

MINUTES
REGULAR MEETING – OCTOBER 26, 2016
LAGUNA MADRE WATER DISTRICT
BOARD OF DIRECTORS

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 **26th day of OCTOBER, 2016** at the hour of **5:00 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
Scott D. Friedman – Secretary
Rick A. Wells – Director
Doyle Wells, III - 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 Pledge of Allegiance.

ITEM #3 INVITATION TO AUDIENCE FOR DISCUSSION

Public comments and announcements were given at this time.

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 OCTOBER 12, 2016

A motion was made by **MR. R. WELLS** to approve Minutes for Regular Meeting of October 12, 2016 as presented, seconded by **MR. S. FRIEDMAN**. **MOTION CARRIED UNANIMOUSLY.**

ITEM #5 GENERAL MANAGER'S REPORT

- SMALL CLAIMS UPDATE
- REGULAR MEETINGS FOR THE MONTH OF NOVEMBER
- SERVICE POLICIES GENERAL RULES AND REGULATIONS UPDATE

MR. GALVAN reported on the following:

- SMALL CLAIMS UPDATE – 1 out of the 2 unpaid accounts from the accounts receivables Bad Debt/Write-off list that were sent a final notice letter contact the District and made payment arrangements. The other unpaid account that did not respond to the final notice letter, the amount owed was applied to an account that is active and operating under the same Customer.
- REGULAR MEETINGS FOR THE MONTH OF NOVEMBER – The second Regular Meeting falls on Thanksgiving Eve and the Board agreed to change the scheduled date from Wednesday to Tuesday, November 22, 2016.
- SERVICE POLICIES GENERAL RULES AND REGULATIONS UPDATE - Changes were made by Staff and Counsel to Resolution No. 141-10-16 for adopting Clause 1.4.8 (B) relating to Service Disconnection for nonpayment of bills on the Service Policies for General Rules and Regulations of the Laguna Madre Water District and corrected the errors on Clause 1.4.10. paragraph "C". Copies were attached to Board packet and handed out prior to meeting for review.

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

- AMEND WATER RIGHTS CERTIFICATE
- CAPITAL PROJECTS UPDATE
- PORT ISABEL WWTP MONOFILL

MR. ORTIZ reported on the following:

- AMEND WATER RIGHTS CERTIFICATE – Process was completed to Amend Water Rights.
- CAPITAL PROJECTS UPDATE – Printed copies were handed out of updated expenses on the Capital Projects Report. The following points were made:
 - For 2012 Bonds: a million dollars spent for Water Distribution Pipelines; \$741,000 for Engineering Services for Wastewater Reuse; \$262,000 Chlorine Dioxide Generator. Total spent for the year \$2.3 million.
 - For 2016 Series: Total spent \$75,000
 - For Water SDC: Last year \$503,370 was spent; \$122,000 is under contract with Balance of \$364,800 that is not assigned to a project.
 - For Sewer SDC: Wastewater Treatments Plants Rehabilitation (BID# WW-16-10-02)
 - For Water Infrastructure: Last year \$159,000 was spent; \$68,500 is committed, with a balance of \$671,000 that is not assigned to a project.
 - For Sewer Infrastructure- It is showing a negative of \$91,111.16, it will take 5 months to balance itself out.
- PORT ISABEL WWTP MONOFILL – working on proposal to get Monofill back in service.

ITEM #7 **DIRECTOR OF FINANCE REPORT**

- AUDIT UPDATE
- INCODE TRAINING

MRS. GARCIA reported the following for the month of September:

- **AUDIT UPDATE** - Trial Balance and Revenue Report was sent to the Auditors. Auditors are working through emails and will be in by November 7. More than likely will be making adjustments this year for Inventory about \$68,000 to clear up issues from prior years. Once it's cleared up we can move forward.
- **INCODE TRAINING** – Finance Department attended training in Harlingen. Incode offers a Time Entry Module that is very compatible with department of labor and in compliance matters. It will be good to have. Also, there's a module for inventory that is also needed to have more accurate entries and keep good track records. The cost for the Time Entry Module for Inventory is \$170,000.00 per year and it's worth it to have good check and balance for the year.

ITEM #8 CONSIDER AND REMOVE FROM THE TABLE THE FOLLOWING ITEM TABLED AT MEETING ON OCTOBER 12, 2016:

CONSIDER AND APPROVE RENEWAL OF CONTRACT FOR IT SERVICES WITH G5 DBA ORBIT BROADBAND LLC CONSULTING AGREEMENT. (S. GARCIA)

A motion was made by **MR. W. THOMAS** to remove item from the table for discussion, seconded by **MR. D. WELLS. MOTION CARRIED UNANIMOUSLY.**

ITEM #9 CONSIDER AND APPROVE RENEWAL OF CONTRACT FOR IT SERVICES WITH G5 DBA ORBIT BROADBAND LLC CONSULTING AGREEMENT. (S. GARCIA)

There was discussion with questions and comments regarding some of the language used and the Independent Contractor portion on the contract for IT Services with G5 DBA Orbit Broadband LLC Consulting Agreement. The Board agreed to approve document and all typographical errors and language will be corrected.

