

**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 **27<sup>th</sup> day of JANUARY 2016** 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:

***BOARD OF DIRECTORS***

Jeff Keplinger, Chairman  
William "Whitey" J. Thomas, Vice Chairman  
Martin Cantu, Jr., Secretary  
Scott Friedman, Director  
Rick Wells, Director

***ADMINISTRATIVE STAFF***

Carlos J. Galvan, Jr., General Manager  
Charles Ortiz, District Engineer  
Victor Valdez – Director of Operations  
Sanjuana Garcia – Director of Finance  
Eddie Lucio III - Attorney

**ITEM #2**            **INVOCATION AND PLEDGE OF ALLEGIANCE**

The **CHAIRMAN** invited everyone in the audience to stand for the invocation and recite the Pledge of Allegiance.

**ITEM #3**            **INVITATION TO AUDIENCE FOR DISCUSSION**

The **CHAIRMAN** asked if anyone in the audience would like to address the **BOARD**. No one responded.

**ITEM #4**            **CONSIDER AND APPROVE MINUTES FOR REGULAR MEETING OF JANUARY 13, 2016**

A motion was made by **MR. FRIEDMAN** to approve Minutes for Regular Meeting of January 13, 2016, seconded by **MR. WELLS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #5**            **GENERAL MANAGER'S REPORT**

- **THM REPORT**
- **PROCUREMENT POSITION**
- **AWWA CONFERENCE**

**MR. GALVAN** reported on the following:

- Interview with Channel 5 News and a call from Port Isabel-SPI Press regarding the notices that were sent to customers regarding THM contamination level on TCEQ's Third Quarterly Report (for the months of July, August, and September). Clarified that the District has been in compliance since March 2015 and THM levels have been below the TCEQ standards.
- Procurement Position – suggested for 2 in-house employees (Accounts Payable and Warehouseman) to split the Procurement Position duties and split half of the pay rate between the two employees. Changes will be considered for approval at the next regular meeting.

- AWWA Conference is scheduled for June and will be held in Chicago, Illinois.
- Michigan's Flint water crisis – ensured LMWD is tested by the state. The state does sampling on lead and metal testing.

**ITEM #6            DISTRICT ENGINEER'S REPORT**

- **CONSIDER BOND ELECTION IN NOVEMBER 2016**
- **WATER PLANT 2 CHLORINE DIOXIDE GENERATOR CONSTRUCTION PROGRESS UPDATE**

**MR. ORTIZ** reported on the following:

- Discussion on considering to taking formal action in having a Bond Election in November 2016 alternately changing the wording from reading seawater to reading an alternate water supply.
- Update on the Water Plant 2 Chlorine Dioxide Generator Construction Progress.

**ITEM #7            DIRECTOR OF OPERATION'S REPORT**

- **LITTLE LEAGUE FIELD UPDATE**

**MR. VALDEZ** gave an update on the Little League Field's irrigation system work progress.

**ITEM #8            DISCUSS AND APPROVE A RESOLUTION AUTHORIZING THE ISSUANCE OF LAGUNA MADRE WATER DISTRICT UNLIMITED TAX BONDS, SERIES 2016 IN THE APPROXIMATE AMOUNT OF \$2,580,000; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND A PRIVATE PLACEMENT LETTER; AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE (RESOLUTION NO. 129-01-16)**

A brief presentation was made by Mr. Adrian Galvan, Managing Director with Estrada Hinojosa Investment Bankers and Mr. Noel Valdez, Bond Counsel, Representative with McCall, Parkhurst and Horton L. L. P. relating to the sale of issuance of Unlimited Tax Bonds, Series 2016 in the approximate amount of \$2,580,000; Levying an AD Valorem Tax in support of the Bonds; authorizing the execution of a Paying Agent and a Private Placement Letter; authorizing other matters related to the issuance of the Bonds; and providing for an immediate effective date. Printed copies were handed out for the review, followed by questions and answers. The Board formally agreed on Estrada Hinojosa's recommendation to accept winning bid received from Bank of Texas with a true interest cost rate of 2.2900%.

