

**MINUTES OF REGULAR MEETING**  
**BOARD OF DIRECTORS**  
**LAGUNA MADRE WATER DISTRICT**

The **REGULAR MEETING** of the **LAGUNA MADRE WATER DISTRICT** was held at the Administration Office of the District at 105 Port Road, Port Isabel, Texas on the **8<sup>th</sup> day of August 2007** at the hour of **6:00 p.m.**, pursuant to written notice as prescribed by law.

**ITEM #1** **QUORUM**

The **CHAIRMAN** called the meeting to order and he determined the Notice of the Meeting had been duly posted in accordance with the law and the following present constituted a quorum:

Jeff Keplinger - Chairman  
Scott D. Friedman - Vice-Chairman  
Rudy H. Garcia - Secretary  
R. Kevin Tenison - Director  
Clifford Rowell -Director

LMWD: Gavino D. Sotelo, General Manager; Arturo Martinez, Director of Operations; Carlos J. Galvan, Jr., Asst. Director of Operations; Bill Norris, NRS Engineers; Jake White, NRS Engineers; J.A. Magallanes, Attorney.

**ITEM #2** **PLEDGE OF ALLEGIANCE**

The **CHAIRMAN** asked everyone to recite the Pledge of Allegiance.

**ITEM#3** **INVITATION FOR AUDIENCE FOR DISCUSSION**

The **CHAIRMAN** asked if there was anyone in the audience, not already on the agenda, who would like to address the board.

**ITEM#4** **CONSIDER AND APPROVE MINUTES FOR WORKSHOP OF JULY 19, 2007 AND REGULAR MEETING OF JULY 25, 2007**

The **CHAIRMAN** stated to consider and approve minutes for Workshop of July 19, 2007 and Regular Meeting of July 25, 2007. A motion was made by **MR. FRIEDMAN** to approve minutes and the motion was seconded by **MR. GARCIA. MOTION CARRIED UNANIMOUSLY.**

**ITEM#5** **CONSIDER AND DISCUSS PRESENTATION BY SOUTH PADRE ISLAND GOLF COURSE ON THEIR PRESENT AND FUTURE DEVELOPMENT**

The **CHAIRMAN** stated to consider and discuss presentation by South Padre Island Golf Course on their present and future development. The **CHAIRMAN** indicated that they would go on to Item#6 then return to Item#5. **MR. MARK KERNEY** of the **SOUTH PADRE ISLAND GOLF COURSE** apologized for being late. He stated that the **SOUTH PADRE ISLAND GOLF COURSE** was very pleased in having a good relationship with the **DISTRICT**. **MR. KERNEY** asked if the board had any questions. **MR. TENISON** asked about the use of effluent at the golf course. **MR. KERNEY** responded that the original intent of that agreement many years ago working with the **BENTSEN'S** for donating part of the option land was to openly be able to use the effluent down the road. He said that over time they were not able to get much track as far as the exact plan at the end but the original agreement was that they would be able to use the water immediately. He mentioned that through the course of time none of the paperwork was ever signed for that original agreement. **MR. TENISON** asked what the **DISTRICT** had to do for the golf course to use the water more efficiently. **MR. KERNEY** responded that the understanding was that the water would be useful but after discussions and analysis of the salinity issues. He said that the water was just too salty for their planted materials. **MR. ROWELL** stated that if the **DISTRICT** was to step up on the filtration for the treatment of that effluency for the golf course to be able to use it then the **DISTRICT** needs assurance that the cost would be recovered. **MR. KERNEY** stated that the original deal was that they would have useable water at no cost but the land having the adherent value. He indicated that the question now was to determine how to distribute the costs. **MR. KERNEY** mentioned that they were currently using the raw water. He also mentioned that they had drilled some wells and were experimenting on using ground water in the lakes. He also said that their plan was to purchase the land all the way from **HIGHWAY 100** to **HOLLY BEACH** within the next month. He also said that they had just added another lift station for new sections on the golf course. **MR. FRIEDMAN** asked what the **DISTRICT** could do for the golf course.

**MR. KERNEY** stated that he would like the **DISTRICT** to keep doing exactly what they were doing in reference to responding quickly to any problems the golf course runs into. He also said that **MR. FRANK FERRIS, CIVIL ENGINEER** for the **SOUTH PADRE ISLAND GOLF COURSE** could answer all question on the specifics of the effluent needed. **MR. TENISON** commented that he might have to work with the **DISTRICT'S** engineers' to plan accordingly. **MR. SOTELO** indicated that the **DISTRICT** would benefit additionally with not having to put the water into the bay. He stated that he had discussed with the **MR. KERNEY** possible financing of the project and a way to recover the cost. He also indicated that it was certainly something that he would like to pursue. **MR. KERNEY** thanked the board for their time and the opportunity to discuss the matter.

