

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 **22nd day of April 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
Rudy H. Garcia-Secretary
R. Kevin Tenison-Director
Absent: Jeff Keplinger-Director

LMWD: Gavino Sotelo, General Manager; Pete Capistran, Finance Director; Maribel Hinojosa, Assistant to General Manager.

ITEM #2 **PLEDGE OF ALLEGIANCE**

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

ITEM#3 **INVITATION TO 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
WORKSHOP OF APRIL 4, 2009 AND REGULAR MEETING OF APRIL 8, 2009**

The **CHAIRMAN** stated to consider and approve minutes for Workshop of April 4, 2009 and Regular Meeting of April 8, 2009. A motion was made by **MR. GARCIA** to approve minutes and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE RESOLUTION NO. 27-04-09
ADOPTING AMENDMENT NO. 3 AMENDING THE BUDGET FOR FISCAL
YEAR 2008-2009 OF THE LAGUNA MADRE WATER DISTRICT UPDATING ALL
REVENUES AND EXPENDITURES**

The **CHAIRMAN** stated to consider and approve Resolution No. 27-04-09 Adopting Amendment No. 3 Amending the budget for Fiscal Year 2008-2009 of the Laguna Madre Water District updating all Revenues and Expenditures. **MR. ROWELL** made a motion to approve and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM# 6 **CONSIDER AND APPROVE SLUDGE MANAGEMENT BID**

The **CHAIRMAN** stated to consider and approve Sludge Management Bid. **MR. MARTINEZ** stated that they advertised and solicited sealed bids for the annual sludge management disposal services for wastewater treatment plants with one bidder responding. He said that **TRS ENVIROGANICS** was the sole bidder for sludge management services at a monthly tank rental fee of \$100.00 and sludge hauling fee of \$695.00. He said staff recommended board approval and award contract to **TRS ENVIROGANICS** for \$100.00 monthly tank rental and \$695.00 hauling fee. A motion was made by **MR. GARCIA** to approve Sludge Management Bid and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#7 **CONSIDER AND APPROVE ANNUAL SUPPLY OF
PETROLEUM PRODUCTS**

The **CHAIRMAN** stated to consider and approve Annual Supply of Petroleum Products. **MR. MARTINEZ** stated that they had advertised and sent out bid invitations to four bidders with one responding. He said that **OIL PATCH FUEL & SUPPLY** was the only bid received for a market fuel rate plus a 0.100 mark up on gasoline and 0.1400 mark up on diesel plus a 0.2000 State Motor and Fuel Fee.

He said staff recommended board approval to purchase petroleum products from *OIL PATCH FUEL & SUPPLY* for amount stipulated on bid tabulation summary form. A motion was made by *MR. TENISON* to approve Annual Supply of Petroleum Products and the motion was seconded by *MR. ROWELL*. **MOTION CARRIED UNANIMOUSLY.**

ITEM#8 DISCUSS AND POSSIBLE ACTION ON UPGRADES TO WATER LINE TO SERVE SUBSEA 7 TO INCLUDE FUNDING OPTIONS

The *CHAIRMAN* stated to discuss and possible action on upgrades to water line to serve Subsea 7 to include funding options. *MR. SOTELO* stated that they had been in discussion with *SUBSEA 7* on possible upgrades to the water line for service. He said that they had requested that the *DISTRICT* help financially with the upgrade since they were already over budget. He indicated that they had reviewed about three different options and they were provided with the information on the costs. *MR. MYERS* of *NRS ENGINEERS* indicated that if they opt to expand and go across the channel to *LONG ISLAND* then he recommended a 12" water line but if they only opt to serve *SUBSEA 7* then a 10" waterline would be adequate. *MR. SOTELO* also recommended placing a casing under the road for future use of extending the line. He also said that there was some money in the 2007 Bond Issue for re-use line and could use part of that money. A motion was made by *MR. TENISON* to agree entering into an agreement with *SUBSEA 7* to reimburse the *DISRICT* for upgrading to a 12" water line and the motion was seconded by *MR. ROWELL*. *MR. SOTELO* said that he would return to the board with an agreement for them to sign at a later date. **MOTION CARRIED UNANIMOUSLY.**

ITEM#9 CONSIDER AND APPROVE CHANGE ORDER NO. 3 WATER & SEWER EXTENSION TO NORTH SPI

The *CHAIRMAN* stated to consider and approve Change Order No. 3 Water & Sewer Extension to North SPI. *MR. SOTELO* stated they had amended the contract in order to meet all costs associated with this project and eliminated the liftstation for the contingency amount with the understanding that if money was left over they would deal with the liftstation. He said that there was sufficient money left over that would more than cover liftstation costs and recommended placing in the wet-well. A motion was made by *MR. ROWELL* to approve Change Order No. 3 and the motion was seconded by *MR. GARCIA*. **MOTION CARRIED UNANIMOUSLY.**

