

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 **24th day of June 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
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 **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
REGULAR MEETING OF JUNE 10, 2009**

The **CHAIRMAN** stated to consider and approve minutes for Regular Meeting of June 10, 2009. A motion was made by **MR. KEPLINGER** to approve minutes and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE FINANCIAL STATEMENT FOR
PERIOD ENDING MAY 31, 2009**

The **CHAIRMAN** stated to consider and approve Financial Statement for period ending may 31, 2009. **MR. CAPISTRAN** reported that the General Fund Revenue for the month of May was \$648,229.00 and expenditures were \$548,832.00 with net favorable difference was \$99,396.00. He also mentioned the Debt Service Fund and said that Revenues were \$50,004.00 and expenditures of \$204,986.00 which include one payment on the 2000A Tax Bond of \$195,096.00 and \$9,240.00 was also paid to the **POINT ISABLE SCHOOL DISTRICT TAX OFFICE**. He also said that the Capital Projects Fund Revenue was \$16,839.00 and the expenditures was \$446,883.00 with the majority of that paid to **LEM CONSTRUCTION** and **NRS ENGINEERS** on the **WASTEWATER TREATMENT PLANT REHABILITATION**. A motion was made by **MR. ROWELL** to approve and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#6 **CONSIDER AND APPROVE WORK ORDER AUTHORIZING
NRS ENGINEERS TO BEGIN DESIGN OF IMPROVEMENTS TO WATER PLANT #2**

The **CHAIRMAN** stated to consider and approve work order authorizing NRS Engineers to begin design of Improvements to Water Plant #2. **MR. SOTELO** stated that this item had been tabled at the last meeting. **MR. NORRIS** of **NRS ENGINEERS** indicated that this was to begin the pilot plant study and preliminary engineering with the whole plant and how it would fit in hydraulically. A motion was made by **MR. TENISON** to approve work order and the motion was seconded by **MR. GARCIA**. **MR. KEPLINGER** opposed. **MOTION CARRIED.**

ITEM# 7 CONSIDER AND APPROVE ELECTRICAL SURGE PROTECTION BID

The **CHAIRMAN** stated to consider and approve Electrical Surge Protection Bid. **MR. WAYNE HUNTER** of **ESPEY CONSULTANTS, INC.** reminded the board that since **HURRICANE DOLLY** there had been three types of improvements with the concept that they would design, construct, and preserve eligibility for the **DISTRICT** to obtain the maximum amount of funding for reimbursement of repairs. He said that two had already been advanced through construction contract awards and the third was a set of improvements called **2009 ELECTRICAL SURGE PROTECTION**. He said that the intent for this improvement was to protect major equipment areas throughout the system with six locations surge protection designed specifically for those locations which would prevent latent problems. He said that it was a great investment. He said that the engineer cost estimate was for \$46,500.00 for the improvements and conducted a pre-bid meeting with three contractors. He stated that they had received and opened one bid on June 17, 2009 from **ABILITY DEVELOPMENT CONSTRUCTION COMPANY** in the amount of \$34,416.00 below previously estimated. He said that the bid was evaluated and some minor problems were found and discussed with the company then corrected through bid tabulation. He said that after performing a rigorous review of all the references and suppliers for **ABILITY DEVELOPMENT CONSTRUCTION COMPANY** and found that there were quite a bit of work that they had done in the area primarily for counties. **MR. HUNTER** recommended the **ELECTRICAL SURGE PROTECTION BID** be awarded to **ABILITY CONSTRUCTION COMPANY** in the amount of \$34,416.00. A motion was made by **MR. GARCIA** to approve Electrical Surge Protection Bid and the motion was seconded by **MR. ROWELL**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#8 CONSIDER AND APPROVE SERVICE AGREEMENT WITH ENERNOC