**ITEM#6 CONSIDER PRESENTATION BY ALAN PLUMMER ASSOCIATES, INC. REGARDING PERFORMING A REVIEW OF THE DISTRICT'S OPERATIONS**

The **CHAIRMAN** stated to consider presentation by Alan Plummer Associates, Inc. regarding performing a review of the District's operations. **MR. STEVE COONAN** from **ALAN PLUMMER ASSOCIATES, INC.** indicated that he was accompanied by **MR. JOHN D'ANTONI** and that both would make presentations to the board. He mentioned that **ALAN PLUMMER ASSOCIATES** had been in business for almost 30 years and specialized in water and wastewater including, odor control and also water reuse. **MR. COONAN** began by stating that they would like a chance to help the District develop a strategic action plan to address some infrastructure challenges facing as utility managers. He also said that he recognized that utility managers had many different challenges such as aging infrastructure, scheduled maintenance and a lot of explosive growth. He mentioned that public education such as water conservation programs, grease control, and providing children with public education which they in turn would take home. He indicated that they would bring the changes of infrastructure through a phase approach. He also said that they would bring some vision workshops for the goals and come up with some system assessments followed by strategic action plan which target specific areas of high priority. He then introduced **MR. D'ANTONI** and said he would be presenting the strategic action plan. He said that the first thing was to gather a comprehensive overview of the District's infrastructure including all the assets in the ground and above ground. He mentioned that they would capitalize on the District's staff knowledge of the existing infrastructure. He also said that staff would fill out a form used for tapping into the conditions of the infrastructure and what needed the most attention and prioritize them. He then said that they would take the information and verify with existing maintenance records and operation data. **MR. D'ANTONI** said that they would conduct a risk based approach to determine which infrastructures would be addressed first. He said that they would recommend focusing on the ones that had the highest risk potential. He stated that the District's main goal should be to strive on improving customer service and improve economic value. **MR. D'ANTONI** said that they would start with a vision workshop to build consensus around strategic goals and objectives. He said that the District should develop some long-range targets were important but small steps should be taken to get there. He said that they would provide practical quick applications available for the District to understand the basic conditions. He indicated that Phase I included capturing the comprehensive assessment and the action plan would then be launched with a series of targeted areas to make improvements. **MR. GARCIA** asked if the river and reservoirs would be included. **MR. SOTELO** stated that all the system would be included from the river to the reservoirs to **SOUTH PADRE ISLAND**. **MR. D'ANTONI** said that it would take a couple to three months to get the initial action plan. He said that the data captured from staff would be used for a general assessment of the overall system. **MR. ROWELL** commented that their presentation was very compelling and hoped that with the help of staff they would be able to assess the system thoroughly. He asked if the assessment that they were prepared to perform would give the district a handle on the unknowns. **MR. D'ANTONI** responded that it would absolutely give the District as much information as possible. **MR. COONAN** stated that during the first three months they would be locating the critical targets and identifying the system. The **CHAIRMAN** thanked **ALAN PLUMMER ASSOCIATES** for their presentation and returned to Item #5.

**ITEM#7 CONSIDER AND DISCUSS THE COST OF EXTENDING UTILITIES TO NEWLY ANNEXED AREA ON SOUTH PADRE ISLAND AND HOW THESE COSTS ARE TO BE PAID**

The **CHAIRMAN** stated to consider and discuss the cost of extending utilities to newly annexed area on South Padre Island and how these costs are to be paid. **MR. SOTELO** stated that a group of developers had got together and wanted the property annexed. He said that the board needed to discuss on what the cost would be for the annexation requests. **MR. NORRIS** stated that **ISLENO** was already annexed. He also said that the **PAEZ** which was **THE CAROLINAS** had requested annexation. He mentioned that he handed the board a rough calculation of what it would take to follow the master plan. He said that it included the re-use line, force main, major liftstation but only down to the **FRANKE'S** with modification from there.

