


**MINUTES**  
 Regular Meeting  
 Laguna Madre Water District  
 Board of Directors  
 Wednesday, February 5, 2020  
 5:30 PM – 6:44 PM  
 Board Room

<b>1</b>	<p><b><u>QUORUM</u></b></p> <p><b>PRESENT:</b>          Chairman, Scott Friedman          Vice-Chairman, Herb Houston          Secretary, Alex Avalos          Director, Jason Starkey          Director, Adam Lalonde</p>  <p><b>ADMINISTRATIVE STAFF:</b>          General Manager, Carlos J. Galvan, Jr.          Director of Operations, Robert Gomez          District Engineer, Charles Ortiz          Purchasing Agent, Enrique Samaniego          Director of Finance, Eddie Salazar          Attorney, Brian Hansen</p> <p>Agenda items presented as follows: 1,2,3,4,5,9,6,7,8,10,11,12,13,14,15,16,17,18,19,20,21</p>	
<b>2</b>	<p><b><u>INVOCATION AND PLEDGE OF ALLEGIANCE</u></b></p> <p>The Invocation and Pledge of Allegiance was said earlier at the 4:30 PM Workshop by E. Salazar</p>	
<b>3</b>	<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>• H. Houston noted he visited the District’s website and impressed with the improvements. Also suggested to delay or slow it down; the slides show playing too fast on the site.</li> <li>• E. Salazar noted:             <ul style="list-style-type: none"> <li>▪ Fliers developed for the tax bond are getting mailed with each billing cycle.</li> <li>▪ Also, developed a brochure advising customers of the water-smart customer portal and will get sent after the tax bond fliers</li> <li>▪ Bureau proposed (since there are very few census takers in the District) to add a message on the billing statements on how to be a census taker</li> </ul> </li> </ul>	
<b>4</b>	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF THE WORKSHOP MEETING AND THE REGULAR MEETING FROM FEBRUARY 5, 2020. (C. GALVAN) 💧</u></b></p> <p><b>DISCUSSION:</b></p> <ul style="list-style-type: none"> <li>• The Board approved the Workshop Meeting Minutes as presented</li> <li>• The Board approved the Regular Meeting Minutes as presented</li> </ul>	<p><b>MOTION          CARRIED</b></p>


	<p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve.</p>	
5	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF THE SPECIAL MEETING FROM FEBRUARY 18, 2020. (C. GALVAN) 💧</u></b></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> <li>The Board approved the Special Meeting Minutes as presented</li> </ul> <p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve.</p>	<p>MOTION CARRIED</p>
6	<p><b><u>GENERAL MANAGER'S</u></b></p> <ul style="list-style-type: none"> <li><b><u>UPDATE ON THE BOND PRESENTATIONS</u></b></li> </ul> <p>REPORT:</p> <ul style="list-style-type: none"> <li>C. Galvan noted the Bond Presentations have been very positive, except for this last presentation, the audience had a lot more questions, some criticism, and negative feedback</li> <li>Some comments and negativity were misunderstandings or wrong information, and not knowing the actual happenings of the District</li> <li>Planning for the Bond Committee to continue doing presentations</li> <li>The District Staff will continue educating the public</li> <li>✓ Suggestion: Do a factual update on questions asked from the audience that are needing to followup on <ul style="list-style-type: none"> <li>Followup with the correct information</li> <li>Issues that were followed-up on: <ul style="list-style-type: none"> <li>How much is the property tax base on SPI? The actual figure is 76% (SPI residents at the meeting claimed it was 90%)</li> <li>How much is the water usage for SPI? The exact number is for peak usage, not average, SPI's usage is 65% (SPI residents at the meeting claimed it was 50%)</li> </ul> </li> </ul> </li> </ul>	<p>GENERAL MANAGER'S REPORT</p>
7	<p><b><u>DIRECTOR OF OPERATION'S REPORT 💧</u></b></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li><b><u>MONTHLY REPORT FOR JANUARY</u></b> – Comparison report for 2019 - 2020 shows a decrease in the customer service calls, meter changeouts, faulty transmitters, check and repair leaks</li> <li><b><u>UPDATE ON FINAL AMI METER PROJECT COST</u></b> – Project Balance \$183,338.39. The District plans to possibly look into using the \$183,338.39 on a most needed project and if approved by Texas Commission Environmental Quality (TCEQ). <ul style="list-style-type: none"> <li>Suggestions: Use the money to pay the bond in advance</li> </ul> </li> <li><b><u>REPORT ON SAFETY TOWER CLIMBING CLASSES FOR FIVE EMPLOYEES</u></b> – Five District employees got trained and certified. The training is valid for two years. Three of the five employees that got certified were present at the meeting and congratulated by the Board.</li> </ul>	<p>DIRECTOR OF OPERATION'S REPORT</p>

