

MINUTES
Regular Meeting
Laguna Madre Water District
Board of Directors
Wednesday, October 24, 2018
5:30 PM – 7:14 PM
Board Room

ITEM #1 QUORUM

PRESENT: Chairman, Scott D. Friedman
 Vice Chairman, Rick Wells
 Secretary, Doyle Wells
 Director, Herb Houston
 Director, Alex Avalos

ADMINISTRATIVE STAFF: General Manager, Carlos J. Galvan, Jr.
 Director of Operations, Robert Gomez
 District Engineer, Charles Ortiz
 Purchasing Agent, Enrique Samaniego
 Director of Finance, Eddie Salazar

ABSENT: Attorney, Eddie Lucio, III

ITEM #2 INVOCATION AND PLEDGE OF ALLEGIANCE

The meeting began with the Pledge Allegiance and an Opening Prayer.

ITEM #3 INVITATION TO THE AUDIENCE FOR PUBLIC COMMENT

- Joel Lopez, Distribution Manager
 - For Board to seriously consider approving Item #10 and Item #11 on the agenda

ITEM #4 CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF THE REGULAR MEETING ON OCTOBER 10, 2018. (C. GALVAN) ♣

Moved by A. AVALOS, seconded by D. WELLS:

Move to approve.

MOTION CARRIED

ABSTAINED: R. WELLS (absent on October 10th)

ITEM #5 GENERAL MANAGER'S REPORT

- SHRIMP COOK-OFF
- DROUGHT MANAGEMENT
- BILLING AND CONSUMPTION FOR 2017-2018 ♣

ITEM #5 CONTINUED

REPORT:

SHRIMP COOK-OFF:

- The date for Shrimp Cook-off: November 3rd
- The district will have a booth, Representing LMWD and meet Employees
- Handing out pamphlets and provide a sample of LMWD products

DROUGHT MANAGEMENT

- Back to phase 1 – no restrictions
- Last week level at 55%
- Today's level 57%
- More rain in the next 3-4 days
- Expecting level to rise 75%

BILLING AND CONSUMPTION FOR 2017-2018

- History on billing and consumption for 2017-2018
- 2018 water consumption went up 1.4 million gallons higher than last year
- Water sold is less
- Water loss of 18 million gallons
- Major Water leaks included in the loss of the 18 million gallons
- Possible Water loss issues: leaks, faulty meters
- Will make a comparison with the new metering system when replaced. Will make monthly comparisons

GENERAL MANAGER'S REPORT

ITEM #6 DIRECTOR OF OPERATION'S REPORT

- OPERATIONAL REPORT FOR SEPTEMBER ♦

REPORT:

- Service Orders and Callouts for September
- Total for September – 203
- Collections Department- 44
- Collections get recorded for preventive maintenance
 - Keep track of work for TCEQ
- What's the reason for pulled meters? Replacement of meters or removed a meter
- When will there be comparison year to year? Starting in February

DIRECTOR OF FINANCE REPORT

ITEM #7 DISTRICT ENGINEER'S REPORT

- WATER PLANT 1 CLEARWELL RESTORATION ♦
- LAGUNA MADRE WATER DISTRICT BOUNDARY ♦
- WASTEWATER RFQ FOR ENGINEERING SERVICES ♦

ITEM #7 **CONTINUED**

REPORT:

WATER PLANT 1 CLEARWELL RESTORATION

- Looked at options to consider fiberglass tank or alternatives to restore the concrete, did not see a viable option
- Would need multiple tanks would be more cost-effective direction trying to replace concrete tank based on its diameter and size
- Do DN Tanks manufacture or sell fiberglass tanks? No, a concrete manufacturer
- Did you call Ready Wall, in Kennedy, Texas? No
- If going with concrete, need to consider doing a different top for it. Possibly build a dome instead of flat
- The manufacturer needs to be aware of some of the things that are being considered
- Need to know what the alternatives are
- Need a better idea of what it is we are considering because it will affect the size of the tank that gets put in
- Give all alternatives available to accomplish the needs that we have

