

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 **11th day of February 2009** at the hour of **6:00 p.m.**, pursuant to written notice as prescribed by law.

ITEM #1 **QUORUM**

The **VICE-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:

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

LMWD: Gavino Sotelo, General Manager; Arturo Martinez, Director of Operations; Pete Capistran, Finance Director; Carlos J. Galvan, Jr., Asst. Director of Operations; J.A. Magallanes, Attorney.

ITEM #2 **PLEDGE OF ALLEGIANCE**

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

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

The **VICE-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 AN AGREEMENT WITH DUNHAM
ENGINEERING TO DEVELOP SPECIFICATIONS AND BID DOCUMENTS FOR THE
REPAIRS TO WATER TANK#3 LOCATED AT HUISACHE ON
SOUTH PADRE ISLAND**

The **VICE-CHAIRMAN** stated to consider and approve an agreement with Dunham Engineering to develop specifications and bid documents for the repairs to Water Tank #3 located at Huisache on South Padre Island. **MR. SOTELO** stated that the Tank #3 at **HUISACHE ST.** had suffered a lot of damage since the hurricane. He said that the cost for repairs on this tank was estimated at \$375,000.00. He also said that monies from the insurance company would be used and then reimbursed by **FEMA**. He also mentioned that the total have to have all the tanks repaired would be estimated at about \$1.5 million. He said that they would repair one tank at a time since the cost was so high. A motion was made by **MR. GARCIA** to approve agreement and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE THE QUARTERLY INVESTMENT REPORT
FOR THE QUARTER ENDED JANUARY 31, 2009**

The **VICE-CHAIRMAN** stated to consider and approve the Quarterly Investment Report for the Quarter Ended January 31, 2009. **MRS. SUSAN ANDERSON** with **ESTRADA & HINOJOSA** said she had provided the board with the Quarterly Investment Report plus an economic update. She said that she was pleased to report that they had since worked with staff on cash flows and with the construction manager on how expenditures were likely to go. She indicated that they had taken some of the money and ladder it and get a little bit higher interest for October, November, and December. She said that there was an inflow of cash in the current quarter and the pool accounts were yielding less than 1% and to date those pools were down to .06% and were falling fast. She also mentioned that certificate of deposits were yielding on average of 3.42%. She also said that they do not believe that interest rates would be turning around any for at least a year. The board thanked MS. ANDERSON. **MR. KEPLINGER** made a motion to approve Quarterly Investment Report for January 31, 2009 and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**

ITEM#6**CONSIDER AND APPROVE BIDS:****A.) 09-01-03 BEDDING MATERIAL BID****B.) ML-09-02-04 MANHOLE LINING REPAIR & REHAB BID**

The *VICE-CHAIRMAN* stated to consider and approve bids: A.)09-01-03 Bedding Material Bid; B.) ML-09-02-04 Manhole Lining Repair & Rehab Bid. *MR. MARTINEZ* stated that they had solicited bids and only 1 responded. He stated that *LOS FRESNOS CONSTRUCTION INC.*, was the sole bidder at \$5,589.00. He indicated that the *DISTRICT* was addressing problematic areas in the water distribution system which was identified in the Asset Management and Comprehensive Plan and Phase I Project II was in *LAGUNA VISTA* on *PALM ST.* He said staff recommended board approve to award the purchase of 365.75 tons of river sand from *LOS FRESNOS CONSTRUCTION INC.*, for \$5,589.00. A motion was made by *MR. TENISON* to approve Bid 09-01-03 and the motion was seconded by *MR. KEPLINGER*. *MR. MARTINEZ* then stated that they had solicited bid to 10 bidders and 5 responded. He said that *CONCRETE CONSERVATION INC.* was the lowest bidder at \$21,781.50; *F & L CONCRETE* was the second lowest bid at \$29,195.00; *STANDARD CEMENT* was the third lowest at \$38,888.66; *MECHANICAL JOBBERS* was the fourth lowest bid at \$44,350.00; and *H2O CONSTRUCTION* was the highest bidder at \$112,000.00. He said that staff recommended the board approve to award contract to *CONCRETE CONSERVATION INC.* for \$21,781.50. A motion was made by *MR. GARICA* to approve bid and the motion was seconded by *MR. TENISON*. ***MOTION CARRIED UNANIMOUSLY.***

