mr. Lindeman reviewed the customer complaints for the month of August 2011.
- **General Manager's Report** The General Manager presented a detailed report on the District's monthly operations for the Water

Plant, Wastewater Plant, Distribution System and Lift Stations. He also discussed in detail his plans for the projects and expenses.

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 12:20 p.m.



RICHARD LINDEMAN, PRESIDENT

ATTEST:



CHRIS PARTRIDGE, SECRETARY