

**MINUTES**  
 Regular Meeting  
 Laguna Madre Water District  
 Board of Directors  
 Wednesday, February 10, 2021  
 5:31 PM – 6:14 PM  
 Board Room

1	<p><b><u>QUORUM</u></b></p> <p><b>PRESENT:</b>          Vice-Chairman, Adam Lalonde          Secretary, Jason Starkey          Director, Dave Boughter          Director, William "Bill" Donahue</p> <p><b>ADMINISTRATIVE STAFF:</b>          General Manager, Carlos J. Galvan, Jr.          Director of Operations, Robert Gomez          District Engineer, Charles Ortiz          Director of Finance, Eduardo Salazar          Information Tech Specialist, Orlando Huerta          Purchasing Agent, Enrique Samaniego          Attorney, Brian Hansen</p> <p><b>ABSENT:</b>          Chairman, Scott Friedman</p>	
2	<p><b><u>PLEDGE OF ALLEGIANCE AND INVOCATION</u></b></p> <p>The pledge of allegiance and R. Gomez said the Invocation.</p>	
3	<p><b><u>INVITATION TO THE AUDIENCE FOR PUBLIC COMMENTS</u></b></p> <p><b>COMMENTS:</b></p> <ul style="list-style-type: none"> <li>• No comments from the Board or Staff</li> <li>• No one in the audience responded</li> </ul>	
4	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF THE MINUTES FOR THE WORKSHOP MEETING AND THE REGULAR MEETING FROM JANUARY 27, 2021. (C. GALVAN) ♦</u></b></p> <p><b>DISCUSSION:</b></p> <ul style="list-style-type: none"> <li>○ The Board approved the Workshop Meeting and the Regular Meeting Minutes as presented</li> </ul> <p>Moved by W. DONAHUE, seconded by J. STARKEY.</p> <p><b>Motion: Move to approve.</b></p>	<p><b>MOTION CARRIED</b></p>
5	<p><b><u>PRESENTATION BY MR. QUENTIN ANDERSON, WITH CARR, RIGGS, AND INGRAM CPAS AND ADVISORS OF SEPTEMBER 30, 2020, FINANCIAL AUDIT FOR LAGUNA MADRE WATER DISTRICT'S FINANCIAL STATEMENTS. (E. SALAZAR) ♦</u></b></p> <p><b>DISCUSSION:</b></p>	<p><b>DISCUSSION ONLY</b></p>

	<ul style="list-style-type: none"> <li>○ Mr. Anderson gave a presentation on the Comprehensive Annual Financial Report. There were discussion and questions following the presentation</li> <li>○ Printed copies of the final draft of the Comprehensive Annual Financial Report were handed out during the meeting and attached to the minutes. The following topics discussed: <ul style="list-style-type: none"> <li>▪ Pages 13 through 15 regarding the Independent Auditors Report. Mr. Anderson noted, in accordance with the Government Auditing Standards, the report issued is the auditor's consideration of the District's internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters</li> <li>▪ Pages 17 through page 21 discussed the Management's Discussion &amp; Analysis, a narrative overview with tables of information for the year and prior year</li> <li>▪ Page 77 reviewed the Texas Supplementary Information reviewed</li> <li>▪ Pages 98 through 99 reviewed the Net Position for the last ten years</li> <li>▪ Page 119 Compliance Section reviewed</li> <li>▪ Page 121 and 122 reviewed the Independent Auditor's Report on Internal Control Over Financial Reporting and on compliance and other matters based on an Audit of Financial Statements performed in accordance with Government Auditing. During the audit review, Mr. Anderson noted that they did not identify any less severe deficiencies than a material weakness, yet important enough to merit the attention of those charged with governance. In the compliance and other matters portion, the tests' results disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. The financial statements are in a very healthy financial condition</li> </ul> </li> <li>○ Printed copies of the Required Communications Prepared for the Board of Directors and Management were handed out during the meeting and attached to minutes. Discussion and questions ensued</li> <li>○ Question: What's your opinion on the District having a \$10 million unrestricted balance? Is it healthy or weak compared to other water municipalities? Response: It all depends on what's in the District's future Capital Projects and what projects to complete. The net Position and fund balance (pages 33 through 35). Discussion ensued regarding significant commitments (page 66)</li> <li>✓ Recommendation: Discuss unfunded projects at the upcoming Workshop. Show Fund balance with the current year, next year, and forward</li> </ul>	
6	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE FINANCIAL AUDIT REPORT OF LAGUNA MADRE WATER DISTRICT'S FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020. (E. SALAZAR) ♦</u></b></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> <li>○ The Board agreed on the approval of the audit</li> </ul> <p>Moved by J. STARKEY, seconded by W. DONAHUE.</p> <p>Motion: Move to approve.</p>	MOTION CARRIED
7	<p><b><u>GENERAL MANAGER'S REPORT ♦</u></b></p>	GENERAL

