

**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 **27th day of May 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; Arturo Martinez, Director of Operations; Pete Capistran, Finance Director; Maribel Hinojosa, Assistant to General Manager; Juan Magallanes, Attorney.

**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 A PRESENTATION BY NRS ON PROJECT IMPLEMENTATION, COMPARING CONVENTIONAL DESIGN BID BUILD WITH OTHER METHODS**

The **CHAIRMAN** stated to consider and approve a presentation by **NRS ENGINEERS** on project implementation, comparing conventional design bid build with other methods. **MR. NORRIS** reported on alternative project delivery methods and said that there was always at least 3 parties involved in the project delivery which were the owner, designer, and contractor. He mentioned the project delivery types which were design-bid-build; multi-prime; construction management at risk; and design-build. He said that the design-bid-build advantages were established way of doing things and suitable for competitive bidding. He also said that the engineers worked directly for the owner and were well established legal precedents and no legal barriers in procurement and licensing. He indicated said that insurance and bonding were well defined. He also mentioned the design-bid-build disadvantages which were: disagreements go through owner; owner bears design adequacy risk. He also said that all parties have different agendas and objectives and initial low bids might no result in final best value. He also indicated that bids over budget present most difficulties in reducing costs and create significant delays. He also said that another disadvantage was that there were no constructor involvement in design, had the slowest project delivery, and had the most litigious delivery process. He mentioned the design-build advantages which included the single point of responsibility for owner. He said that the engineer and constructor were on the same team providing unified recommendations to the owner and only one request for qualifications required versus two for other systems. He also said that error were fixed and not used as excuses or claims which resulted in fewer changes, claims and less litigation. He mentioned design-build advantages were early constructor involvement enhanced constructability and more professional relationships between contractor and designer. He also said that included faster and more cost effective delivery systems and design submission and prices project proposal stage were possible. He mentioned design-build disadvantages were that the owner pushed for earlier and timely decisions and owners had less control of design details. He indicated that included the use of new insurance or bonding products and resistance among those not familiar with the approach. He stated that the primary reasons for choosing design-build were that the owner needed early cost commitment and desired to shift risks to those who best manage them. He also said that complex projects required close coordination of design and construction expertise and owner is able to specify performance requirements and specifications. He indicated that projects would benefit from value engineering and innovation resulting in substantial cost savings.

He also mentioned that integrated design-build teams were seamless and fully engaged, were accountable, and trustworthy, and communicative. He stated that they focused on solving the problem and not on protecting their position. **MR. NORRIS** concluded by saying that alternative delivery methods warrant consideration. He also said that design-build could save time and money and put risk on contractor for performance and also increase the level of communication on the team. He said that performance based specification would yield desired result. The board thanked **MR. NORRIS** for his presentation. *The CHAIRMAN* continued with the next item.

**ITEM#5                    CONSIDER AND APPROVE ADDITIONAL TESTING AT THE PILOT DESAL PLANT**

The **CHAIRMAN** stated to consider and approve additional testing at the Pilot Desal Plant. **MR. JAKE WHITE** of **NRS ENGINEERS** stated that they had been approached by a company by the name of **ADVANCED HYDRO** from **AUSTIN**. He said they specialized in membrane technology and perform small scale pilot studies on applicability of using a patent pending technology to reduce fouling of membranes. He also said that this technology was based on a deposition technique to adhere Polydopamine to membrane surfaces and laboratory has shown 30-50% improvement in anti-fouling properties of membranes while maintaining flux performance. He mentioned that this technology looked very promising and if proven effective, the fouling rate of both micro/ultrafiltration and reverse osmosis membrane would be substantially reduced. He indicated that at the full-scale facility, this would result in an increased time between membrane cleaning procedures which would result in a reduction in chemical costs. He also said that it would result in reduction in power consumption due to lower feed pressures and less frequent membrane replacement. He mentioned that **ADVANCED HYDRO** had only tested this technology in a laboratory and there was no real-world testing data to substantiate their claims. He said that they were anxious to try this technology and **NRS ENGINEERS** feels that the **DISTRICT** Pilot Facility would be a perfect opportunity to perform a field test. He mentioned that they had discussed this technology with **MR. JORGE ARROYO** from **TEXAS WATER DEVELOPMENT BOARD** and he recommended that **ADVANCE HYDRO** discuss it with **NRS ENGINEERS**. He said that additional testing would be at no cost to the **DISTRICT** and proposed to be performed after completion of **TCEQ** pilot testing. He also said that **ADVANCED HYDRO** would reimburse the **DISTRICT** for any time spent assisting during implementation or operation of the pilot during the test. A motion was made by **MR. TENISON** to approve additional testing at the Pilot Desal Plant and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#6                    CONSIDER AND APPROVE RESOLUTION NO. 28-05-09 AMENDING WATER & WASTEWATER RATE SCHEDULE**

The **CHAIRMAN** stated to consider and approve Resolution No. 28-05-09 Amending Water & Wastewater Rate Schedule. **MR. CAPISTRAN** stated that back in 1999 the original resolution was approved and the first one was adopted in 1994 which spelled out all procedures for fees. He said that they had added the last one which stated that the **DISTRICT** decides to prorate minimum monthly billing charges to water and wastewater for new, discontinued, and transferred accounts. He said that basically what they were doing was prorating the number of days for the minimum rate. A motion was made by **MR. ROWELL** to approve Resolution No. 28-05-09 and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#7                    CONSIDER AND APPROVE AN AGREEMENT WITH DUNHAM ENGINEERING FOR THE DESIGN AND CONSTRUCTION DOCUMENTS TO REHABILITATE ELEVATED WATER STORAGE TANK #4**

