

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 **14th day of January 2009** 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
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 **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 A PETITION FOR ADDITION OF CERTAIN LAND TO THE DISTRICT BEING 50 ACRES IN TRACTS 12, 13, AND 14 OF SOUTH PADRE ISLAND INVESTMENT COMPANY SUBDIVISION (QUIXOTE DUNES)**

The **CHAIRMAN** stated to consider a Petition for Addition of Certain Land to the District being 50 acres in Tracts 12, 13, and 14 of South Padre Island Investment Company Subdivision (Quixote Dunes). **MR. SOTELO** stated that this item was the next to the last step before we accept their property into the **DISTRICT**. He said that there were 50 acres in Tracts 12, 13, and 14 and part of that was the **EDWARDS PROPERTY**. He mentioned once the petition was approved then the next step was to Order to Annex of property. A motion was made by **MR. TENISON** to approve Petition for Addition of Certain Land to above mentioned property and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#5 **CONSIDER A PETITION FOR CONSENT TO ANNEXATION OF LAND INTO DISTRICT BEING 50 ACRES IN TRACTS 12, 13, AND 14 OF SOUTH PADRE ISLAND INVESTMENT COMPANY SUBDIVISION (QUIXOTE DUNES)**

The **CHAIRMAN** state to consider Petition for Consent to the Annexation of Land into District being 50 acres in Tracts 12, 13, and 14 of South Padre Island Investment Company Subdivision (Quixote Dunes).A motion was made by **MR. ROWELL** to approve Petition for Consent to above mentioned land and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#6 **CONSIDER A PETITION FOR ADDITION OF CERTAIN LAND TO THE DISTRICT (LAS CAROLINAS) BEING 42.137 ACRES OUT A 51.77 ACRE TRACT DESCRIBED AS SILVER DUNES**

The **CHAIRMAN** stated to consider a Petition for Addition of Certain Land to the District (**LAS CAROLINAS**) being 42.137 acres out a 51.77 acre tract described as **SILVER DUNES**. A motion was made by **MR. TENISON** to approve Petition for Addition of Certain land to the District to above mentioned land and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#7 CONSIDER A PETITION FOR CONSENT TO ANNEXATION OF LAND TO THE DISTRICT (LAS CAROLINAS) BEING 42.137 ACRES OUT A 51.77 ACRE TRACT PREVIOUSLY DESCRIBED AS SILVER DUNES

The *CHAIRMAN* stated to consider a Petition for Consent to Annexation of Land to the District (*LAS CAROLINAS*) being 42.137 acres out a 51.77 acre tract previously described as *SILVER DUNES*. A motion was made by *MR. GARCIA* to approve Petition for Consent to Annexation of Land to the District to above mentioned land and the motion was seconded by *MR. KEPLINGER*. *MOTION CARRIED UNANIMOUSLY*.

ITEM#8 CONSIDER AND APPROVE AN ORDER ADDING LAND TO THE LAGUNA MADRE WATER DISTRICT BEING ALL OF LOTS 7 AND 8 AND THE SOUTH ONE-HALF OF WAUGH DRIVE (TEPPER); 32.911 ACRES IN TRACT 10 OF SPI INVESTMENT CO. SUBDIVISION (WILD SANDS); BLOCKS 4 & 5 AND PORTIONS OF BLOCKS 2 & 3 OF THE JOHNSON SUBDIVISION (BOWSER); 17.03 ACRES OF TRACT 8 OF SPI INVESTMENT CO. SUBDIVISION AND 5.989 ACRES OF THE SOUTH 2000 ACRES OF THE KING 6,000 ACRES (ISLENO)

The *CHAIRMAN* stated to consider and approve an Order Adding Land to the Laguna Madre Water District being all of Lots 7 and 8 and the South one-half of Waugh Drive (Tepper); 32.911 acres in Tract 10 of SPI Investment Co. Subdivision (Wild Sand); Blocks 4 & 5 and portions of Blocks 2 & 3 of the Johnson Subdivision (Bowser); 17.03 acres of Tract 8 of the SPI Investment Co. Subdivision and 5.989 acres of the South 2000 acres of the King 6,000 acres (Isleno). *MR. SOTELO* mentioned that this item was the final step to bringing all the above mentioned property into the *DISTRICT*. A motion was made by *MR. ROWELL* to approve Order Adding Land to above mentioned land and the motion was seconded by *MR. GARCIA*. *MOTION CARRIED UNANIMOUSLY*.