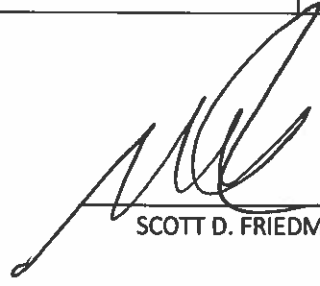
	<ul style="list-style-type: none"> <li>▪ Question: Does that impact our insurance? Response: Will look into it.</li> </ul>	
8	<p><b><u>DISTRICT ENGINEER'S REPORT</u></b></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• <b><u>CAPITAL PROJECT COORDINATION WITH TEXAS WATER DEVELOPMENT BOARD</u></b> – Met with new Engineering Reviewer assigned to project (and who replaced the current Engineer Reviewer). Preparing a project information form for the water plant 1, the deadline for the submittal is March 1.</li> <li>• <b><u>ENVIRONMENTAL REVIEW FOR PROJECT REVISIONS &amp; LIFT STATION ENGINEERING FEASIBILITY STUDY</u></b> - Proposing scope revisions the changes are for Hwy 100 gravity main and requesting approval for a budget change to add on the current revenue note</li> </ul>	DISTRICT ENGINEER'S REPORT
9	<p><b><u>PRESENTATION BY MR. QUENTIN ANDERSON, WITH CARR, RIGGS AND INGRAM CPAS AND ADVISORS OF SEPTEMBER 30, 2019, FINANCIAL AUDIT FOR LAGUNA MADRE WATER DISTRICT'S FINANCIAL STATEMENTS. (E. SALAZAR) 💧</u></b></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• This item was taken out of order and moved up for discussion after item five on the list</li> <li>• The Audit Committee met to review the Audit Report before today's 4:30 PM Workshop meeting</li> <li>• Printed copies of the Audit Report handed out during the meeting and attached to the minutes.</li> <li>• The Report on the Financial Statements got reviewed as followed, followed by questions and answers: <ul style="list-style-type: none"> <li>▪ Independent Auditors' Report, page 3: Engagement, notes, and disclosures</li> <li>▪ Opinions, page 4: The financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2019, and the respective change in financial position for the year then ended in accordance with accounting principles</li> <li>▪ Exhibit 1, Laguna Madre Water District, Governmental Activities – Net Position, page 9 and 10: overall assets \$102,258,103</li> <li>▪ Exhibit 4, Laguna Madre Water District, General Fund, page 12: Total revenues \$10,715,366</li> <li>▪ Exhibit 6, Laguna Madre Water District, Capital Projects Fund: Issuance of debt \$5,425,000</li> <li>▪ Exhibit 7, Laguna Madre Water District AMI Meter Project Fund: Issuance of debt \$2,587,500</li> <li>▪ Reviewed Laguna Madre Water District, Schedule of Findings and Responses, pages 77 and 78. Discussion regarding the recommendation portion to hiring additional staff in the Finance Department.</li> </ul> </li> <li>• Mr. Quentin noted the healthy fund balance in the General Fund representing a good reserve. The overall net position grew and improved overall in the prior year</li> </ul>	DISCUSSION ONLY
10	<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, 2019. (E. SALAZAR)</u></b></p>	