The **CHAIRMAN** stated to consider and approve an agreement with **DUNHAM ENGINEERING** for the design and construction documents to rehabilitate Elevated Water Storage Tank #4. **MR. MARTINEZ** stated that staff requested board approval for the design and construction to rehabilitate Elevated Water Storage Tank #4 in **LAGUNA VISTA**. He indicated that the estimated cost for construction would be around \$180,000.00 and agreement through **DUNHAM ENGINEERING** would cost the **DISTRICT** \$18,000.00 and a fee not to exceed \$10,000.00 for inspection services. He said that this particular project would coincide with the **HUISACHE TANK** already in agreement with **DUNHAM ENGINEERING**. He said that they were expected to bid in June 2009, award in August 2009 and start construction in September 2009 for both tanks. A motion was made by **MR. ROWELL** to approve agreement and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#8            CONSIDER AND APPROVE 2009 WATER TREATMENT PLANT #2  
HURRICANE DAMAGE REPAIR PROJECT BID**

The **CHAIRMAN** stated to consider and approve 2009 Water Treatment Plant #2 Hurricane Damage Repair Project Bid. **MR. KENNETH TILLMAN** from **ESPEY CONSULTANTS, INC.** approached the board and said that they had opened bids last Wednesday. He indicated that the low bidder was **H2O CONSTRUCTION SERVICES** with a base bid amount of \$37,688.00 and alternate bid of \$12,500.00 for a total of \$50,188.00. He also mentioned **ABILITY DEVELOPMENT** with a base bid of \$49,501.00 and alternate bid was \$18,700.00 for a total of \$68,201.00. He also mentioned that **H2O CONSTRUCTION** was the same company that won the roofing project and all references were checked. A motion was made by **MR. KEPLINGER** to approve 2009 Water Treatment Plant #2 Hurricane Damage Repair Project Bid and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#9            CONSIDER AND APPROVE FINANCIAL STATEMENT  
AS OF APRIL 30, 2009**

The **CHAIRMAN** stated to consider and approve Financial Statement as of April 30, 2009. **MR. CAPISTRAN** mentioned that **FEMA** had reimbursed the **DISTRICT** \$175,000.00 as of April 2009. He continued with the General Fund of the Financial Statement as of April 30, 2009 and said that the approved budget was \$7.7 million and the actual expenditures. He said that from the approved budget of \$7.7 million they were able to generate almost \$7.9 million which was over about \$100,000.00. He reviewed the approved budget and expenditures in the General Fund by department. He stated that **DEBT SERVICE FUND** had a budget of \$3.8 million in Revenue and actual \$3.7 million but that amount was expected to increase. He mentioned the expenditures for tax collection and payments for bonds including principal and interests. He also mentioned the **CAPITAL PROJECTS FUND** and said that the Revenues showed interest earned and approved budget of \$95,000.00 and part was interest on the 2007 Revenue Note and transfer from the General Fund. He said that the bulk of the 2007 Revenue Bond which was almost \$2.3 million budgeted and \$2.7 million in expenditures and most used for the wastewater plants. A motion was made by **MR. GARCIA** to approve Financial Statement and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM#10            CONSIDER AND APPROVE DISBURSEMENTS**

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

**ITEM#11            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 said that they were moving forward and close to near Stage 2 of the **TCEQ** required pilot run. He said that they would then begin Stage 3 which had a minimum requirement of ten days and do not anticipate to run much longer. He mentioned the **FUNDING UPDATE** and said that they were still asking for information for the drinking and potable state revolving funds even prior to the intended use plan. He also reported that on the **NORTH ISLAND UTILITY EXTENSION** and said that all three lines were in place and in the process of pressure-testing the water lines. He said that they were expecting the wet well to be going in next week and were very near completion of the project.

**ITEM#12            GENERAL MANAGER'S REPORT**

1. PROGRESS ON LAGUNA VISTA PROJECT
2. CHANGES TO PROPOSED WATER AND SEWER RATES
3. DAMAGE TO 3<sup>RD</sup> CLARIFIER AT ISLA BLANCA WW PLANT

**MR. SOTELO** reported on the **LAGUNA VISTA PROJECT** was not progressing as quickly as thought but primarily due to the thickness of the driveways. He also indicated that they would replace the first joint and the **DISTRICT** would pay the cost for cutting.

He also mentioned that changes to the proposed **WATER AND SEWER RATES** and said that he proposed to remove the extra fund for emergencies and keep the existing Emergency Fund utilized for a hurricane and it would reduce the rate increase by 5%. He also said that revenues had slightly increased for the month of April. He said that he was working on meeting with every city and their officials to discuss the rates. He also mentioned the damage to clarifier at **ISLA BLANCA WWT PLANT** and said that they were still determining what went wrong. He also invited the board to attend the **TWDB CONFERENCE** in **CORPUS CHRISTI** next month.

**ITEM#13**

**ADJOURNMENT**

The **CHAIRMAN** adjourned the meeting at **7:35 p.m.**

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**SCOTT D. FRIEDMAN, CHAIRMAN**

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**RUDY H. GARCIA, SECRETARY**

**MINUTES APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2009.**