ITEM#9 CONSIDER AND APPROVE AN ORDER ADDING LAND TO THE LAGUNA MADRE WATER DISTRICT BEING 16.768 ACRES OUT OF TRACT 2 SOUTH PADRE ISLAND INVESTMENT COMPANY SUBDIVISION AND ALL OF LOT 4, BLOCK 2 OF OCEAN SIDE SUBDIVISION (LAS OLAS SUBDIVISION)

The *CHAIRMAN* stated to consider and approve an Order Adding Land to the Laguna Madre Water District being 16.768 acres out of Tract 2 South Padre Island Investment Company Subdivision and all of Lot 4, Block 2 of Ocean Side Subdivision (Las Olas Subdivision). A motion was made by *MR. KEPLINGER* to approve Order Adding land to the *DISTRICT* for above mentioned land and the motion was seconded by *MR. TENISON*. *MOTION CARRIED UNANIMOUSLY*.

ITEM#10 CONSIDER AND RATIFY A \$7,000 PAYMENT TO WATERBUILD CONSTRUCT FOR EMERGENCY REPAIRS OF A WATER LEAK ON THE 36 INCH WATER LINE AT HUISACHE AND FM 2480 IN LOS FRESNOS

The *CHAIRMAN* stated to consider and ratify a \$7,000 payment to Waterbuild Construction for emergency repairs of a water leak on the 36 inch water line at Huisache and FM 2480 in Los Fresnos. *MR. MARTINEZ* stated that staff recommended the board ratify payment for repairs to be made as an emergency. A motion was made by *MR. GARCIA* to ratify a \$7,000 payment and the motion was seconded by *MR. TENISON*. *MOTION CARRIED UNANIMOUSLY*.

ITEM#11 CONSIDER AND APPROVE AN AMENDMENT TO THE PCS SITE AGREEMENT WITH SKYWARD LAND SERVICES, INC.

The *CHAIRMAN* stated to consider and approve an amendment to the PCS Site Agreement with Skyward Land Services, Inc. *MR. MARTINEZ* stated that this was an amendment to the agreement that exists already with *SPRINT PCS* for the water tower in *LAGUNA VISTA*. He said that the only change to the agreement was to allow them to re-do their structure to add permanent generators. He mentioned that their monthly payment would remain the same.

A motion was made by **MR. GARCIA** to approve amendment to **PCS SITE AGREEMENT** and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

**ITEM#12 CONSIDER AND APPROVE SCHINNERER WINDSTORM
INSURANCE POLICY RENEWAL**

The **CHAIRMAN** stated to consider and approve Schinnerer Windstorm Insurance Policy Renewal. **MR. SOTELO** stated that the renewal for one more year remained the same except the rates increased by 5%. A motion was made by **MR. ROWELL** to approve Insurance Policy Renewal with **SCHINNERER WINDSTORM** and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**.

**ITEM#13 CONSIDER AND APPROVE THE FINANCIAL REPORT AS OF
DECEMBER 31, 2008**

The **CHAIRMAN** stated to consider and approve the Financial Report as of December 31, 2008. **MR. SOTELO** indicated that compared to last year Revenues declined and also were about 7%. He also said that expenditures had decreased and hoped the next four months would make up the difference of about \$166,000.00. A motion was made by **MR. GARCIA** to approve Financial Report and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#14 CONSIDER AND APPROVE DISBURSEMENTS

The **CHAIRMAN** stated to consider and approve Disbursements. A motion was made by **MR. ROWELL** to approve Disbursements and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#15 ENGINEER'S REPORT

- A.) UPDATE ON THE DESAL PLANT**
- B.) UPDATE ON THE EXTENSION OF UTILITIES
TO NORTH SPI**
- C.) UPDATE ON PROJECTS UNDER THE 07 BOND
ISSUE**