A motion was made by **MR. THOMAS** to approve Resolution No. 129-01-16 Authorizing the issuance of Laguna Madre Water District Unlimited Tax Bonds, Series 2016 in the approximate amount of \$2,580,000; Levying an Ad Valorem Tax in support of the Bonds; Authorizing the execution of a Paying Agent/Registrar Agreement and a Private Placement Letter; Authorizing other matters related to the issuance of the Bonds; and providing for an immediate effective date, seconded by **MR. FRIEDMAN. MOTION CARRIED UNANIMOUSLY.**

**ITEM # 9            PRESENTATION AND DISCUSSION OF THE REVISED FINAL PROJECT FINAL PROJECT PLAN AND FINANCING PLAN, DATED JANUARY 20, 2016 FOR CITY OF SOUTH PADRE ISLAND, TEXAS REINVESTMENT ZONE NO. 1**

Ms. Darla Jones, with the City of South Padre Island gave a brief presentation on the revised Final Project Plan and Financing Plan for the City of South Padre Island, Texas Reinvestment Zone No. 1 followed by questions and answers.

**ITEM #10            CONSIDERATION AND APPROVAL OF AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF SOUTH PADRE ISLAND, TEXAS AND THE LAGUNA MADRE WATER DISTRICT FOR SPI REINVESTMENT ZONE NO. 1**

Discussion and questions ensued regarding the Interlocal Agreement concerning the District's debt capacity and TCEQ requirements. The document was tabled for further review by Counsel.

A motion was made by **MR. THOMAS** to table item, seconded by **MR. WELLS**. **MOTION CARRIED UNANIMOUSLY. ITEM TABLED.**

**ITEM #11            CONSIDERATION AND APPOINTMENT OF A LAGUNA MADRE WATER DISTRICT BOARD MEMBER TO THE CITY OF SOUTH PADRE ISLAND, TEXAS REINVESTMENT ZONE NO. 1 BOARD**

Item tabled and deferred to the next Regular Meeting given that the Interlocal Agreement document (see Item #10) was tabled for review.

A motion was made by **MR. WELLS** to table item, seconded by **MR. THOMAS**. **MOTION CARRIED UNANIMOUSLY. ITEM TABLED.**

**ITEM #12            CONSIDER AND DISCUSS LAGUNA MADRE WATER DISTRICT WATER AND WASTEWATER RATE SCHEDULES**

The Board and Staff reviewed options for a potential rate increase. Discussion and questions ensued regarding the District's Water and Wastewater Rate Schedules. The Board agreed option 6 with alterations. Modifications will be presented at the next Regular Meeting along with a resolution for consideration to amend the District's Water and Wastewater Rates Schedules.

**ITEM #13            CONSIDER AND APPROVE RESOLUTION NO. 130-01-16 AMENDING WATER AND WASTEWATER RATE SCHEDULES**

Item tabled and deferred to the next Regular Meeting given that the recommended water and wastewater rate increase option needs modifying.

A motion was made by **MR. WELLS** to table Resolution No. 130-01-16 to amend the Laguna Madre Water District Water and Wastewater Rate Schedules, seconded by **MR. THOMAS**. **MOTION CARRIED UNANIMOUSLY. ITEM TABLED.**

**ITEM #14            CONSIDER AND APPROVE ENGINEERING SERVICES FOR STRUCTURAL PIPE SUPPORT RESTORATION FOR 24" WATER TRANSMISSION MAIN AT BRIDGE CROSSING IN LONG ISLAND VILLAGE**

A motion was made by **MR. WELLS** to approve Engineering Services for Structural Pipe Support Restoration for 24" Water Transmission Main at Bridge Crossings in Long Island Village, seconded by **MR. CANTU**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM #15            CONSIDER AND APPROVE AMENDMENT NO. 2 FOR DESIGN PHASE SERVICES WITH CAROLLO ENGINEERS FOR AEROBIC DIGESTER ADDITION AT PORT ISABEL WASTEWATER TREATMENT PLANT**

A brief presentation was given by Carollo Engineers on the addition of the sludge holding tanks at the Port Isabel Wastewater Plant, followed by questions and answers.

