

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 **8th day of October 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
Clifford Rowell-Vice Chairman
R. Kevin Tenison-Director
Absent: Rudy H. Garcia-Secretary
Jeff Keplinger-Director

LMWD: Gavino Sotelo, General Manager; Arturo Martinez, Director of Operations; Pete Capistran, Finance Director; Carlos J. Galvan, Jr., Asst. Director of Operations; 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. No one responded.

ITEM#4 **CONSIDER AND APPROVE MINUTES FOR REGULAR MEETING OF AUGUST 27, 2008, SPECIAL MEETING OF SEPTEMBER 10, 2008, REGULAR MEETING OF SEPTEMBER 10, 2008, AND REGULAR MEETING OF SEPTEMBER 24, 2008**

The **CHAIRMAN** stated to consider and approve minutes for Regular Meeting of August 27, 2008, Special Meeting of September 10, 2008, Regular Meeting of September 10, 2008, and Regular Meeting of September 24, 2008. A motion was made by **MR. TENISON** to approve minutes and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**. The **CHAIRMAN** said to return to Item #5 later and continued with Item#6.

ITEM#5 **CONSIDER AND APPROVE REPORT TO BE SUBMITTED TO FEMA ON DAMAGES CAUSED TO THE DISTRICT'S PROPERTY BY HURRICANE DOLLY**

The **CHAIRMAN** stated to consider and approve report to be submitted to **FEMA** on damages caused to the District's property by Hurricane Dolly. **MR. WAYNE HUNTER** of **ESPEY CONSULTANTS, INC.** presented a report to the board to be submitted to **FEMA**. **MR. HUNTER** said that he would present a brief overview of the damages assessment for Hurricane Dolly. He handed the board a report and that it was marked draft for their review. He said that the dynamics were under way as they approach a deadline that the **DISTRICT** must submit a package of information to **FEMA**. He reviewed the information and the status of what was assessed and very close to what would be the final report. He said that this damage assessment was intended to maximize the reimbursement to the **DISTRICT** towards achieving pre-disaster conditions for all of the **DISTRICT'S** assets. He indicated that the process for initial emergency response by **DISTRICT** operations including debris removal, emergency power, and water damage clean up. He said that **ESPEY CONSULTANTS** joined the **DISTRICT** operations in documenting each location to meet **FEMA** requirements followed by the **DISTRICT** filing insurance claims. He also reviewed the emergency expenditures for construction, insured, and uninsured deductions. He said that he also included debris removal and items used along with the costs. He mentioned that the process for that assessment was to assess the magnitude of damage and quantify. He said that he then identified probable cost to repair or value. He also combined repair costs to engineering, architectural, inspection cost to establish project cost. He then reduced the project cost by insured value and added in paid insurance deductible to determine net cost required. He stated that the total preliminary damages were about \$1,340,968.00 and total estimated insurance was \$315,947.00. He also said that uninsured damages were up to \$938,764.00. He mentioned that **FEMA** would fund 75% of uninsured damages only after these damages have been repaired.

MR. HUNTER also said that his preliminary findings were of uncertainties included: insurance adjustments underway, depreciation of insurance coverage, **FEMA** consideration for eligibility, treatment of emergency or debris above 75%, and extent of relocated facilities to reduced future losses. He also said that the expected outcome would be that insurance reimbursement would be in cash for \$250-\$300 now and **FEMA** settlement agreeing to \$650-\$750 in reimbursement expenses. He indicated that **FEMA** payment for the **DISTRICT** expenses would be about eight months after incurred costs. A motion was made by **MR. TENISON** to approve report to be submitted to **FEMA** for damages caused by Hurricane Dolly and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**. The **CHAIRMAN** thanked **MR. HUNTER** for his services.