ITEM#10 CONSIDER AND APPROVE WRITE-OFFS

The *CHAIRMAN* stated to consider and approve Write-Offs. *MR. SOTELO* said that total Write-Offs were a total of \$17,250.28. He said that they were still in the process of collecting and wanted to bring their attention to *PROVINO* which were the *LAGUNA VISTA* apartments damaged by the hurricane. He said that the meters were tampered with and the *DISTRICT* had to cut the water line completely and police were called to file a complaint. He asked the board to review the list. A motion was made by *MR. TENISON* to approve Write-offs and the motion was seconded by *MR. ROWELL*. **MOTION CARRIED UNANIMOUSLY.**

ITEM#11 CONSIDER AND APPROVE THE RE-CLASSIFICATION OF GENERAL FUND EXPENDITURES IN THE AMOUNT OF \$101,212.46 TO CAPITAL PROJECTS FUND (CONSTRUCTION BONDS 1999, 2000, AND 2001

The *CHAIRMAN* stated to consider and approve the Re-Classification of General Fund Expenditures in the amount of \$101,212.46 to Capital Projects Fund (Construction Bonds 1999, 2000, and 2001). *MR. CAPISTRAN* stated that they had excess money left over in the 1999, 2000, and 2001 Bonds. He said that there was \$1,204.25 left over in the 1999 Bond; \$3,357.91 left over in the 2001; and \$96,650.10 left over in the 200 bond. He also said that they had contact financial advisors and asked when the *DISTRICT* could use the funds for any current projects. He said that they responded by saying that the funds could be used as long as the projects were related to water and water. He said that they recommended the re-classification of the General Expenditures already incurred to the General Fund to the particular bonds. *MR. GARCIA* made a motion to approve the re-classification of General Fund Expenditures to Construction Bonds and the motion was seconded by *MR. TENISON*. **MOTION CARRIED UNANIMOUSLY.**

ITEM#12 CONSIDER AND APPROVE FINANCIAL STATEMENTS AS OF MARCH 31, 2009

The *CHAIRMAN* stated to consider and approve Financial Statements as of March 31, 2009. *MR. CAPISTRAN* said that year to day actual for revenues was \$6,440,132.00 and the total expenditures were \$5,944,271.00 which left revenues over expenditures of \$495,860.00. He also said that the Debt Service Fund had a total year to date revenue of \$2,564,233.00 and total expenditures of \$3,844,826.00.

He mentioned the Capital Projects year to date revenue of \$102,237.00 and total expenditures of \$2,660,605.00. A motion was made by **MR. TENISON** to approve Financial Statements as of March 31, 2009 and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#13 **CONSIDER AND APPROVE DISBURSEMENTS**

The **CHAIRMAN** stated to consider and approve Disbursements. A motion was made by **MR. GARCIA** to approve Disbursements including Supplemental List and the motion seconded by **MR. TENISON**. The **CHAIRMAN** abstained on Check #002225. **MOTION CARRIED**.

ITEM#14 **ENGINEER'S REPORT**

1. **DESALINATION PROJECTS UPDATE**
2. **FUNDING UPDATE**
3. **NORTH ISLAND UTILITY EXTENSION**

MR. JAKE WHITE updated the board on the status of the **DESALINATION PILOT** and he showed the board some performance data on the micro-filtration pre-treatment system. He indicated that pre-treatment was the most critical aspect of a seawater desalination. He pointed to the unit and said that it was responsible for removing all suspended material from the water including the silt, dirt, and biological suspended and over a certain size. He showed them a graph showing the performance of the unit and in Stage II of the **TCEQ** protocols. He said that they felt confident to move forward for a minimum of 30 days without changing any of the operating parameters. He also showed them a graph of the reverse osmosis and explained how much salt was passing through the membrane. He indicated that colder weather basically meant the water was thicker and warmer temperate meant the water was thinner and easier to pass through the membrane. He stated that the data was looking very good and hoped to finish up testing in about six more weeks. He said that they would continue to track the progress of the pilot. He also said that he had no report on the funding other than that the surveys were sent out to all applicants. **MR. MYERS** reported on the **NORTH ISLAND UTILITIES EXTENSION** and said that the contractors were moving along and had about 1,500 feet of section that he lacked but would be finished by next week. He also said that the project would be completed ahead of schedule. He mentioned the wet well and said that it should be delivered the first week in May. The **CHAIRMAN** asked for a picture to be taken of the area where the new water line extension was placed for the newspaper.

ITEM#15 **GENERAL MANAGER'S REPORT**

MR. SOTELO reported on the **WATER TANKS** and said that they had met with the engineers and asked if it would be possible to repair more than one tank at a time. He said that there was concern of problems providing water supply. He mentioned that there were pumps that could be rented or purchased that would allow a by-pass some of the tanks and feed the system. He said that he would look into it and get back to us when he found a solution. He also mentioned that he asked the engineer if they could complete one tank by the summer but he responded that they needed at least 170 days before they could completely shut it down. He also reported on the clarifiers and said that the preliminary report was that they were in good shape and they would return with a cost estimate.

ITEM#16 **ADJOURNMENT**

The **CHAIRMAN** adjourned the meeting at **6:51 p.m.**

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.