A motion was made by **MR. THOMAS** approve Amendment No. 2 for Design Phase Services with Carollo Engineers for Aerobic Digester Addition at Port Isabel Wastewater Treatment Plant, seconded by **MR. WELLS**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM #16**      **CONSIDER AND APPROVE AN OFFICIAL RESOLUTION TO COMMIT LAGUNA MADRE WATER DISTRICT TO THE WATER SMART FOR WATER AND ENERGY EFFICIENCY GRANT APPLICATION FOR FISCAL YEAR 2016 FOR THE PORT ISABEL WASTEWATER TREATMENT PLANT PHASE I IMPROVEMENTS (RESOLUTION NO. 131-01-16)**

Mr. Ortiz noted the Water and Energy Efficiency application submittal was made on January 20, 2016 and the following resolution is agreeing to the contents on the application and the Board supports the resolution. The grant request was for a million dollars for the Port Isabel Wastewater Plant.

A motion was made by **MR. WELLS** to approve Resolution No. 131-01-16 to commit Laguna Madre Water District to the Water Smart for Water and Energy Efficiency Grant Application for Fiscal Year 2016 for the Port Isabel Wastewater Treatment Plant Phase I Improvements, seconded by **MR. FRIEDMAN. MOTION CARRIED UNANIMOUSLY.**

**ITEM #17**      **CONSIDER AND APPROVE RESOLUTION NO. 132-01-16 AUTHORIZING EMPLOYEES SUPPLEMENTAL INSURANCE THROUGH SECTION 125 PREMIUM ONLY PLAN**

A motion was made by **MR. FRIEDMAN** to approve Resolution No. 132-01-16 Authorizing Employees Supplemental Insurance through Section 125 Premium Only Plan, seconded by **MR. THOMAS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #18**      **CONSIDER AND APPROVE UNAUDITED REVENUE AND EXPENSES FOR THE MONTH OF DECEMBER 2015**

A motion was made by **MR. FRIEDMAN** to approve Unaudited Revenue and Expenses for the Month of December 2015, seconded by **MR. WELLS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #19**      **CONSIDER AND APPROVE INVESTMENT REPORT FOR THE FIRST QUARTER FY2016**

A motion was made by **MR. THOMAS** to approve to Investment Report for the First Quarter FY2016, seconded by **MR. WELLS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #20**      **CONSIDER AND APPROVE DISBURSEMENTS**

A motion was made by **MR. THOMAS** to approve Disbursements, seconded by **MR. WELLS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #21**      **EXECUTIVE SESSION PERMITTED BY THE OPEN MEETING ACT, V.T.C.A., GOVERNMENT CODE SECTION 551.001 ET. SEQ., UNDER SECTION 551.071, CONSULTATION WITH ATTORNEY**

**CONSIDERATION AND POSSIBLE ACTION TO MODIFY, AFFIRM, AMEND, AND/OR TERMINATE THE RAW WATER SUPPLY AGREEMENT WITH SOUTH PADRE ISLAND GOLF COURSE**

A motion was made by **MR. WELLS** for the **BOARD** to go into executive session at 7:00 pm, seconded by **MR. FRIEDMAN. MOTION CARRIED UNANIMOUSLY.**

A motion was made by **MR. THOMAS** for the **BOARD** to come out of executive session at 7:30 pm, seconded by **MR. WELLS. MOTION CARRIED UNANIMOUSLY.**

**ITEM #22**      **CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEM, IF NECESSARY**

A motion was made by **MR. THOMAS** to approve proposal to the Golf Course for \$0.80 per 1,000 gallons of raw water plus a \$250.00 minimum monthly service fee - beginning the next billing cycle, seconded by **MR. WELLS**. **MOTION CARRIED UNANIMOUSLY.**

**ITEM #23      ADJOURNMENT**

There being no further business the **CHAIRMAN** adjourned the meeting at **7:31 pm**.

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**JEFF KEPLINGER, CHAIRMAN**

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**MARTIN CANTU, JR. SECRETARY**

MINUTES APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2016.