

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 **26th day of August 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
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. The **CHAIRMAN** asked if there was anyone in the audience, not already on the agenda, who would like to address the board since it was inadvertently left out of agenda. No one responded. He also recognized and presented **CHIEF CLIFFORD ROWELL** with a plaque for his 3 years of dedicated service and time as board member of the **LAGUNA MADRE WATER DISTRICT** dated August 19, 2009. **CHIEF ROWELL** thanked everyone. The **CHAIRMAN** went on to Item #3.

ITEM#3 **CONSIDER AND APPROVE MINUTES FOR REGULAR MEETING OF JULY 8, 2009 AND REGULAR MEETING OF JULY 22, 2009**

The **CHAIRMAN** stated to consider and approve minutes for Regular Meeting of July 8, 2009 and Regular Meeting of July 22, 2009. A motion was made by **MR. GARCIA** to approve minutes and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#4 **PUBLIC HEARING TO CONSIDER INCREASING RATES FOR WATER AND WASTEWATER SERVICES**

The **CHAIRMAN** stated for a Public Hearing to consider increasing rates for water and wastewater services. **MR. SOTELO** asked for any comments or questions and said that the proposed rate increase which was based on the recommendation by consultant hired back in April. He stated that they had made presentations to all elected bodies of the community that the **DISTRICT** serves with the exception of **LAGUNA HEIGHTS**. He said that they were very well received and they understood and appreciate the need to make adjustments at this time in water rates. He said that the proposed rates would generate approximately \$300,000.00 per year in additional revenue which could be used to pay for bonds or capital improvements. The **CHAIRMAN** opened for questions on Public Hearing and no one responded. A motion was made by **MR. TENISON** to close and approve the Public Hearing and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE RESOLUTION NO 31-08-09 INCREASING RATES FOR WATER AND WASTEWATER SERVICES AND ESTABLISHING AN EFFECTIVE DATE**

The **CHAIRMAN** stated to consider and approve Resolution No. 31-08-09 increasing rates for water and wastewater services and establishing an effective date. He mentioned that the effective date would be Billing Cycle I on September 18, 2009. A motion was made by **MR. TENISON** to approve Resolution No. 31-08-09 increasing rates for water and wastewater services effective September 18, 2009 and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#6 CONSIDER THE APPOINTMENT OF A MEMBER TO THE LAGUNA MADRE WATER DISTRICT BOARD OF DIRECTORS TO REPLACE CLIFFORD ROWELL

The **CHAIRMAN** stated to consider the appointment of a member to the Laguna Madre Water District Board of Directors to replace Clifford Rowell. A motion was made to table this item by **MR. KEPLINGER** and motion was seconded by **MR. TENISON**. **MR. GARCIA** voted against. **MOTION CARRIED**.

ITEM# 7 DISCUSS AND APPROVE EMPLOYEE GROUP HEALTH INSURANCE CONTRACT RENEWAL

The **CHAIRMAN** stated to discuss and approve Employee Group Health Insurance Contract Renewal. **MR. CAPISTRAN** indicated that the renewal with the current plan with **BLUE CROSS/BLUE SHIELD** had decreased to \$429.81 per month for employee premium. He said that the current premium was \$453.86 and the plan benefits remained the same. A motion was made by **MR. GARCIA** to approve Group Health Insurance renewal contract with **BLUE CROSS/BLUE SHIELD** and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#8 DISCUSS AND APPROVE GROUP LIFE & DENTAL INSURANCE CONTRACT RENEWAL

The **CHAIRMAN** stated to discuss and approve Group Life & Dental Insurance Contract Renewal. **MR. CAPISTRAN** indicated that the current plan for Life and Dental was with **MET LIFE** and their renewal rate of .183 per thousand for Life and \$23.35 per month for Dental remained the same. A motion was made by **MR. GARCIA** to approve Group Life & Dental Insurance Renewal Contract with **MET LIFE** and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#9 DISCUSS AND APPROVE RENEWAL OF POINT ISABEL INDEPENDENT SCHOOL DISTRICT TAX OFFICE TAX COLLECTION AGREEMENT

The **CHAIRMAN** stated to discuss and approve renewal of Point Isabel Independent School District Tax Office Collection Agreement. **MR. CAPISTRAN** indicated that the tax collection agreement with the **POINT ISABEL SCHOOL DISTRICT** has decreased from \$18,466.00 to \$15,414.00 for the coming year. A motion was made by **MR. TENISON** to approve Tax Office Collection Agreement and the motion was seconded by **MR. KEPLINGER**. **MR. GARCIA** abstained. **MOTION CARRIED**.

ITEM#10 CONSIDER AND DISCUSS PROPOSED TAX RATE FOR 2009 AND SCHEDULE A PUBLIC HEARING TO SET TAX RATE

The **CHAIRMAN** stated to consider and discuss proposed Tax Rate for 2009 and schedule a Public Hearing to set tax rate. He said that the board would like to set the date for the Public Hearing at 6:00 pm on September 9, 2009.