**MR. NORRIS** said it would take about \$1.5 million and included contingencies but felt that he could work with them to keep it in the million. He also said that he does not know exactly what the cost would be but to give the board a rough estimate he had to add contingencies until the bids were taken and the project moves forward. He stated that there were 11,000 on the force main and 9,000 on the water line. He recommended to the board to work with the developers to fine tune the minimum to move forward but stay within the master plan. The **CHAIRMAN** stated that there was still funds for water re-use from the Revenue Bond package. **MR. NORRIS** said that considering re-use would actually substitute purchasing water rights because of the different source of water. **MR. SOTELO** stated that he would like to come back to the board with the basic cost. He asked how far the **DISTRICT** would be willing to participate as far as funding the difference for the lines. **MR. FRIEDMAN** indicated that he agreed it was time for the issue to be resolved. **MR. RISPOLI** from **THE ISLENO DEVELOPERS** responded by saying that he had been working on the project for two years. He said that there were only three landowners that were within the 7,000 foot target area that were ready to develop. He stated that the one land owners that had not participated was in some kind of receivership and the property was for sale. He also said that **THE PAEZ FAMILY** had bought a tract and they were willing to put up their money now and he was willing to write a check now to get this to move forward. **MR. RISPOLI** said that some of the other developers were slower in coming up with the money but they had no financial problems. **MR. ROWELL** asked if the **DISTRICT** would have to pick up the slack. **MR. RISPOLI** responded that he did not think so. He stated that he had discussed the project with their contractors and was informed that of some rough quotes on how much it would cost them to extend the lines to 7,000 feet. He also said that it may not be at the size the **DISTRICT** would recommend for future growth but it still would not cost the **DISTRICT**. He stated that it would be up to the board to decide whether they wanted to participate in the extension to accommodate for extension of utilities in the future. **MR. ROWELL** stated that the ratepayers should not have to pay to upsize the lines for future development but there had to be a way for the **DISTRICT** to recover that cost. **MR. NORRIS** indicated that the \$5,000 per acre was developed for the master plans future ultimate development and it may be increased. **MR. GARCIA** commented that he did not want **DISTRICT** monies to subsidize the development. **MR. RISPOLI** said that if the utility extension was sized for their usage, it would be considerably less. **MR. ROWELL** commented that they may have to address the ratepayers for a bond to cover the cost for assessing the system. **MR. SOTELO** commented that policy allowed the **DISTRICT** to participate and recover the cost with interest. **MR. RISPOLI** said that he and **THE PAEZ FAMILY** were prepared to move forward. He also said that he would speak with **THE PAEZ FAMILY** to have them come in to meet with **MR. SOTELO**. The **CHAIRMAN** indicated that they would wait for **THE PAEZ FAMILY** to request annexation and until those monies were in escrow then they could move forward. **MR. RISPOLI** reminded that the board to consider their commitment to this. He said that they would be oversized by an enormous amount using the criteria presented now. He asked the board to decide whether they were willing to accept an amount that would satisfactorily cover the extension of utilities to meet the two developments or the commitment to willingly participate for more development. The **CHAIRMAN** stated that he wanted it to be clear that policy indicates that the **DISTRICT** was able to oversize and not get into trouble for spending public money for development. **MR. NORRIS** indicated that the **DISTRICT** had paid a certain amount to oversize for **THE FRANKE'S**. The **CHAIRMAN** stated that there would be no action taken on this item.

**ITEM#8 CONSIDER AND APPROVE AUTHORIZATION OF THE ATTACHED LIST OF PROPOSED TRAINING SOURCES TO PROVIDE REQUIRED INVESTMENT OFFICER TRAINING**

The **CHAIRMAN** stated to consider and approve authorization of the attached list of proposed training sources to provide required investment officer training. **MRS. GONZALES** stated that a list of training sources was listed in the packets for their information. She said that **MR. SOTELO** and she would be attending. **MR. ROWELL** made a motion to approve authorization for attendance on Investment Officer Training and the motion was seconded by **MR. FRIEDMAN**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#9 CONSIDER AND APPROVE CENTRIFUGAL PUMP BID**

The **CHAIRMAN** stated to consider and approve Centrifugal Pump Bid. **MR. MARTINEZ** stated that they had advertised and solicited bids for the purchase for 5 Centrifugal Pumps for lift stations. He said that he recommended the lowest bidder from **PUMP & POWER EQUIPMENT** in the amount of \$19,960.72. A motion was made by **MR. ROWELL** to approve Centrifugal Pump Bid and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#10                    CONSIDER AND APPROVE DISBURSEMENTS**

The **CHAIRMAN** stated to consider and approve disbursements and those copies of the disbursements had been circularized to all the Board Members prior to the meeting to be reviewed. A motion was made by **MR. ROWELL** to approve disbursements and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY**.