LAGUNA MADRE WATER DISTRICT BOUNDARY

- Map updated and revised
- Map reflecting District boundary for taxing purposes
- The map needs board signatures
- Will scan and post on the District website
- Correct name on the map from Browser to Bowser
- Will make corrections and bring back to the Board for signatures
- Will bring back as an action item at next regular meeting

WASTEWATER RFQ ENGINEERING SERVICES

- Need an engineer/contract before closing the loan
- Advertised this past weekend
- Proposals are due on November 20th
- Received response from 8 firms
- Discussion ensued regarding detailed information provided on the RFQ
 - Too many specifics
 - Do not want to overspend on something that isn't necessary for this project
 - Ask an engineer to give their expertise
 - Can specify as an addendum at the pre-bid meeting
 - Keep Board Updated on how it's proceeding

ITEM #8

CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF A RESOLUTION ADOPTING THE INVESTMENT POLICY FOR FISCAL YEAR 2018-2019 OF THE LAGUNA MADRE WATER DISTRICT (RESOLUTION NO. 166-10-18) (E. SALAZAR)

DISCUSSION:

- The policy required with the Public Funds Investment Act
- Annual Adoption
- No changes to policy, the same as last year's
- The policy provided by Investment Advisor

Moved by **H. HOUSTON**, seconded by **D. WELLS**:

Motion, to approve.

MOTION CARRIED

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ITEM #9

DISCUSS AND APPROVE A RESOLUTION AUTHORIZING THE ISSUANCE OF LAGUNA MADRE WATER DISTRICT WATERWORKS AND SEWER SYSTEM REVENUE NOTES, SERIES 2018 IN THE APPROXIMATE AMOUNT OF \$2,940,000; AWARDED THE SALE OF THE NOTES; AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE NOTES, AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE (RESOLUTION NO. 167-10-18). (E. SALAZAR) ♦

DISCUSSION:

- The presentation started at 6:01 PM given by Financial Advisor, Jorge Garza, Representative with Estrada and Hinojosa Company
 - Bids received before 11 AM
 - Received 5 Bid Proposals:
 - Amegy – Interest Rate 3.250%, Out of Pocket Expenses \$0, Callable anytime @ PAR plus accrued interest with 30 day’s notice
 - B B & T – Interest Rate 3.540%, Out of Pocket Expenses \$3,000, Callable in whole @ PAR beginning 3/1/2023
 - Chase (1) - Interest Rate 3.04%, Out of Pocket Expenses \$2,000, No optional redemption
 - Chase (2) - Interest Rate 3.123%, Out of Pocket Expenses \$2,000, Optional redemption in whole or in part, at par plus accrued interest after 3/1/2024
 - Chase (3) - Interest Rate 3.215%, Out of Pocket Expenses \$2,000, Optional redemption in whole or in part, at par plus accrued interest after 3/1/2022
 - Regions - Interest Rate 3.463%, Out of Pocket Expenses \$3,500, Callable 3/1/2024 par plus accrued interest
 - TIB - Interest Rate 3.890%, Out of Pocket Expenses \$0, Callable anytime @ PAR plus accrued interest with 30 day’s notice
- Staff and Financial Advisor’s Recommendation: Amegy – Interest Rate 3.250%, because they give the ability at that rate to prepay the notes at any time. If ever there is a crisis and need to restructure the debt
- Discussion and questions ensued
- Several motions made
- At 6:35 PM, The Board agreed to approve the recommended Bid proposal awarding Amegy Bank, Interest Rate 3.250%, \$0 expense, and callable anytime @ PAR plus accrued interest with 30 days notice
- Supported through a Resolution (No. 167-10-18).

Moved by **H. HOUSTON**, seconded by **D. WELLS**:

Motion, to go with Amegy Bank.

MOTION CARRIED

**FOR: A. AVALOS
D. WELLS
H. HOUSTON
S. FRIEDMAN**

OPPOSED: R. WELLS

ITEM #10

CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF DIFFERENTIAL PAY FOR EMPLOYEES ON SHIFT WORK. (R. GOMEZ) ♣

DISCUSSION:

- Differential pay for the water department only
- It's the only department with swing and graveyard shift
- 8 Employees in the Water Department work the two shifts
- Differential pay based on the employee working on one of the two shifts, so it's not added to salaries
- Recommendation: a \$50.00 stipend on a bi-weekly basis for each of the two shifts
- \$2,600 annually for two individuals working the alternate shifts
- Water Department would be able to absorb this cost
- Water Plant Manager, Noe Cantu present at meeting for questions and answers
- Would like to bring up all positions to "I like this Job."

