

**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 **22<sup>nd</sup> day of July 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-Arrived at 6:25 pm  
R. Kevin Tenison-Director  
Jeff Keplinger-Director

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

**ITEM #2** **PLEDGE OF ALLEGIANCE**

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

**ITEM#3** **CONSIDER AND APPROVE FINANCIAL STATEMENT AS OF JUNE 30, 2009**

The **CHAIRMAN** stated that they had inadvertently left out the item for audience to speak and asked if anyone in the audience had anything to say and no one responded. He went on with Item #3. The **CHAIRMAN** stated to consider and approve Financial Statement as of June 30, 2009. **MR. CAPISTRAN** stated that the General Fund Revenues at the end of June they had \$1,437,574.00 and in Expenditures had \$863,024.00 with excess revenue of \$574,549.00. He mentioned the Debt Service Fund and said that the total amount was \$59,509.00 for Revenue, total expense for the 2000 Bond and the Tax Collection payment to the **POINT ISABEL SCHOOL DISTRICT** of \$205,115.00. He then said that the Capital Project Fund with a revenue of \$28,239.00 all interest. He also said that the expenditures were \$751,782.00 with the majority of that for the Water and Wastewater Plant Rehabilitation on the 2007 Revenue Bonds. A motion was made by **MR. TENISON** to approve Financial Statement as of June 30, 2009 and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**.

**ITEM#4** **CONSIDER AND APPROVE AN AGREEMENT FOR INVESTMENT ADVISOR SERVICES WITH ESTRADA HINOJOSA & CO., INC**

The **CHAIRMAN** stated to consider and approve an agreement for Investment Advisor Services with **ESTRADA HINOJOSA & CO**. **MR. SOTELO** stated that this was for renewal agreement for **ESTRADA HINOJOSA & CO**. to conduct Investment Report for the **DISTRICT**. A motion was made by **MR. ROWELL** to approve renewal agreement subject to negotiations on travel and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED**.

**ITEM#5** **REMOVE FROM TABLE AND REJECT ALL BIDS ON ADMINISTRATION OFFICE LANDSCAPING TABLED AT MEETING OF JULY 8, 2009**

The **CHAIRMAN** stated to remove from table and reject all bids on Administration Office Landscaping tabled at Meeting of July 8, 2009. **MR. SOTELO** stated that these bids were tabled at the last meeting which now have to be rejected then would be bid again. A motion was made by **MR.KEPLINGER** to approve and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY**.

**ITEM#6** **CONSIDER AND APPROVE REPLACEMENT FENCE BID FOR ANDY BOWIE WASTEWATER TREATMENT PLANT**

The **CHAIRMAN** stated to consider and approve replacement Fence Bid for Andy Wastewater Treatment Plant. **MR. MARTINEZ** stated that they had solicited sealed bids for the purchase and installation of security fence at **ANDY BOWIE WASTEWATER TREATMENT PLANT**. He said that it would replace 750 feet of existing fence which has deteriorated and fell.

He said that *CERCAS UNIVERSAL FENCE* had the lowest bid of \$11,700.00; the second lowest bidder was from *HURRICANE FENCE* for \$11,800.00; and the highest bidder was from *CENTRAL FENCE* for \$111,980.00. He said that the apparent low bidder proposed to use Sch 20 pipe on the installation and the second low bidder proposed to use Sch 40 which is a heavier duty pipe; therefore we recommended the Board award the contract to the second low bidder which was *HURRICANE FENCE* for \$11,800.00. A motion was made by *MR. ROWELL* and the motion was seconded by *MR. TENISON*. **MOTION CARRIED UNANIMOUSLY.**

**ITEM# 7      DISCUSS AND CONSIDER CHANGE TO WATER BILL FORMAT**

The *CHAIRMAN* stated to discuss and consider change to Water Bill Format. *MR. SOTELO* said that the water bill was being reviewed to try and further simplify and provide better information on the water bills. *MR. CAPISTRAN* explained that he had provided the Board with revised copies of the regular bills and the disconnect notices. The *BOARD* recommended changing amount due to bold. *MR. SOTELO* also mentioned that the final notices were changed to disconnect notice. *MR. CAPISTRAN* said that they would revise the bill and have them printed out for next billing.

