

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 **14th day of October 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
Absent: Albert Barberena

LMWD: Gavino Sotelo, General Manager; Pete Capistran, Finance Director; Maribel Hinojosa, Assistant to General Manager; J.A. 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 FINANCIAL STATEMENTS**
AS OF AUGUST 31, 2009 AND AS OF SEPTEMBER 30, 2009

The **CHAIRMAN** stated to consider and approve Financial Statements as of August 31, 2009 and as of September 30, 2009. **MR. CAPISTRAN** reported for August 2009 the year to date actual for the General Fund was \$3,167,000.00 and expenditures \$2,426,000.00 with the net at \$722,000.00 access revenue. He also said that \$400,000.00 on obligations and reduces the amount down to around \$300,000.00. He mentioned the Debt Service Fund and said that the year to date actual for Revenue was \$348,000.00 and expenditures were \$650,000.00. He also said that the Capital Projects Fund had revenue of \$53,000.00 and total expenditures were \$1.2 million and payments were made on the principle and interest on the 2007 Revenue Bond. He continued with the September for the General Fund had total revenues of \$3.5 million with total expenditures of \$3 million and excess revenue over expenditures were \$1.5 million. He reported that the Debt Service Fund at the end of September had total revenues of \$400,000.00 and expenditures of \$650,000.00. He also mentioned the Capital Projects Fund and said that revenues were \$66,000.00 and expenditures almost \$1,450,000.00 paid out on the 2007 Revenue Bonds. A motion was made by **MR. TENISON** to approve minutes and the motion was seconded by **MR. KEPLINGER**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#5 **CONSIDER AND APPROVE AMENDMENT NO. 1 TO THE WORK ORDER**
FOR PLANNING, DESIGN AND CONSTRUCTION OF MICRO-FILTRATION
IMPROVEMENTS TO WATER TREATMENT PLANT NO. 2

The **CHAIRMAN** stated to consider and approve Amendment No. 1 to the Work Order for Planning, Design, and Construction of Micro-Filtration Improvements to Water Treatment Plant No. 2. **MR. SOTELO** reminded the board that this item was on the agenda last meeting and died for lack of a second. He asked the board to review the first page on the work order which included a break down on the costs for engineering inspection. He said that construction management and project representative totaled about \$307, 500.00 which was the amount that could be saved by hiring an in-house engineer. He said that he would like to deduct that amount from the work order. **MR. SOTELO** stated that he would like move forward on a cost-plus in case plans fall through. **MR. JAKE WHITE** of **NRS ENGINEERS** said that the most important thing was the design and the construction management and project representative were construction related items. **MR. WHITE** also said that the geo-technical investigation and materials testing were past due items. **MR. SOTELO** stated that the total for those items was \$35,000.00 and the total for the design was \$476,500.00. He said the total would be \$511,500.00.

He also indicated that there would be a reimbursement resolution on the next agenda on any money that was spent would be back to General Fund. A motion was made by **MR. GARCIA** to approve the basic design of the plant including geo-technical and material testing and the motion was seconded by **MR. TENISON**. **MR. KEPLINGER** opposed. **MOTION CARRIED**.

ITEM#6 CONSIDER AND APPROVE RESOLUTION NO. 35-10-09 AUTHORIZING THE PREPARATION AND SUBMISSION OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD REQUESTING FINANCIAL ASSISTANCE FOR THE REPAIRS OF REPLACEMENT OF A 36 INCH WATER LINE FROM RESERVOIR 4 TO CUATES PUMP STATION

The **CHAIRMAN** stated to consider and approve Resolution No. 35-10-09 authorizing the preparation and submission of an application to the **TEXAS WATER DEVELOPMENT BOARD** requesting financial assistance for the repairs of replacement of a 36 inch water line from **RESERVOIR 4** to **CUATES PUMP STATION**. **MR. SOTELO** said that they would not give up on the **TEXAS WATER DEVELOPMENT BOARD** on funding and this would be to request for submission of application for funds or low interest loan. A motion was made by **MR. GARCIA** to approve Resolution No. 35-10-09 and the motion was seconded by **MR. TENISON**. **MOTION CARRIED UNANIMOUSLY**.