Moved by **R. WELLS**, seconded by **D. WELLS**:

Motion, to approve.

MOTION CARRIED

ITEM #11

CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF A ONE-TIME UNFUNDED PAYMENT TO EMPLOYEES WHO HAVE REACHED STEP 13 ON THE PAY GRADE SCALE (R. GOMEZ) ♣

DISCUSSION:

- Three employees reached the last step in the pay scale and had not received any compensation
- The three employees passed evaluations but no salary increase
- Two of the employees did not receive additional compensation in two years
- One of the employees did not receive additional compensation in last year
- Departments can
- Four more employees will reach step 13 in 2018-2019
- First Recommendation: Make a one-time payment to each of the three employees 2.5% of their annual salary.
- Second recommendation: Update Pay Scale with two additional steps
- Third Recommendation: Adopting a one-time annual stipend of 2.5% of the annual individual's salary once they reach the 15th step
- Questions:
 - Why don't we pay the COLA?
 - Need a comprehensive analysis to see if the right wages are paid
 - Why are employees leaving?
 - How are we paying compared to other areas and entities?

Moved by **D. WELLS**, seconded by **A. AVALOS**.

Move to approve the first three employees.

MOTION CARRIED

ITEM #11 **CONTINUED**

ACTIONS:

- Put together a chart showing a couple of other districts and comparable pay scales for different steps. What the district is paying versus other districts.

ITEM #12 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF CHANGE ORDER NO. 4 WITH CSA CONSTRUCTION, INC. FOR PORT ISABEL WWTF MODIFICATIONS. (C. ORTIZ) ♣**

DISCUSSION:

- Finishing up electrical instrumentation for completion it more of a final quantity's adjustment
- As a whole, it's a deduct from the current authorized amount
- Discussion ensued concerning a retaining wall being put up without board approval or notice
- Retaining wall was done in August 2018

A motion made by **D. WELLS**, seconded by **H. HOUSTON**:

Motion, move to approve the change order.

MOTION CARRIED

ACTIONS:

Recommendation for General Manager address the engineering matters discussed tonight - prove wrong or fix it.

ITEM #13 **CONSIDER AND REVIEW EXPENDITURES FOR OCTOBER 1-15, 2018 (C. GALVAN) ♣**

DISCUSSION:

- No questions or comments

EXPENDITURES ACKNOWLEDGED

ITEM #14 **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**

CONSIDER AND DISCUSS THE WATER SUPPLY AGREEMENT FOR SPI GOLF HOMEOWNERS JV, INC.

It was moved by **A. AVALOS**, seconded by **D. WELLS**:

To go into executive session at 7:02 PM.

MOTION CARRIED

The Board took a short recess before going into Executive Session.

ITEM #14 CONTINUED

It was moved by R. WELLS, seconded by D. WELLS:

To come out of executive session at 7:14 PM.

MOTION CARRIED

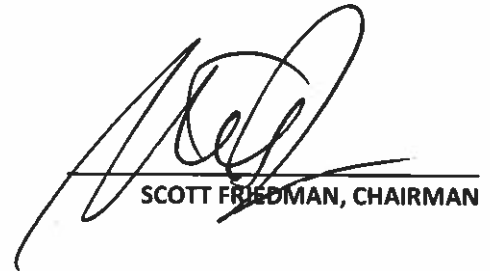
ITEM #15 CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEM, IF NECESSARY

The Board took no action.

NO ACTION

ITEM #16 ADJOURNMENT

The CHAIRMAN adjourned the meeting at 7:14 PM.



SCOTT FRIEDMAN, CHAIRMAN



BOARD OF DIRECTOR

MINUTES APPROVED THIS 13TH DAY OF NOVEMBER 2018.