MR. JAKE WHITE of **NRS ENGINEERS** updated the board on the **DESAL PLANT** and said that they were continuing to do pilot testing. He said that the process of phase I of microfiltration was Stage I of **TCEQ** testing to determine optimized conditions. He mentioned that the testing is done at various flow rates and said that the more flow that goes through the unit, the longer between cleanings, meant less money on chemicals and capital costs. He stated that the pre-treatment was the most important aspect of any surface water plant that uses reverse osmosis. He said that they were moving forward in the process. He also said that they were at a 50% recovery which meant half of all the water coming in was clean water. He also said that they had submitted application for the **TEIP** funds which was a statement of interest with a request of \$10 million for the **DISTRICT**. **MR. WHITE** mentioned the **NORTH ISLAND PROJECT** and said that the contractors were on site and had about 2,000 liner feet of 16 inch water line installed. He also updated on the **07 BOND ISSUE** and said that current items under construction were the Wastewater Treatment Plants. He said that test piers were installed at **ANDY BOWIE PLANT** and several structural testings have been performed to be able to handle load of clarifiers. He indicated that they were working on the clarifiers at **ISLA BLANCA PLANT** putting in concrete while the mechanisms should arrive at the end of the month.

ITEM#16 GENERAL MANAGER'S REPORT

- A.) UPDATE ON LAGUNA VISTA LINE
REPLACEMENT**
- B.) PROPOSED ANNEXATION IN LAGUNA VISTA**
- C.) 2009 LEGISLATIVE TOUR OF THE VALLEY**
- D.) CONFERENCE ON UNDERSTANDING
ECONOMIC INDICATORS**
- E.) LOCAL GOVERNMENTS ENERGY
MANAGEMENT PROGRAM**

**F.) UPDATE ON THE LEAK ON THE ISLAND
NEAR THE WATERMILL**

MR. SOTELO updated the board on the **LAGUNA VISTA LINE REPLACEMENT** and said that they had made good progress with about 1,000 feet of line and several water taps. He stated that they should complete the first part of the project at the end of the month then move along to **PALM ST. PROJECT**. He also mentioned the proposed **ANNEXATION IN LAGUNA VISTA** and said they had met with representatives of the property across the light at FM 510. He said that they plan to build a **STRIPES CONVENIENT STORE** that could be a big revenue producer for **LAGUNA VISTA**. He also mentioned the **2009 LEGISLATIVE TOUR OF THE VALLEY** and said that there were about 30 state representatives and senators touring the valley on January 22. He said that the **DISTRICT** had been asked to make a donation to pay some of the costs. He also said that they would have some water from the **DESAL PLANT** so that they may taste. He indicated that this was a good opportunity to meet several state representatives that could be influential to move forward with these projects. He also mentioned the conference on "Understanding Economic Indicators" sponsored by **TML**. He said that a representative from **TML** would be coming in January 19 to update the board on the economic picture for the **STATE OF TEXAS**. He also said that they had invited elected and appointed officials from the area to attend. He stated that the **STATE OF TEXAS** had a program where they hire engineering firms to audit energy usage for municipalities and local governments. He said they had met with them last Friday with the findings and the indicated that they could save the **DISTRICT** about \$165,000.00 per year but in return we had to make several changes to plants, liftstations, and buildings. He said that unfortunately the cost to make those changes was about \$730,000.00. He also said that another option was for the state to loan the **DISTRICT** the money and it would be paid back with the savings from the energy costs with a 3% interest. He also said that they were still reviewing other recommendations they had for the **DISTRICT**. He also mentioned the leak on **SOUTH PADRE ISLAND** near the watermill and said that it was a minor leak and unfortunately the cost was more than the **DISTRICT** could do without going out for bids so suggested that they had requested bid for contracts for costs of the repairs. He indicated that the contract would include installing a permanent valve so that there would be no water interruption to the Island during repairs. He said that each valve would cost about \$5,000-\$6,000 each.

ITEM#17

ADJOURNMENT

He **CHAIRMAN** adjourned the meeting at **6:42 pm**.

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.