ITEM#6 CONSIDER AND APPROVE RESOLUTION 21-10-08 AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND NOTES

The **CHAIRMAN** stated to consider and approve Resolution No. 21-10-08 authorizing application to the Texas Commission On Environmental Quality for approval of project and notes. **MR. SOTELO** indicated that this was the first step in looking into bond issues. He said the financial advisor and **TCEQ** thought it would be about six-months before they sell the bonds. He also said that they had not finalized all the numbers yet so the resolution contained a blank space for the amount of money. A motion was made by **MR. TENISON** to approve Resolution No. 21-10-08 authorizing application to **TCEQ** for approval of project and notes and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#7 CONSIDER AND APPROVE AWARDED CONTRACT FOR ENGINEERING SERVICES TO DUNHAM ENGINEERS ON WATER STORAGE TANK MAINTENANCE AND REPAIRS

The **CHAIRMAN** stated to consider and approve awarding contract for Engineering Services to Dunham Engineers on Water Storage Tank Maintenance and Repairs. **MR. SOTELO** stated that the first phase would be the initial inspection and evaluation service of all water tanks for a fee of \$22,500.00. He also said that they would estimate inspection of all tanks in about five days then return with bid document and prepare for maintaining the water tanks. He also mentioned that the attorney had reviewed the contract and agreed with the conditions. A motion was made by **MR. ROWELL** to approve awarding contract for engineering services to **DUNHAM ENGINEERS** and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#8 CONSIDER AND APPROVE PROPOSAL FROM ORBIT BROADBAND FOR A WIRELESS NETWORK CONNECTION AT ANDY BOWIE WATER TOWER

The **CHAIRMAN** stated to consider and approve proposal from Orbit Broadband for a wireless network connection at Andy Bowie Water Tower. **MR. MARTINEZ** stated that this proposal for for a wireless network connect to **ANDY BOWIE WATER TOWER** and therefore also connect **MR. GALVAN** at the **DESALINATION PILOT PLANT**. He indicated that the total cost for the connection would be \$2,849.990. A motion was made by **MR. TENISON** to approve proposal and the motion was seconded by **MR. ROWELL**. **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. A motion was made by **MR. ROWELL** to approve Disbursements and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**. The **CHAIRMAN** returned to Item#5.

ITEM#10 ENGINEER'S REPORT

MR. JAKE WHITE of **NRS ENGINEERS** updated the board of the **DESALINATION PILOT PLANT** and said that they were working with the **DISTRICT** on water quality testing or raw water coming in. He said that the accuracy of the water quality data coming in was the most critical component of the project. He also said that the media had been loaded on the conventional pre-treatment unit and ready to start as soon as chemicals were delivered to the site. He mentioned that they had scheduled the micro-filtration pre-treatment unit for next week to commission their unit. He said that they hoped to have both pre-treatment units operating by the end of next week. **MR. WHITE** said that they should have reverse osmosis water by the end of this month. He also reported on the **NORTH ISLAND DEVELOPMENT** and said that it would be advertised this week for the bid with bid opening on November 5, 2008. He also mentioned the **WASTEWATER TREATMENT PLANT IMPROVEMENTS** and said that they were still reviewing submittals and moving forward with a 12-month completion date. He said that the contractor was on schedule.

ITEM#11

GENERAL MANAGER'S REPORT

MR. SOTELO reported that on the He also said that most of the winter Texans were headed back to the valley after the recent hurricane so revenues should be increasing. He indicated that *ESPEY CONSULTANTS* were working on assessing damages from the recent hurricane and should have a report soon.

ITEM#12

DIRECTORS' REPORT

There was no Directors' Report.

ITEM#13 Executive Session as permitted by the Open Meeting Act, V.T.C.A., Government Code Section 551.001 Et Seq., under Section 551.072 which authorizes the holding of such closed or executive session (s):

To deliberate the purchase, exchange, lease or value of real property, and/or on a matter in which the duty of the attorney to the District under the Texas Disciplinary rules of Professional Conduct requires such, to wit:

- a.) Exchange of property of like value with Port Isabel Industrial, Ltd.

The meeting went into Executive Session at 6:47 pm.

The meeting came out of Executive Session at 6:50 pm.

ITEM#14 CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEMS, IF NECESSARY

The *CHAIRMAN* called for a motion to a.) Exchange of property of like value with Port Isabel Industrial Ltd. A motion was made by *MR. TENISON* and the motion was seconded by *MR. ROWELL. MOTION CARRIED UNANIMOUSLY.*

ITEM#15

ADJOURNMENT

The *CHAIRMAN* adjourned the meeting at 6:50 p.m.

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2008.