	<p><b>REPORT:</b>  <u>WORKSHOP MEETING FEBRUARY 20, 2021 –</u></p> <ul style="list-style-type: none"> <li>o Reminder, upcoming Workshop for Saturday, February 20 at 8:30 AM</li> </ul>	<p><b>MANAGER'S REPORT</b></p>
<p>8</p>	<p><b><u>RAW WATER COMMITTEE REPORT</u></b></p> <ul style="list-style-type: none"> <li>o <b><u>REPORT BY COMMITTEE REGARDING RAW WATER RATE</u></b></li> <li>o <b><u>DISCUSSION AND POSSIBLE ACTION REGARDING RAW WATER RATE</u></b></li> </ul> <p><b><u>REPORT BY COMMITTEE REGARDING RAW WATER RATE - DISCUSSION ONLY</u></b></p> <ul style="list-style-type: none"> <li>o Committee's Recommendation: Recommend for Laguna Madre Water District extend the term of the current raw water rate contract with the South Padre Island Golf Course to a period of 20 years furthermore the committee recommends the District offer the said client a .24 cent per thousand-gallon rate for the first ten years after which the existing rate escalation scale as outlined in the current contract will be adopted and therefore applied in year 11 as moving forward in said agreement</li> <li>o Question: What's the current rate? Response: The current arranged rate is .77 cent per thousand gallons; it is a negotiated rate from legal activities that occurred last year</li> </ul> <p><b><u>DISCUSSION AND POSSIBLE ACTION REGARDING RAW WATER RATE – ACTION ITEM</u></b></p> <ul style="list-style-type: none"> <li>o The Vice-Chairman, A. LALONDE recused himself from any discussions and voting on the matter mentioned above, a quorum maintained</li> <li>o Recommendation from the committee: to apply the raw water rate arrangement discussed above (Raw Water Committee Report) to the said client, South Padre Island Golf Course</li> <li>o B. Hansen noted this is a recommendation to make an offer (to South Padre Island Golf Course)</li> <li>o The motion passed to provide the following offer to the said client (South Padre Island Golf Course) as follows: to amend the current contract, to make the term 20 years, with a rate of .24 cent for the first ten years</li> <li>o The Board agreed and accepted the recommendation from the committee regarding the raw water rate</li> </ul> <p>Moved by J. STARKEY, seconded by D. BOUGHTER.</p> <p>Motion: Move to approve.</p>	<p><b>MOTION CARRIED</b></p>
<p>9</p>	<p><b><u>DIRECTOR OF OPERATION'S REPORT</u></b></p> <ul style="list-style-type: none"> <li>• <b><u>MONTHLY REPORT FOR JANUARY</u></b></li> <li>• <b><u>PRESENTATION BY DEPARTMENT</u></b> <ul style="list-style-type: none"> <li>o <b><u>ELECTRICAL</u></b></li> </ul> </li> </ul> <p><b>REPORT:</b>  <b><u>MONTHLY REPORT FOR JANUARY</u></b></p> <ul style="list-style-type: none"> <li>o R. Gomez reported on the Distribution and Collections Departments, the January report on service orders and service calls comparison from 2020 to 2021 showed numbers dropped</li> <li>o The Pretreatment Department remained almost the same from December to January</li> </ul> <p><b><u>PRESENTATION</u></b></p>	<p><b>DIRECTOR OF OPERATION'S REPORT</b></p>

	<ul style="list-style-type: none"> <li>o Santiago Fierro, Electrical Manager, gave a presentation on the Department's procedures and duties followed by questions and answers</li> </ul>	
10	<p><b><u>DISTRICT ENGINEER'S REPORT</u></b> ♦</p> <ul style="list-style-type: none"> <li>• <u>STATUS OF LIFT STATION REHABILITATION</u></li> <li>• <u>CAPITAL PROJECTS SCHEDULE</u></li> </ul> <p>REPORT:</p> <ul style="list-style-type: none"> <li>o C. Ortiz gave an update on the Lift Station Rehabilitation and timeline schedule of completion of projects reviewed, followed by a discussion, and questions and answers</li> </ul>	DISTRICT ENGINEER'S REPORT
11	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF A 50HP PUMP FOR LIFT STATION 22. (E. SAMANIEGO)</u></b> ♦</p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> <li>o E. Samaniego reported as per TCEQ, two available pumps are needed in each lift station at all times. The Tsurumi pump needs replacement</li> <li>o Buy Board item</li> <li>o Not a budget item</li> <li>o Staff's recommendation: Precision Pump System for purchase of one submersible pump for \$25,671.79</li> <li>o The Board agreed and approved</li> </ul> <p>Moved by J. STARKEY, seconded by D. BOUGHTER.</p> <p>Motion: Move to approve.</p>	MOTION CARRIED
12	<p><b><u>CONSIDER AND DISCUSS POSSIBLE APPROVAL OF THE FINANCIAL REPORTS FOR NOVEMBER 2020. (E. SALAZAR)</u></b> ♦</p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> <li>o E Salazar noted the revenue and expenditures are as expected</li> <li>o The Board approved the Financials as presented</li> </ul> <p>Moved by J. STARKEY, seconded by W. DONAHUE.</p> <p>Motion: Move to approve.</p>	MOTION CARRIED
13	<p><b><u>CONSIDER AND REVIEW EXPENDITURES FROM JANUARY 1ST, 2021 – JANUARY 15, 2021. (C. GALVAN)</u></b> ♦</p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> <li>• The Board accepted the expenditures as presented</li> </ul> <p>Expenditures acknowledged by J. STARKEY and W. DONAHUE.</p>	ACKNOWLEDGMENT OF EXPENDITURES
14	<b><u>ADJOURNMENT</u></b>	MEETING ADJOURNED @

There being no further business, the VICE -CHAIRMAN adjourned the meeting at 6:14 PM. Moved by J. STARKEY and W. DONAHUE.	6:14 PM
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JASON STARKEY, SECRETARY



ADAM LALONDE, VICE-CHAIRMAN

MINUTES APPROVED THIS 24<sup>TH</sup> DAY OF FEBRUARY 2021.