

**MINUTES**  
Regular Meeting  
Laguna Madre Water District  
Board of Directors  
Thursday, July 11, 2018  
5:30 PM – 7:18 PM  
Board Room

**ITEM #1**      QUORUM

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

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

**ABSENT:**                      Vice Chairman, Rick A. Wells  
Director of Operations, Robert Gomez  
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

COMMENTS:

- No one in the audience responded

**ITEM #4**      CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF REGULAR MEETING ON JULY 11, 2018 (C. GALVAN)

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

**Motion moved.**

**MOTION CARRIED**

**ITEM #5**      GENERAL MANAGER'S REPORT

- TCDRS CONFERENCE

**ITEM #5**                    **CONTINUED**

**REPORT:**

- Presentation by Texas County & District Retirement System (TCDRS) scheduled for August 8, 2018, at a Regular Board Meeting
- TCDRS Conference July 17-20, 2018, Austin. Attending: Carlos Galvan, Eddie Salazar, and Mary Gamboa

**GENERAL MANAGER'S REPORT**

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

- WASTEWATER FLOW MONITORING
- CLEAN WATER SRF FINANCIAL APPLICATION STATUS FOR PORT ISABEL WWTP SLUDGE HOLDING TANK AND REHAB OF 18 LIFT STATIONS

**REPORT:**

**WASTEWATER FLOW MONITORING**

- Rented flow meters for So. Padre Island, Port Isabel, and Laguna Vista, and recorded flows
- Caught rain flow for July 4th and able to see the percentage of rain fall
- Any way to determine the inflow? Yes, will have data to find out

**CLEAN WATER SRF FINANCIAL APPLICATION STATUS FOR PORT ISABEL WWTP SLUDGE HOLDING TANK AND REHAB OF 18 LIFT STATIONS**

- Submitted application to Texas Water Development Board
- It's Administrative complete and moving forward

**DISTRICT ENGINEER'S REPORT**

**ITEM #7**                    **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL AN AMENDMENT TO EXISTING ELECTRIC ENERGY CONTRACT WITH CAVALLO ENERGY TEXAS LLC**

**DISCUSSION:**

- Presentation by Ruben De Los Santos, Representative for Cavallo Energy
- Energy Market Update
  - Power prices have increased
- The district is paying well below current market rates
- The district can enter into a 2<sup>nd</sup> Amendment to the Agreement
- The District can contract directly with General Land Office and avoid the costly 3<sup>rd</sup> party fees that Broker assess
- The best pricing now is in the outer years 2022, 2023, 2024 and 2025
- The highest pricing periods are the near-term pricing periods
- The District current contract was locked on 12-10-2015 for three years (from 1-1-2016 thru 12-30-2018), Contract Price of .03821
  - On 8-10-2017 a contract amendment for an additional 16-month term (from 1-1-2019 thru 4-30-2020), Contract Price .03721

**ITEM #7**

**CONTINUED**

- o The District uses 9.260 million kWh per year. 51 Accounts
- The new agreement will be tacked on at the end of the extension, will kick in May 2020
- A Discussion on the second Amendment for Market Watch agreement. Contract price extension term shall not exceed \$0.04150 per kWh (Extension Contract Price). For a term of 24 months and will not exceed a term of 84 months.
  - o The District can choose the contract price
  - o Possibly wait and strike then.
  - o Could burden the District beyond 2020. The District can establish a lower target price
  - o Will Future projects (like a windmill) affect contract? The contract will accommodate renewable power.
  - o Recommendation for Staff to continue monitoring
  - o Staff recommends the Market Watch Agreement. The prices might go down but will go down a little bit, as opposed to the probability that it could go up. If prices do go up it could be a risk where we end up losing a lot; there is a possibility it could go up well over .5.
  - o If the market watch price term doesn't materialize, then the market term expires. The District will still have almost ten months on the existing contract before it expires.

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

**Motion to enter into the market watch agreement at .04150**

**MOTION CARRIED**

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

**AGAINST: A. AVALOS** Rather go with the original idea, to wait, still have a little bit of time to do this.

**ACTIONS:**

**The Board agreed on a 12-month Market Watch Agreement @ .04150.**

**ITEM #8**

**CONSIDER AND DISCUSS FOR POSSIBLE RATIFICATION OF EMERGENCY VAC TRUCK RENTAL FOR WASTEWATER LEAK IN SOUTH PADRE ISLAND, ON JUNE 30-JULY 1, 2018. (E. SAMANIEGO)**

**DISCUSSION:**

- The Collections department worked on Gulf Blvd. mainline; it was full of sand
- The District's vacuum truck broke down and needed a working unit
- The rental is for one month (28 days) for \$8,700.00
- Invoice total \$9,417.75 (included taxes of \$717.75)
- Motion needs to be amended to approve payment of 8,700.00 dollar invoice.
- Why was it rented? The line at Gulf Blvd was filled with sand. Vacuum Truck broke down, and Jetter Truck wasn't doing the job. Staff who were using the units reported on the problems.
- Discussion on Sterling truck (unit #33) not working at 100% and the Jetter truck

**ITEM #8**                    **CONTINUED**

- Why would that line have accumulated all that sand? Preventive maintenance was possibly using a weak hose and not picking up all the sand.