ITEM#7 CONSIDER AND APPROVE DISBURSEMENTS

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

ITEM# 8 ENGINEER'S REPORT

1. **DESALINATION PROJECTS UPDATE**
2. **IMPROVEMENT AT WATER PLANT NO 2**
3. **MICRO FILTRATION IMPROVEMENTS/PILOT STUDY**

MR. JAKE WHITE from **NRS ENGINEERS** reported on the **DESALINATION PLANT** and said that they were excited about the red-tide in terms of the treatment process for the proposed plant. He indicated that they would be able to see the impacts of a red-tide on a **SEAWATER DESALINATION SYSTEM**. He said that red-tides occur all over the world but localized red-tide were not the same as seen in the middle-east. He said that some plants in the middle east actually shut down because of red-tides. He said that the potential would be that the micro-filtration of the pre-treatment system would be capable of removing about 95% of all contaminants associated with red-tides. He indicated that depending on the severity of the system it could cause potential enhanced fouling on reverse osmosis. He said that he would be reviewing data during the next few days. He reported on the **IMPROVEMENT OF WATER PLANT NO. 2** and **MICRO-FILTRATION IMPROVEMENTS/PILOT STUDY** and said that the pilot agreement had been finalized and were working on getting a pilot unit in the next 30-45 days. He also said that they had obtained water quality sampling that was performed over the last 3 years. He indicated that they would review all data and report back to the board. He also mentioned that they would be able to move forward rapidly with the actual full-scale design.

ITEM#9 GENERAL MANAGER'S REPORT

MR. SOTELO report on a request for extension of utilities to the area in the **PORT OF BROWNSVILLE** and said that he did not have many details yet but they needed something in writing saying it was okay to serve the area. He said that he would be discussing the issue with the bond attorney on whether annexing the area into the **DISTRICT** would be required. He also said that water tower repairs were underway on **SOUTH PADRE ISLAND** and **LAGUNA VISTA**.

ITEM# 10 EXECUTIVE SESSION AS PERMITTED BY THE TEXAS OPEN MEETINGS ACT, V.T.C.A., GOVERNMENT CODE SECTION 551.001 ET. SEQ., UNDER SECTION 551.072 AND 551.071(1)(A) WHICH AUTHORIZES THE HOLDING OF SUCH CLOSED OR EXECUTIVE SESSION(S):

- A. To deliberate the purchase, exchange, lease or value of real property, to wit:

For the Sale of a tract of land being .55 acres out of an un-subdivided land of the City of Port Isabel of Santa Isabel Grant (the old Bus Barn) adjacent to the Laguna Madre Water District Administration Building. (551.072); and

- B. Consultation with Attorney- On pending and/or contemplated litigation, to wit:

North Island Development. (551.071)(1) (a)

The BOARD went into Executive Session at 6:35 pm

The BOARD came out of Executive Session at 6:50 pm

ITEM #11 CONSIDER AND APPROVE EXECUTIVE SESSION ITEMS, IF NECESSARY

The **CHAIRMAN** stated that there would be no action taken on Item A. He also said they would take action on Item B and for our attorney to proceed and communicate with land holder on **NORTH ISLAND DEVELOPMENT** regarding payment. A motion was made by **MR. KEPLINGER** to approve Executive Session items and the motion was seconded by **MR. GARCIA**. **MOTION CARRIED UNANIMOUSLY.**

ITEM#12 ADJOURNMENT

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

JEFF KEPLINGER, DIRECTOR

RUDY H. GARCIA, SECRETARY

MINUTES APPROVED THIS _____ DAY OF _____ 2009.