	<p><b>DISCUSSION:</b></p> <ul style="list-style-type: none"> <li>• E. Salazar commented regarding the question on the recommendation portion (page 78 in the Audit Report) to add or to hire additional staff in the Finance Department. E. Salazar's response: no, to adding or to hiring additional staff for the Finance Department</li> <li>• The Board agreed to approve the Audit Report for Fiscal Year ended September 30, 2019</li> </ul> <p>Moved by H. HOUSTON, seconded by J. STARKEY.</p> <p>Motion to approve.</p>	<p><b>MOTION CARRIED</b></p>
<p>11</p>	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF AMENDMENT NO. 1 WITH FREESE AND NICHOLS, INC. FOR LIFT STATION NO. 25 REHABILITATION, SH 100 GRAVITY MAIN ROUTE STUDY, AND FORCE MAIN ASSESSMENT. (C. ORTIZ) 💧</u></b></p> <p><b>REPORT:</b></p> <ul style="list-style-type: none"> <li>• Charles Kucherka with Freese &amp; Nichols, Inc. presented the item followed by questions and answers</li> <li>• Scope changes made on the contract- incorporated Lift Station 25</li> <li>• A fee reduction of \$89,079.44 (credit)</li> <li>• The Board agreed to approve Amendment No. 1</li> </ul> <p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve amendment 1 with Freese &amp; Nichols and incorporate Lift Station No. 25 rehabilitation, SH 100 gravity main.</p>	<p><b>MOTION CARRIED</b></p>
<p>12</p>	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF AMENDMENT NO. 1 WITH FREESE AND NICHOLS, INC. FOR ENGINEER'S REPORT TO SUPPORT BOND ELECTION. (C. ORTIZ) 💧</u></b></p> <p><b>REPORT:</b></p> <ul style="list-style-type: none"> <li>• Charles Kucherka with Freese &amp; Nichols, Inc. presented the item followed by questions and answers</li> <li>• C. Kucherka noted during the evaluation of Water Plant No. 1 and determined that the facility encroaches on the buffer zone of the Port Isabel Wastewater Treatment Plant. Freese &amp; Nichols coordinated with Texas Commission on Environmental Quality (TCEQ) for an exception request</li> <li>• Additional Services for the Elevated Storage Tank Control Valve adding to the SCADA</li> <li>• The Board agreed to approve Amendment No. 1</li> </ul> <p>Moved by H. HOUSTON, seconded by J. STARKEY.</p> <p>Move to approve.</p>	<p><b>MOTION CARRIED</b></p>

13	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF AMENDMENT NO. 1 WITH FREESE AND NICHOLS, INC. FOR PORT ISABEL WASTEWATER TREATMENT PLANT SLUDGE HOLDING TANK AND LIFT STATIONS REHABILITATION. (C. ORTIZ) 💧</u></b></p> <p><b>REPORT:</b></p> <ul style="list-style-type: none"> <li>• Revised documents printed, and copies handed out during the meeting showing changes to the Amendment Amount (an increase due to a typographical oversight)</li> <li>• The amendment is to the actual Texas Water Development Board Lift Station Rehabilitation Project. The project began with 14 Lift stations after rescope, 5 of the 14 Lift Stations got rescoped</li> <li>• Removing: Rehabilitation of Lift Station Nos. 3, 7, 16, 24, and Lift Station at Water Treatment Plant 2</li> <li>• Adding: <ul style="list-style-type: none"> <li>▪ Lift Station 17, and Lift Station 25, both identified as in poor condition</li> <li>▪ Adding Lift Station 30, it's a maintenance issue, will decommission and add a gravity main</li> <li>▪ Adding SH 100 Gravity Main</li> <li>▪ Adding the Port Isabel Wastewater Drain Connection</li> </ul> </li> <li>• The Board agreed to approve Amendment No. 1</li> <li>✓ Request: Preferably send revised documents through email or deliver before meeting instead of at or during the meeting</li> </ul> <p>Moved by A. AVALOS, seconded by J. STARKEY.</p> <p><b>Move to approve.</b></p>	<p style="text-align: center;"><b>MOTION CARRIED</b></p>
14	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL BUDGET AMENDMENT FOR ENGINEERING SERVICES. (C. ORTIZ) 💧</u></b></p> <p><b>REPORT:</b></p> <ul style="list-style-type: none"> <li>• C. Ortiz noted the Budget amendment is to keep the general ledger on track with the actual purchase orders</li> <li>• The Board agreed to approve the Budget Amendment for Engineering Services</li> </ul> <p>Moved by H. HOUSTON, seconded by J. STARKEY.</p> <p><b>Move to approve.</b></p>	<p style="text-align: center;"><b>MOTION CARRIED</b></p>
15	<p><b><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF THE FINANCIAL REPORTS FOR DECEMBER 2019. (E. SALAZAR) 💧</u></b></p> <p><b>REPORT:</b></p> <ul style="list-style-type: none"> <li>• The Board agreed to the approval of the Financial Reports for December 2019 as presented</li> </ul> <p>Moved by H. HOUSTON, seconded by J. STARKEY.</p> <p><b>Move to approve.</b></p>	<p style="text-align: center;"><b>MOTION CARRIED</b></p>