**ITEM#11                    ENGINEER'S REPORT**

**MR. JAKE WHITE** introduced **MR. MIKE ROBUCK** from **NRS ENGINEERS** in the **AUSTIN** office. **MR. WHITE** updated the board on the **12" WATER LINE LAGUNA VISTA** and said that they had finalized the alignment and met with the contractors that would begin construction next week. He also mentioned the **36' RAW WATER LINE** in **LOS FRESNOS** and said that they had a 6" Force Main that was located on the West side of FM 1847 where the **DISTRICT** would be relocating the line. He said that it was their responsibility to relocate their own line to facilitate the installation of the **DISTRICT** line. He said that they had not yet relocated their line and were in the process to determine the best most cost effective course of action to get that line out of the way to continue with the construction of the 36" water line. He said that one option was for the **CITY OF LOS FRESNOS** to proceed to finish their plans but the amount of time for that was not known. He said that they had only started on the design but still needed the entire procurement process. **MR. ROWELL** asked if they could proceed with them relocating their line. **MR. WHITE** said that their line was very, very close to the District's 36" line. **MR. SOTELO** indicated that he was surprised because his last conversation with the city manager and engineers was that they were almost finished. **MR. WHITE** also reminded the board that **TXDOT** would not begin construction until December or possible January. **MR. SOTELO** mentioned that another option that he had asked **MR. WHITE** to look into was for the **CITY OF LOS FRESNOS** to consider using the **DISTRICT'S** contractor to relocate the line then they would reimburse the **DISTRICT** for the cost. **MR. WHITE** said that could work but they could also temporarily re-route the line. He also mentioned that the **CITY OF LOS FRESNOS** had plans to abandon the line anyway. **MR. ROWELL** agreed that they should temporarily relocate the line and move forward with the project. **MR. WHITE** mentioned that there was about 200 feet of line that would need to be relocated.

**ITEM#12                    REPORT ON FINANCIAL STATEMENT FOR MONTH**  
**ENDING MAY 31, 2007**

**MRS. GONZALES** reported on the Financial Statement for month of ending May 31, 2007. She said that the report included the new fiscal year for May 31, 2007 with two additional departments. She said that Revenue was at \$588,206.00 and total Expenditures of \$493,682.00. She also said that they had Revenue over Expenditures of \$94,604.00 for the month. She said that they were okay as far as May 31, 2007. She said that she had also handed them a statement for June 30, 2007 and said that Revenue was at \$779,565.00 and current period total expenditures was \$470,932.00 which bring Revenue over Expenditures to \$309,433.00. She also mentioned the year to date which was \$1,367,866.00 for Revenue and year to date Expenditures was \$959,998.00 and Revenue over Expenditures was \$407,868.00. She said that compared to last year they were down but some of that might be because of rain. **MR. SOTELO** also mentioned that they had also reduced in expenditures and would be ahead in revenue.

**ITEM#13                    GENERAL MANAGER'S REPORT**

**MR. SOTELO** update the board on the sewer line at **LONG ISLAND** and said that the **CORPSE OF ENGINEERS** permit would take some time to obtain. He also said that the **CORPSE OF ENGINEERS** was requiring them to remove the old sewer pipe before installing a new one and that was a shock to **LONG ISLAND** as they did not expect the cost to be so high. He also mentioned that he had asked the contractors to submit an estimate to the **DISTRICT** on extending a line across from our facility to **LONG ISLAND** for re-use of water to be able to use effluent for their golf course. He mentioned that they had received two quotes on the fence that the bull kept knocking down at **WATER PLANT NO. 1**. He said that the owner had said that he would be moving the animal to another pasture but a claim would be submitted to the owner. He also mentioned that the vent pipe at the lift station on **MESQUITE ST.** had been extended which would eliminate some of the odor problems. **MR. SOTELO** said that they had centralized purchasing and supplies. He also that that a facility was being built at the Warehouse to be able to lock supplies in a fenced area. He said that they were also looking into upgrading the security system and installing cameras and alarms. He mentioned that the new website was almost complete and would include the minutes and agendas. He also said that a new sign for **WATER PLANT NO. 2** and the **MAIN OFFICE** would be installed.