ITEM#7**CONSIDER AND APPROVE DISBURSEMENTS**

The *VICE-CHAIRMAN* stated to consider and approve Disbursements. A motion was made by *MR. TENISON* to approve Disbursements and the motion seconded by *MR. GARCIA*. ***MOTION CARRIED UNANIMOUSLY.***

ITEM#8**CONSIDER AND APPROVE WORK ORDER FOR PROFESSIONAL SERVICES WITH NRS W.O. NO. CF0802**

The *VICE-CHAIRMAN* stated to consider and approve Work Order for Professional Services with NRS W.O. No. CF0802. *MR. MEYERS* of *NRS ENGINEERS* stated that this work order was negotiated with the developers on the north end of the island improvements but had not been brought to the board for approval. He said that the work order was within budget of the project and recommended approval. He indicated that it was additional to the construction and engineering cost but not to exceed \$460,920.00. A motion was made by *MR. TENISON* to approve Work Order No. CF0802 and the motion seconded by *MR. KEPLINGER*. ***MOTION CARRIED UNANIMOUSLY.***

ITEM#9 CONSIDER AND APPROVE CHANGE ORDER NO. 1 TO THE NORTH SPI UTILITIES EXTENSION PROJECT

The *VICE-CHAIRMAN* stated to consider and approve Change Order No. 1 to the North SPI Utilities Extension Project. The *VICE-CHAIRMAN* asked to table this item until further notice. A motion was made by *MR. TENISON* to table Item#9 and the motion was seconded by *MR. GARICA*. ***MOTION CARRIED UNANIMOUSLY.***

ITEM#10**ENGINEER'S REPORT**

- A.) UPDATE ON SWRO PILOT AND RELATED ACTIVITIES**
- B.) LEGISLATIVE UPDATE**
- C.) UPDATE ON NORTH ISLAND UTILITIES**
- D.) UPDATE ON WASTEWATER TREATMENT PLANT EXPANSION/UPGRADES**

MR. JAKE WHITE of *NRS ENGINEERS* updated the board on the *SWRO PILOT* and mentioned they had discussed at the last meeting on the discharge of the blended permeate in concentrate back together. He indicated that the original location for discharge was at a deep well bud did not work out. He said they received approval and permission from *TCEQ* to discharge that combined water into the bay and the location was approved by the County and located next to the *BIRDING CENTER*. He said that it was brought to their attention that there could be a potential conflict in the location and the progress at the *BIRDING CENTER*.

He said they had met with the **TOWN OF SPI** to discuss exactly what was to happen. He said that they thought we were discharging concentrate but set the record straight and informed them that it was pretty much seawater that was being discharged. He said they had discussed a discharge location slightly to the north of the **CONVENTION CENTER** would be the best location. He also mentioned the **LEGISLATIVE UPDATE** and said they had met a number of legislators last week to talk about Texas water issue and other programs. He said it was a very beneficial trip to **WASHINGTON, DC**. He also updated the board on the **NORTH ISLAND UTILITIES** and said that **MR. MEYERS** had already discussed this item. He then updated the board on the **WASTEWATER TREATMENT PLANT EXPANSION/UPGRADES** and said that the clarifiers mechanisms at **ISLA BLANCA PLANT** had been delivered and contractors were installing them.

ITEM#11

GENERAL MANAGER'S REPORT

A.) REPAIRS TO WATER TANKS

B.) WASHINGTON TRIP

MR. SOTELO reported that he had mentioned earlier on the **REPAIRS TO WATER TANKS** and said that the cost would be \$1.5 million for all tanks to be repairs. He said that since all that money was not available they would be repairing one tank at a time. He said revenues were down and wanted to wait until next month to review all the projects under the bond issue. He also said that the Rate Study should be complete by then. He also mentioned the **WASHINGTON TRIP** and said that he and the **CHAIRMAN** had gone as part of a delegation and met with representatives for **TEXAS WATER DAY**. He said they were able to meet with 3 congress people and discussed several water issues particularly desalination. He indicated that they had not met with **CONGRESSMAN ORTIZ** but scheduled a meeting with his staff next week to bring them up to date **MR. ROWELL** asked about being able to drink the reverse osmosis water and **MR. JAKE WHITE** responded that **TCEQ** had given approve for sampling of the water produced at the plant. He said they were requiring an additional step for cyst removal but said they did have an approved schematic diagram that was available for display as well as a disclaimer.

ITEM#12

ADJOURNMENT

The **VICE-CHAIRMAN** adjourned the meeting at **6:55 p.m.**

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.