The **CHAIRMAN** stated to consider and approve Service Agreement with **ENERNOC**. **MR. SOTELO** stated that **ENERNOC** was an energy company that provides generation in emergencies. He said that they would return money to the **DISTRICT** if not used. **MR. TERRENCE WAKEFIELD** representative from **ENERNOC** explained to the board that the program was a government initiated program sponsored by the **ELECTRIC FOR LIABILITY COUNSEL OF TEXAS** which oversee the transmission and distribution of providers for electricity within the **STATE OF TEXAS** and are governed by the **PUBLIC UTILITY COUNSEL OF TEXAS**. He indicated that this was another step in black-out preventions or electricity outage-preventions where they would pay willing customers money back to be on stand-by to voluntarily reduce their electricity consumption during very rare emergency situations. He stated that most emergency situations would consist of threats to the electric grid being stable and may be called to go into black-outs. **MR. WAKEFIELD** said that it was very rare and had occurred only about twice in the past 20 years so and they conduct annual tests to make sure resources are available. He said that they money paid back are tax-payers dollar paid to companies that participate in the program. He said that the program consists of a site survey to see where companies can reduce electricity consumption. He also said that transferring over to back-up generation could mean events would usually last between 30 minutes and 2 hours. He said that the program had the companies pretty much on stand-by and receive notification of any type of outages within the grid and are ready to reduce their usage in those emergency situation. He said that whether events were called or not they still receive their financial payment which was based upon the amount of kilowatts that they were able to nominate into the program. He also said that they had looked at five sites at the **DISTRICT** that could participate with a total of about 1,000 kilowatts feasible to participate and that would generate revenues of about \$45,000 to \$50,000 annually by participating in the program. He also said that there were no penalties or monthly fees for the **DISTRICT** to participate and could terminate at anytime. He mentioned several cities that were currently participating in the program which are: **CITY OF SEALY, CITY OF WAXAHATCHIE, UPPER TRINITY RIVER AUTHORITY, DALLAS MUD, CITY OF CORPUS CHRISTI, CITY OF LUFKIN, HARLINGEN WATERWORKS,** and **CITY OF BROWNSVILLE**. He also said that he was in the process of meeting with the **CITY OF MCALLEN** for approval by their board. **MR. GARCIA** asked if counsel had reviewed contract and **MR. ESCOBAR** indicated that there was a provision that was outstanding on a specific clause that says if there was any legal disputes between **ENERNOC** and the **DISTRICT** it would have to be brought to **CAMERON COUNTY** and not any other location. **MR. WAKEFIELD** agreed to include to this in the contract. A motion was made to approve contract by **MR. GARCIA** subject to change in the venue provision on Page 3, Section 5B and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#9 CONSIDER AND APPROVE DISBURSEMENTS

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

ITEM# 10 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 about 15 days into Stage 2 Testing on the pre-treatment system and the minimum required time for **TCEQ** is 10 days. He said that they were exceeding the requirement with **TCEQ** in order to accurately design the system. He mentioned that they were very pleased on how the system was operating. He also mentioned the **FUNDING UPDATE** and said that the draft intended use plan for the **DRINKING WATER STATE REVOLVING FUND** has been released by the **TEXAS WATER DEVELOPMENT BOARD**. He said that the location of the **DISTRICT'S** projects was around in the 200 range out of 400 projects and are not high on the list. He said that the rating criteria was a major part of **TWDB** used on the overall cost of projects. **MR. NORRIS** commented that the biggest factor was the date that project was construction ready to start. **MR. WHITE** mentioned the **NORTH ISLAND UTILITY EXTENSION** and said that all three lines were in place and water line and re-use line have all been pressure tested and passed. He said that they were finalizing the pressure testing of the Collection System or wastewater line. He said that they were very near completion of this project. He also mentioned the **SUBSEA 7 PROJECT** and said that the pipeline was in place and was pressured tested and passed. He said that they also flushed the line and would be performing a back-t testing or disinfection of the pipe to make sure the line is clean enough to place into water service. He said that the line would be ready for service after tomorrow to begin serving **SUBSEA 7**.

ITEM#11 GENERAL MANAGER'S REPORT

MR. SOTELO reported on the re-use line and said that they met with the Superintendent of the **PORT ISABEL SCHOOL DISTRICT** again to discuss the use of raw water. He said that they promised to re-visit the issue of the water re-use. He also mentioned that they were having trouble with the new vactor truck and had to call in the manufacturer to come and pick up the truck to have it repaired. He said that they would pick the vactor up and promised to repair it. He also mentioned **LIFTSTATION #11** and said that the plans had been on hold but should get started and complete by the end of the summer. **MR. SOTELO** stated that he would like to have a workshop to discuss all the projects that are pending. The **BOARD** decided on July 18, 2009 at 9:00am for the workshop. He also mentioned that they had received one new **ANNEXATION REQUEST** for a single lot less than an acre on Tract 7. He also said that he had received several calls from realtors asking about the acreage coming into the **DISTRICT**.

ITEM#12 ADJOURNMENT

The **CHAIRMAN** adjourned the meeting at **6:56 p.m.**

SCOTT D. FRIEDMAN, CHAIRMAN

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.