A motion was made by **MR. D. WELLS** to approve renewal of Contract for IT Services with G5 DBA Orbit Broadband LLC Consulting Agreement based on the corrections and additions discussed, seconded by **MR. R. WELLS. MOTION CARRIED UNANIMOUSLY.**

ITEM #10 CONSIDER AND AUTHORIZE STAFF TO PLAN AND GET COST ESTIMATE FOR RAW WATER USE AT THE PUBLIC SCHOOLS IN THE DISTRICT. (C. GALVAN)

There was discussion and questions regarding the Raw Water use at the public schools and for Staff to work on the following for the Junior High and the High School:

- Pros and Cons
- Cost Analysis – what it's going to cost, what will it do to our financials and what it will do to the school districts financials
- Cost estimates for school and for the District
- District's savings and School savings

A motion was made by **MR. D. WELLS** to approve Authorization for Staff to plan and get cost estimates for Raw Water Use at the Public Schools in the District, seconded by **MR. J. KEPLINGER** with **MR. R. WELLS** and **MR. W. THOMAS** opposing.
TOTAL VOTE: 3 (three) FOR AND 2 (two) AGAINST MOTION CARRIED.

ITEM #11 CONSIDER AND DISCUSS CONSTRUCTION PHASE SERVICES WITH CAROLLO ENGINEERS FOR PORT ISABEL WASTEWATER TREATMENT PLANT IMPROVEMENTS. (C. ORTIZ)

This item was for discussion only. The Board briefly discussed and Board agreed on increase of \$282,880. Approval of Amendment No. 3 for Construction Phase Services with Carollo Engineers for Port Isabel Wastewater Treatment Plant Improvements will be approved in the following item (see item #12).

ITEM #12 CONSIDER AND APPROVE AMENDMENT NO. 3 FOR CONSTRUCTION PHASE SERVICES WITH CAROLLO ENGINEERS FOR PORT ISABEL WASTEWATER TREATMENT PLANT IMPROVEMENTS. (C. ORTIZ)

The Board agreed to approve increase of \$282,880 on Amendment No. 3 for Construction Phase Services with Carollo Engineers for Port Isabel Wastewater Treatment Plant Improvements.

A motion was made by **MR. W. THOMAS** to approve Amendment No. 3 for Construction Phase Services with Carollo Engineers for Port Isabel Wastewater Treatment Plant Improvements, seconded by **MR. R. WELLS. MOTION CARRIED UNANIMOUSLY.**

ITEM #13 CONSIDER AND AWARD CONSTRUCTION OF WASTEWATER TREATMENT PLANTS REHABILITATION (BID # WW-16-10-02). (C. ORTIZ)

The Board agreed to approve the low Bid from Ferguson Construction for a total amount of \$1,109,505.00.

A motion was made by **MR. W. THOMAS** to approve Bid award to Ferguson Construction for Construction of Wastewater Treatments Plants Rehabilitation (BID# WW-16-10-02), seconded by **MR. R. WELLS. MOTION CARRIED UNANIMOUSLY.**

ITEM #14 CONSIDER AND APPROVE ELECTRICAL ENGINEERING CONSTRUCTION PHASE SERVICES FOR WASTEWATER TREATMENT PLANTS REHABILITATION. (C. ORTIZ)

Mr. Juan Pablo Cantu, Electrical Engineer with Square E Engineering was present at the meeting and briefly commented, followed by questions and comments. There was agreement to approve recommendation of Square E Engineering proposal for an increase of \$23,660.00 for the Electrical Engineering Construction Phase Services for Wastewater Treatment Plants Rehabilitation.

A motion was made by **MR. D. WELLS** to approve Electrical Engineering Construction Phase Services for Wastewater Treatment Plants Rehabilitation, seconded by **MR. R. WELLS** with **MR. W. THOMAS** opposing. **MOTION CARRIED.**

ITEM #15 **CONSIDER AND APPROVE SURPLUS ITEMS LIST TO BE AUCTIONED BY THE DISTRICT.**
(V. VALDEZ)

MR. VALDEZ mentioned the Boom Truck and Jet Pump listed to be auctioned will be sent to an Equipment Auction if the minimum bid amount requested is not offered.

A motion was made by **MR. D. WELLS** to approve Surplus Items List to be auctioned by the District, seconded by **MR. R. WELLS**. **MOTION CARRIED UNANIMOUSLY.**

ITEM #16 **CONSIDER AND APPROVE INVESTMENT REPORT AS OF SEPTEMBER 30, 2016. (S. GARCIA)**

The Board briefly discussed and approved Investment Report as of September 30, 2016 as presented.

A motion was made by **MR. R. WELLS** to approve Investment Report as of September 30, 2016, seconded by **MR. S. FRIEDMAN**. **MOTION CARRIED UNANIMOUSLY.**

ITEM #17 **CONSIDER AND APPROVE UNAUDITED FINANCIAL STATEMENTS FOR THE MONTH OF**
SEPTEMBER 30, 2016. (S. GARCIA)

MRS. GARCIA reported the year-end report for last year's budget shows as unaudited for the reason that there are still open records since they are still working with the audit, and provides the option to make necessary corrections or changes till November 15, 2016. Afterwards an Audited Financial Statements will be presented to the Board for consideration and approval along with Auditors recommendations.

A motion was made by **MR. R. WELLS** to approve Unaudited Financial Statements for the month of September 30, 2016, seconded by **MR. S. FRIEDMAN**. **MOTION CARRIED UNANIMOUSLY.**

ITEM #18 **CONSIDER AND APPROVE DISBURSEMENTS. (C. GALVAN)**

There was discussion and questions on certain items on the Disbursements list.

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

ITEM #19 **ADJOURNMENT**

There being no further business the **CHAIRMAN** adjourned the meeting at **6:32 PM**.



JEFF KEPLINGER, CHAIRMAN


SCOTT FRIEDMAN, SECRETARY

MINUTES APPROVED THIS 9th DAY OF November 2016.