ITEM#11 CONSIDER AND APPROVE INVESTMENT REPORT FOR QUARTER ENDED JULY 31, 2009

The **CHAIRMAN** stated to consider and approve Investment Report for quarter ended July 31, 2009. **MR. CAPISTRAN** said that the book value at the end of July 31, 2009 was \$3,171,438.71 for bank accounts. He said that the pool had a total of \$517,766.94 and the value for certificate of deposits were \$10,383,249.97. He also said that the total portfolio average yield was 1.78% and the quarterly interest income was \$75,555.92. He mentioned that 23% of the funds were in bank accounts, 4% in the pool and 73% in certificate of deposits. He also mentioned each accounts separately with each balance at July 31, 2009. A motion was made by **MR. TENISON** to approve Investment Report for quarter ended July 31, 2009 and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#12 CONSIDER AND RATIFY EMERGENCY REPAIR OF MANHOLE COLLAPSE AT ISLA BLANCA PARK DUE TO HURRICANE DOLLY

The **CHAIRMAN** stated to consider and ratify emergency repair of manhole collapse at Isla Blanca Park due to Hurricane Dolly. **MR. CAPISTRAN** stated that this item exceeded \$25,000.00 for an emergency agreement with **ROVAN CONTRACTORS** after the hurricane for a manhole that sank at **ISLA BLANCA PARK** which was inadvertently left out for approval.

A motion was made by **MR. TENISON** to approve emergency repairs of manhole and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**

ITEM#13 **CONSIDER AND APPROVE BID FOR ELEVATED WATER STORAGE TANK #4 REHAB PROJECT**

The **CHAIRMAN** stated to consider and approve bid for Elevated Water Storage Tank #4 Rehab Project. **MR. MARTINEZ** said that they had advertised and solicited sealed bids for the Elevated Water Storage Tank#4 Rehab Project and 8 bidders responded. He said that **WHITEHEAD BROS. PAINTING** were the lowest bidder with a base bid of \$227,500.00 and Additive #1 for \$3,500.00 with a total bid of \$231,000.00. He mentioned that Tank #4 was the **LAGUNA VISTA WATER TANK** which would be repaired at the same time as Tank #3 at **HUISACHE ST.** on **SOUTH PADRE ISLAND**. **MR. GARCIA** asked about the logo painted on the tower in **LAGUNA VISTA** and **MR. SOTELO** indicated that he would communicate with them on the issue. A motion was made by **MR. KEPLINGER** to approve bid for Elevated Water Storage Tank #4 and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#14 **CONSIDER AND APPROVE BID FOR CONCRETE DRIVEWAY REPAIR PROJECT I, PHASE II SECTION A**

The **CHAIRMAN** stated to consider and approve bid for Concrete Driveway Repair Project I, Phase II Section A. **MR. MARTINEZ** said that they had advertised and solicited sealed bids for Concrete Driveway Repair Project I, Phase II Section A on **PALM ST.** in **LAGUNA VISTA** and 4 responded. He said that the lowest bidder was **ROCHA INSTRUCTURE CONSTRUCTION & EXCAVATION** for \$21,505.50. He said that this was part of the money set aside under the Capital Improvements Projects. A motion was made by **MR. GARCIA** to approve bid and motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#15 **CONSIDER AND APPROVE BID FOR ICE MACHINE**

The **CHAIRMAN** stated to consider and approve bid for Ice Machine. **MR. MARTINEZ** said that they had advertised and solicited sealed bids for an Ice Machine for the Warehouse with 5 responding. He said that crews use ice on a daily basis to make sure to keep cool during the daytime and were currently using ice from the Lab. He stated that the lowest bidder was from **ALL VALLEY APPLIANCE & REFRIGERATION** with a bid of \$5,770.00. A motion was made by **MR. TENISON** to approve Ice Machine and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#16 **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**. **MOTION CARRIED UNANIMOUSLY**.

ITEM# 17 **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 over the last three weeks there had been a little bit of a change in the raw water quality coming into the pilot out on the **GULF OF MEXICO**. He said that they had been tracking it and determined that the level of organics was starting to increase slightly which in turn creates an increased chance of fouling on membrane elements. He also said that they were continuing to run the systems and find out what they can do to potentially decrease the level and rate of fouling. He said that they were modifying the cleaning regiment on a daily basis. He mentioned that they also had started to implement an acid clean for the different types of fouling on the membranes. He also said that they were working on report on the pilot plant to **TCEQ** which included a lot of the preliminary information including the description of the site, the **DISTRICT**, and the membranes in use. He also said that they were in Stage2/Stage3 of the **TCEQ** testing and they had about a 90-day turn-around on reviewing pilot reports. He also mentioned the potential full scale and were looking on different methods for the disposal of the concentrate. He said that the reverse osmosis system produces a stream of high salt water that need to be disposed of one way or another. He mentioned four different methods which were feasible on **SOUTH PADRE ISLAND** but five altogether.

He said that those were discharged into the ***GULF OF MEXICO*** using a diffuser type array that releases that concentrate in different stages throughout the diffuser array. He mentioned the second option was to discharge into the ***LAGUNA MADRE*** and the third option would be to blend it with the water from the wastewater treatment plant. He also mentioned a fourth option which was deep well injection and the most expensive method. ***MR. WHITE*** indicated that he had nothing to report on the ***FUNDING UPDATE***. He mentioned that the ***NORTH ISLAND UTILITY EXTENSION PROJECT*** was completed. He said that the contractor finalized their punch-list and the only thing left was to perform a bacteriological testing on the main before it goes into service. The ***CHAIRMAN*** asked if they could have something posted on the ***DISTRICT*** website about the completion of this particular project and a sign placed in the area. ***MR. SOTELO*** added that there was approximately \$130,000.00 left in the ***ESCROW ACCOUNT*** which would be returned to the developers as part of the agreement.

ITEM#18

ADJOURNMENT

The ***CHAIRMAN*** adjourned the meeting at ***6:43 p.m.***

JEFF KEPLINGER, DIRECTOR

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.