16	<p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF AN AERATION MOTOR. (E. SAMANIEGO) 💧</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• Aeration motor is for the clarifier</li> <li>• Budgeted item</li> <li>• Staff recommendation: Ovivo for \$22,978.00</li> </ul> <p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve.</p>	MOTION CARRIED
17	<p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF THREE TRAILERS. (E. SAMANIEGO) 💧</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• E. Samaniego noted two old trailers need replacement and the third trailer for hauling material</li> <li>• Staff recommendation: Texas Pride Trailers for \$23,798.75</li> <li>• The Board agreed to the purchase of the three trailers</li> <li>✓ Recommendation: Possible look into using coding or liner on the beds of the trailer to extend the life of the trailers</li> </ul> <p>Moved by A. AVALOS, seconded by J. STARKEY.</p> <p>Move to approve.</p>	MOTION CARRIED
18	<p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF A DREDGING MACHINE. (E. SAMANIEGO) 💧</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• E. Samaniego noted the dredging machine is for maintaining the reservoirs rather than doing corrective maintenance its best to do preventive maintenance</li> <li>• Staff recommendation: Geoform International for \$111,304.00. Two-year warranty</li> <li>✓ Recommendation: for staff to look for more quotes when only one vendor bids, keep looking until one is remotely competitive</li> <li>• The Board agreed to approve the purchase of a dredging machine</li> </ul> <p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve.</p>	MOTION CARRIED
19	<p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF TOWER CLIMBING EQUIPMENT. (E. SAMANIEGO) 💧</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> <li>• Received three bids</li> <li>• Staff recommendation: GME, LLC for \$13,026.97</li> </ul>	MOTION CARRIED

	Moved by H. HOUSTON, seconded by J. STARKEY. Move to approve.	
20	<u>CONSIDER AND REVIEW EXPENDITURES FROM JANUARY 15, 2020 – FEBRUARY 15, 2020.</u> <u>(C. GALVAN)</u>  DISCUSSION: <ul style="list-style-type: none"> <li>The expenditures were acknowledged as presented</li> </ul> Expenditures acknowledged by H. HOUSTON and J. STARKEY.	ACKNOWLEDGMENT OF EXPENDITURES
21	<u>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:</u> <u>UPDATE ON LEGAL MATTERS CONCERNING RATEPAYER'S APPEAL OF THE RAW WATER RATE</u> The Chairman noted no Executive Session.	NO EXECUTIVE SESSION
22	<u>CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEMS, IF NECESSARY.</u> <u>UPDATE ON LEGAL MATTERS CONCERNING RATEPAYERS APPEAL OF THE RAW WATER RATE</u> The Chairman noted no Executive Session.	NO ACTION
23	<u>ADJOURNMENT</u> There being no further business the CHAIRMAN adjourned the meeting at 6:44 PM	MEETING ADJOURNED @ 6:44 PM



SCOTT D. FRIEDMAN, CHAIRMAN



ALEX AVALOS, SECRETARY

MINUTES APPROVED THIS 11<sup>TH</sup> DAY OF MARCH 2020.