Moved by **A, AVALOS**, seconded by **H. HOUSTON**:

**The amended motion to pay 8,700 dollars.**

**MOTION CARRIED**

**ACTIONS:**

The actual amount needs to be clarified showing only \$8,700.00.

**ITEM #9**                    **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF A NEW OR USED VAC-TRUCK PURCHASE FOR THE DISTRICT. (E. SALAZAR)**

**DISCUSSION:**

- Staff Recommendation to purchase a new Vac-Truck (not a used one), and keep the older model (rebuild it)
- Collections Department budgeted for a new vac-truck and has \$344,244.32 available for this fiscal year under Capital Outlay
- Discussion on the history of Unit #21 and Unit #33

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

**Move to go out for bids.**

**MOTION CARRIED**

**ITEM #10**                    **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF A RESOLUTION EXPRESSING OFFICIAL INTENT TO REIMBURSE THE COSTS OF PURCHASING AND INSTALLING WATER METERS AND RELATED HARDWARE AND SOFTWARE FROM TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE LAGUNA MADRE WATER DISTRICT AND OTHER MATTERS RELATED THERETO (RESOLUTION NO. 161-07-18). (E. SALAZAR)**

**DISCUSSION:**

- Bond Counsel prepared a resolution for the District to use District funds to start the process of purchasing meters. It will be reimbursed once the funds are received (from private placement).

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

**Motion to approve the resolution.**

**MOTION CARRIED**

**ITEM #11**                    **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE FINANCIAL REPORT FOR MAY 2018. (E SALAZAR)**

**DISCUSSION:**

- (This discussion took place in Item #12) Page 3 of 12, why did the Insurance go up? Insurance for Water Towers (was not covered in the past and now it is)

**ITEM #11**      CONTINUED

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

**Motion to approve.**

**MOTION CARRIED**

**ITEM #12**      CONSIDER AND REVIEW EXPENDITURES FOR JUNE 1-15, 2018. (C. GALVAN) ♦

**DISCUSSION:**

- No Questions on expenditures

**EXPENDITURES ACKNOWLEDGED**

**ITEM #13**      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; SECTION 551.072, DELIBERATION ABOUT REAL PROPERTY:

- CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL EASEMENT ABANDONMENT, AND RELOCATION AGREEMENT FOR LOT ONE (1), BLOCK ONE (1), P. I. INDUSTRIAL PARK SUBDIVISION AND A 0.068-ACRE TRACT CONVEYED TO P. I. INDUSTRIAL, LTD., BY LAGUNA MADRE WATER DISTRICT BY DEED RECORDED IN VOL 15480, PAGE 251, OF THE OFFICIAL RECORDS OF CAMERON COUNTY, TEXAS. ♦

It was moved by **A. AVALOS**, seconded by **H. HOUSTON**:

**To go into executive session at 7:03 PM.**

**MOTION CARRIED**

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

It was moved by **H. HOUSTON**, seconded by **A. AVALOS**:

**To come out of executive session at 7:17 PM.**

**MOTION CARRIED**

**ITEM #14**      CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEMS, IF NECESSARY.

CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL EASEMENT ABANDONMENT, AND RELOCATION AGREEMENT FOR LOT ONE (1), BLOCK ONE (1), P. I. INDUSTRIAL PARK SUBDIVISION AND A 0.068-ACRE TRACT CONVEYED TO P. I. INDUSTRIAL, LTD., BY LAGUNA MADRE WATER DISTRICT BY DEED RECORDED IN VOL 15480, PAGE 251, OF THE OFFICIAL RECORDS OF CAMERON COUNTY, TEXAS. ♦

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

**Motion to amend the agreement to reduce the easement on the property that is discussed on this agenda item to reduce the north boundary easement from 20 to 10 and if there are any other expenses incurred in this agreement ratification that it be borne by the landowner, not the water District.**

**ITEM #14**

**CONTINUED**

**MOTION CARRIED**

**FOR:**

**D. WELLS  
H. HOUSTON  
S. FRIEDMAN**

**AGAINST:**

**A. AVALOS**

**ITEM #15**

**ADJOURNMENT**

The **CHAIRMAN** adjourned the meeting at **7:18 PM**.



**DOYLE WELLS, SECRETARY**



**SCOTT FRIEDMAN, CHAIRMAN**

**MINUTES APPROVED THIS 25<sup>TH</sup> DAY OF JULY 2018.**