

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 **9th day of July 2008** 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:

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

LMWD: Gavino D. Sotelo, General Manager; Pete Capistran, Director of Finance; Arturo Martinez, Director of Operations; Carlos Galvan, Jr.; Asst. Director of Operations; Bill Norris, NRS Engineers; Jake White, Mr. Mike Meyers, NRS Engineers; NRS Engineers; Carlos Escobar, 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. No one responded.

ITEM#4 **CONSIDER AND APPROVE MINUTES FOR**
REGULAR MEETING OF JUNE 25, 2008 AND WORKSHOP OF JUNE 28, 2008

The **CHAIRMAN** stated to consider and approve minutes for Regular Meeting of June 25, 2008 and Workshop of June 28, 2008. A motion was made by **MR. TENISON** to approve minutes and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE RESOLUTION NO. 17-07-08 AUTHORIZING THE**
ISSUANCE OF UNLIMITED TAX REFUNDING BONDS, SERIES 2008, ESTABLISHING SALE
PARAMETERS, AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT,
APPROVAL OF INVESTMENT LETTER, AND ENACTING OTHER PROVISIONS
RELATING TO THE SUBJECT

The **CHAIRMAN** stated to consider and approve Resolution No. 17-07-08 authorizing the issuance of Unlimited Tax Refunding Bonds, Series 2008, establishing sale of parameters, authorizing the executive of an escrow agreement, approve of investment letter, and enacting other provisions relating to the subject. **MR. ADRIAN GALVAN** of **ESTRADA HINOJOSA & COMPANY** approached the board and said that **MR. PETE TART** who served as bond counsel on this particular transaction was also present to answer any questions. He said that he would be providing a pricing summary of the transaction that **MR. NOE HINOJOSA** presented to the board about a month ago. He said that the **DISTRICT** had three bond issues that could be re-financed for savings. He indicated that they were Unlimited Tax Series 1999, 2000, and 2001 and the purpose was to take those maturities at a higher coupon and replace them with lower interest rates for savings to the **DISTRICT**. He also said interests rates ranged from 4.8% to 6% and directed them to a summary on Page 3 of the presentation. He mentioned that **ESTRADA HINOJOSA & COMPANY** had solicited bids from commercial banks that buy these types of instruments and they had notice that the last year their rates had been very aggressive. He also said that they had received five bids and the lowest and best was received from **THE INDEPENDENT BANKER'S BANK** from **DALLAS** with a rate of 3% and the savings would be \$191,252.00 which was a savings of 6.69%. **MR. GALVAN** stated that their recommendation was to take the bid from **THE INDEPENDENT BANKER'S BANK** and said it was a very aggressive bid. He said that if the board approved the bid **MR. PETE TART** would be working on closing the transaction by July 30, 2008 at the rate of 3%. A motion was made by **MR. TENISON** to approve Resolution No. 17-07-08 and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#6 CONSIDER AND APPROVE SECURING THE SERVICES OF AN AGENT OF RECORDS TO ASSIST THE DISTRICT ON ALL ITS INSURANCE MATTERS

The **CHAIRMAN** stated to consider and approve securing the services of an Agent of Records to assist the District on all its insurance matters. **MR. PETE CAPISTRAN, DIRECTOR OF FINANCE** stated that this Agent of Records would be assisting the DISTRICT on all its insurance matters. He said that they would be advertising for this position which would include for them to analyze and review proposals for all insurance matters. He also said that this agent would not be compensated by the **DISTRICT** but directly from the insurance carrier. A motion was made by **MR. GARCIA** and seconded by **MR. TENISON. MOTION CARRIED UNANIMOUSLY.**

ITEM#7 CONSIDER AND APPROVE SURPLUS ITEM BIDS

The **CHAIRMAN** stated to consider and approve Surplus Item Bids. **MR. MARTINEZ** stated that they had solicited and advertised for the sale of surplus items to the highest bidder with only one bidder responding. He stated that staff recommended approval to award bid of the Backhoe to **MR. GUADALUPE VILLAFRANCA** in the amount of \$5,102.00. He also asked the board to allow them to re-advertise for items not sold. A motion was made by **MR. TENISON** to approve Surplus Items Bids and the motion was seconded by **MR. GARCIA. MOTION CARRIED UNANIMOUSLY.**