**ITEM#8                      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. KEPLINGER*. **MOTION CARRIED UNANIMOUSLY.**

**ITEM# 9                                      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 PROJECT UPDATE* and said that between him and *MR. MIKE ROBECK* they would tag-team this item and also the *FUNDING UPDATE* and he would return for Item #3. He updated the *BOARD* on the *SEAWATER DESAL PILOT* and said that they were tying up loose ends on testing data and information. He indicated that they were well over the minimum amount of time that *TCEQ* required and would be waiting for their final approval. He mentioned that they had seen a little change on the water quality which is expected once summer begins and water temperature starts to increase. He also said that they were into Phase II Testing which was the testing of additional reverse osmosis membrane. He said they were in discussions regarding some of the parameters testing for the reverse osmosis. He said that they would be able to provide an engineer's report in late September or October on the plant. The *CHAIRMAN* stated that *BOARD MEMBER RUDY GARCIA* entered the meeting at 6:25 pm. *MR. MIKE ROBECK* reported on the intake wave energy and Phase III use of the pilot facility. He mentioned possible testing regarding membranes for desalination or possibly alternative power generation. He said that they had been approached by a wave energy technology company that was interested in utilizing the hype that was in place. He indicated that they would set up a bowie system at their expense as a pilot to see how much potential power could be generated by a bowie in the ocean. He also said that they would have access to all this data that could be used to provide a renewal source of power for a seawater desalination plant or water or wastewater facilities for the *DISTRICT*. He asked the *BOARD* for permission to use this pipe at no cost to the *DISTRICT*. He said that the contractor would not be called until the *DISTRICT* was comfortable allowing the use of the intake line and continue operation. He stated that only after that they would bring a formal proposal to the *BOARD*. *MR. WHITE* reported on the *NORTH ISLAND UTILITIES EXTENSION* and said that they estimated that the contractor was about 98% complete delivering the lines up to the north. He said that the contractor *JIMMY CLOSNER & SONS* also was added as a change order to the contract the *SUBSEA 7 PROJECT*. He said that *JIMMY CLOSNER & SONS* have finalized the work on *SUBSEA 7* and were now moving back to the *NORTH ISLAND UTILITY EXTENSION* to finalize the testing of the force main.

**ITEM#10                                      GENERAL MANAGER'S REPORT**

*MR. SOTELO* reported on the revenues from water sales and said that the *DISTRICT* was looking very good. He also said that he would like to be able to reimburse the Emergency Fund and General Fund at the end of the prior so they return to same prior to the hurricane. He stated that the water tanks would be the biggest expense.

He mentioned that **MOODY'S RATING AGENCY** had moved the **DISTRICT** up in spite of the damages and expenditures from the hurricane. He said that they were very pleased with the **DISTRICT** financials and were very impressed on how quickly we were back online after the hurricane. He said that they aware of proposed bond issue for the desal plant and were impressed that we would not have to pay for that with a tax rate increase. He also said that revenues were coming in sufficiently to be able to make all Debt Service payments on the revenue bonds. He indicated that the audit should be complete by the end of August. He reported on the grand opening of **SUBSEA 7** and said that the board was invited. He reported on the **STIMULUS FUNDS** and said that they would not be receiving any funds. He said that they had met with the staff and the helped in going back and changing some numbers to be able to qualify. He said that a lot of the issues were that the **DISTRICT** income was higher than the allowed. He also said that **ESPEY CONSULTANTS** helped in putting some numbers together but unfortunately did not come close to quality for stimulus money.

**ITEM#11 EXECUTIVE SESSION AS PERMITTED BY THE TEXAS OPEN MEETING ACT, TEXAS GOVERNMENT CODE, SECTION 551.001 ET. SEQ., UNDER SECTION 551.074 PERSONNEL MATTERS:**

**(a) (1) TO DELIBERATE THE EMPLOYMENT, EVALUATION AND DUTIES OF THE GENERAL MANAGER**

The **BOARD** went into Executive Session at **7:00 pm**

The **BOARD** came out of Executive Session at **7:20 pm**

The **CHAIRMAN** stated no action taken on Executive Session item.

**ITEM#12 ADJOURNMENT**

The **CHAIRMAN** adjourned the meeting at **7: 20 p.m.**

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**SCOTT D. FRIEDMAN, CHAIRMAN**

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**RUDY H. GARCIA, SECRETARY**

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