

**MINUTES OF WORKSHOP MEETING**  
**BOARD OF DIRECTORS**  
**LAGUNA MADRE WATER DISTRICT**

The **WORKSHOP MEETING** of the **LAGUNA MADRE WATER DISTRICT** was held at the Administration Office of the District, 105 Port Road, Port Isabel, Texas on **29<sup>th</sup> day of APRIL** at the hour of **9:00 a.m.** pursuant to written notice as presented by law.

**ITEM #1**            **QUORUM**

The **CHAIRMAN** called the **WORKSHOP MEETING** to order at **9:00 a.m.** 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***

Scott D. Friedman - Chairman  
William Thomas – Vice Chairman  
Doyle Wells – Secretary  
Jeff Keplinger – Director  
Rick Wells – Director        **ABSENT**

***ADMINISTRATIVE STAFF***

Carlos J. Galvan, Jr. – General Manager  
Charles Ortiz – District Engineer  
Sanjuana Garcia – Director of Finance

LMWD Staff: Minnie Mata, Customer Service Manager; Noe Cantu, Water Plant Manager; Mark Garza, Wastewater / Lift Stations Manager; Jose Salinas, Wastewater Collections Manager; Joel Lopez, Water Distribution Manager; Tavo Ochoa, Construction Maintenance Manager; and Jarrod Martinez, Laboratory / Safety Manager

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

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

**ITEM #3**            **CONSIDER AND DISCUSS A COMPLETE METER REPLACEMENT PROGRAM**

Mrs. Garcia handed out printed copies of a power point presentation on Meter Replacements. There were discussion and questions following the presentation. The following points were made:

- Upgrade automated transmitter system
- Spreadsheet of breakdown of cost per cycle
- Request for Information on meters from different suppliers.

- Request information on advanced meter infrastructure system

The Board agreed on; Staff will continue looking at meter replacement program opportunities.

**ITEM #4                    CONSIDER AND DISCUSS UNFUNDED CAPITAL IMPROVEMENT PROJECTS**

- Port Isabel Wastewater Treatment Plant Modifications to Sludge Holding Tanks
  - Aeration Modifications to Basins 2 & 3 to continue performing as sludge holding tanks on a long-term basis are estimated to result in an increase of \$120,000 to the existing CSA Construction, Inc. Contract.
    - This cost is a major expense towards Operating Fund / Revenue that would be paid in one fiscal year.
  - An alternative plan is to pursue additional funding for one (1) new sludge holding tank and allow Contractor to proceed with construction as shown in original plans and specifications. New sludge holding tank will require a minimum of \$1.2 million to construct.
    - This cost is proposed to be funded through Unlimited Tax Bonds, which are paid over a 20 year period and does not impact the Operating Fund.
- Grit Removal is needed at both wastewater plants on South Padre Island. District Engineer is recommending approval for Garver to perform an analysis at both sewer plants to develop a grit removal strategy.
- Isla Blanca Wastewater Treatment Plant needs a static hydraulic model to fix the problem at Aeration Basins to accommodate peak flow conditions without violating discharge permit. Proposed improvements may be funded through future Unlimited Tax Bonds.
- Andy Bowie Wastewater Treatment Plant is very inefficient (i.e. it has a high electric bill). Improvements are necessary to improve energy efficiency.
- A wastewater flow monitoring program should be developed throughout the collection system to determine required lift station expansions needed to prevent Sanitary Sewer Overflows. CDM Smith addressed these needs in Technical Memorandum # 10, dated October 1, 2012. Flow monitoring program should be established before proceeding with final design. Lift Stations have extensive rehabilitation needs, as shown in cost estimate provided by Mark Garza, WWTP & Lift Station Manager. Upgrade to Lift Station 11 Force Main (i.e. master lift station for Port Isabel) is an additional project proposed to better accommodate peak flow.
- Mr. Ortiz distributed letter sent to Bureau of Reclamation (Reclamation) on April 28, 2017, regarding the status of the Laguna Madre Water District Port Isabel Wastewater Treatment Facility Water Reclamation and Reuse Facility (WRRF) Master Plan Project.
  - In response, Reclamation notified the District that WRRF is a project that may be eligible for funding under section 4009 of the Water Infrastructure Improvements for the Nation (WIIN) Act. Reclamation plans to include this project in a letter to Congress identifying it as an eligible project under WIIN. The letter to Congress will identify a list of projects eligible to apply for funding through a competitive grant program for planning, design, and construction of desalination and water recycling projects. At this time, Reclamation provided an opportunity for the District to confirm that we would like the project to be included in the list of projects that will be transmitted to Congress. The Board concurred that the District would provide confirmation to include our Water Reclamation Facility (Title XVI Project) in the list of eligible projects.
- Water Distribution Improvements – The October 2012 Water Distribution Hydraulic Modeling determined that the existing Laguna Vista elevated storage tank is very small, and a larger tank would benefit elevated storage in Laguna Vista. At the same time, Texas Commission on Environmental Quality does not require the District to have additional elevated storage capacity at this time. Mr. Ortiz recommends deferring this project to a future funding request.
- Water Treatment Improvements – We are out of space for additional sludge disposal at Water Plant 2. Mr. Ortiz recommends including new sludge drying basins at Water Plant 2 in a November 2017 Bond Election for the issuance of Unlimited Tax Bonds.
- All above-stated projects are proposed to be included in November 2017 Bond Election. An Engineer Report must be completed, including Opinion of Probable Cost, for consideration and approval by Board of Directors at meeting to be held on August 9<sup>th</sup> to meet schedule required to hold a November 2017 Bond Election.

**ITEM #5                    CONSIDER AND DISCUSS FUNDING OPTIONS: UNLIMITED TAX BONDS OR WATERWORKS AND SEWER SYSTEM REVENUE NOTES**

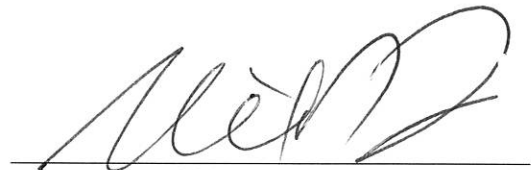
- One of the Bond Test Requirements for issuing Revenue Note is having a Debt Service Coverage Ratio of 1.35 or higher. Our current debt results in a minimum Debt Service Coverage Ratio of 1.39. The District will not see a significant improvement to Debt Service Coverage Ratio until the year 2028.
- We reviewed Certificates for Order Calling a Bond Election and Canvassing Bond Election Returns for May 14, 2011. Proposition 1, System Improvements, was approved for an amount of \$23,750,000. Proposition 2, Seawater Desalination, was approved for \$15,655,000. Since the District has not issued debt for Proposition 2, our tax rate has dropped from \$0.08 to 0.045.
- Mr. Ortiz discussed the preliminary schedule for key dates and general sequence of events for calling a Bond Election on November 7, 2017.

**ITEM # 6      ADJOURNMENT**

The Chairman adjourned the Workshop Meeting at 10:20 a.m.



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DOYLE WELLS, III, SECRETARY



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SCOTT D. FRIEDMAN, CHAIRMAN

MINUTES APPROVED THIS 10<sup>TH</sup> DAY OF MAY 2017.