ITEM#8 CONSIDER AND APPROVE PROTECH MECHANICAL INC. TO REPAIR AIR CONDITION CHILLER AT LABORATORY FOR THE COST OF \$5,900.00

The **CHAIRMAN** stated to consider and approve Protech Mechanical Inc. to repair air-condition chiller at Laboratory for the cost of \$5,900.00. **MR. CARLOS GALVAN** stated that they had solicited and advertised bids with only one bidder responding. He said that staff recommended approval of bid to repair air-condition chiller to **PROTECH MECHANICAL INC.** in the amount of \$5,900.00. **MR. MARTINEZ** commented that they would also be soliciting bids for maintenance on the chiller system and making sure it is operates properly. A motion was made by **MR. GARCIA** to approve bid and the motion was seconded by **MR. TENISON. MOTION CARRIED UNANIMOUSLY.**

ITEM#9 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. **MR. SOTELO** asked the board to include a check made to the **ATTORNEY GENERAL'S OFFICE** for bond fees in the amount of \$2,860.00. A motion was made by **MR. TENISON** to approve disbursements including the check to the **ATTORNEY GENERAL'S OFFICE** and the motion was seconded by **MR. GARCIA. MOTION CARRIED UNANIMOUSLY.**

ITEM#10 CONSIDER AND APPROVE CHANGE ORDER NO. 1 OF WASTEWATER IMPROVEMENTS BID

The **CHAIRMAN** stated to consider and approve Change Order No. 1 of Wastewater Improvement Bid. **MR. MIKE MEYERS** stated the proposed Change Order No. 1 included potential deducts for this project. He also said that **MR. SOTELO** had supplied them with a memo of where the additional funding could be secured from. He also said that they were recommended keeping the stainless steel mechanisms but change to fiberglass for the baffles and weirs. He indicated that the deduction would be \$55,000.00. **MR. TENISON** made a motion to approve Change Order No. 1 as presented and the motion was seconded by **MR. GARCIA. MOTION CARRIED UNANIMOUSLY.**

ITEM#11 ENGINEER'S REPORT

MR. NORRIS reported on extension of line in the **NORTH ISLAND** and said that they had completed all surveys and had preliminary set of drawings up to Tract 14. He said that they utilized a platted right-of-way to get away from some of the dunes. He also said that dunes mitigation was not included in the total estimate but were still confirming. He also said that costs have increased and the most expensive would be the sewer system. He said that another option would be placing in pressure sewers within which would belong to the homeowners association either permanent or temporary. **MR. WHITE** reported that the contractor for the **DESALINATION PILOT PROJECT** had finally loaded his trucks in **LOUSIANA** with a 10-12 hour drive and scheduled to begin mobilizing tomorrow . He is unloading at **SEA RANCH MARINA** and would be using their forklift to unload the equipment. He also said that it would take about 4 days to mobilize and were scheduled to begin installing the intake next Tuesday and two weeks to complete it all the way up to the site. He indicated that once the intake was installed and complete and electrical service onsite then they plan to run the raw water well for a week to obtain water quality sampling. He mentioned that all the equipment with the exception of the conventional unit was trailer mounted and in case of any emergency they would quickly de-mobilize to a safe place.

ITEM#12

GENERAL MANAGER'S REPORT

MR. SOTELO reported on the treatment capacity for the past week which was peak time and had over a million gallons over last year despite amount of rain that fell. He said that revenues were looking good and were way ahead of projections. He said that they were also concerned about the reservoirs but the rain that fell helped a lot.

ITEM#13

DIRECTORS' REPORT

MR. TENISON mentioned the *DISTRICT* should participate in a program that the *SOUTH PADREISLAND CHAMBER OF COMMERCE* has started for water conservation.

ITEM#14

ADJOURNMENT

The *CHAIRMAN* adjourned the meeting at *6:37 p.m.*

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2008.