

**MINUTES**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**SPECIAL BOARD MEETING**  
**2047 W. MALONE, SAN ANTONIO, TEXAS 78225**  
**P.O. BOX 245994, SAN ANTONIO, TEXAS 78224**  
**FEBRUARY 18, 2005**

In accordance with Chapter 551 of the Texas Government Code, Vernon's Annotated Civil Statutes, Section 31, the Board of Directors for the BEXAR METROPOLITAN WATER DISTRICT held a **Special Board of Directors Meeting at 9:00 a.m. on the 18th day of February, 2005**, in the Bexar Metropolitan Water District Board Room, 2047 W. Malone, San Antonio, Texas.

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**BOARD MEMBERS PRESENT:** Victor Villarreal; Lesley Wenger; Jim Clement; Jose Gallegos; John Longoria

**STAFF MEMBERS PRESENT:** Thomas Moreno; Sylvia Gamez; Gil Olivares; Larry Bittle; Mike Albach; Johnnie Terrazas; Jesse Morin; Diane Pfeil; Melissa Wilson; Liliana Oranday; Gloria Soto; Rachel Chavez; Steve Sandoval; Jimmy DeLoach; David M. Rush; Marty Kufus; Alaine A. Piper; Jack Simon; Tom Wanat

**CONSULTANT PRESENT:** Melissa Castro and Rob Killen, Interim General Counsel

**GUESTS PRESENT:** Bob Ford; Bob Anderson; John Gonzales; Sharron Vettters; Kim Gonzales; Rene Gonzalez; Jack Leon; John Lopez; Bruce Wasinger; Thad Harkins; Lee Niles; Juan Moreno; Adolfo Ruiz

**PRESS PRESENT:** Raquel Ruiz, RUMBO; Marvin Hurst, KENS 5; John Anglin, KENS 5; J.T. Street, KTSA; Jerry Needham, SA EXPRESS-NEWS

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**MINUTES**

The open session of this meeting was tape recorded. These minutes are a summary record of the Board's actions at the meeting. For a detailed record of discussions and statements made by persons speaking at the meeting, please consult the audio files at the District's office.

**Item 1:**

Mr. Villarreal called the meeting to Order at 9:00 a.m.

Mr. Longoria requested the record reflect his objection to this meeting.

Mr. Gallegos moved to suspend the orders of the day and proceed to item 5d. Motion was seconded by Ms. Wenger.

Motion carried.

**Item 5d:**

Ms. Wenger moved to direct Chief Financial Officer, F. Gil Olivares to hire special counsel subject to ratification for the interim period until in-house legal counsel is formally retained. Motion was seconded by Mr. Clement.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

Mr. Longoria inquired what the terms of employment are. Mr. Gallegos stated the Board will employ the firm of Castro & Killen to act as Special Counsel at this meeting, and will go into negotiations with the firm. The Board will ratify the terms of the contract. [12:00] Mr. Gallegos stated that the contract with Castro & Killen has not been finalized. Mr. Longoria restated his objection of the process as inappropriate.

Mr. Longoria called for a point of order and asked what the terms and conditions were being given by the Board to its Chief Financial Officer to hire special counsel.

Ms. Wenger called for the vote.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

Ms. Wenger called for the vote on the motion.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 2:**

Mr. Rene Gonzalez, Senior Accountant of Garza/Gonzalez & Associates, reported on his limited scope, fact-finding audit of certain BexarMet transactions and disbursements, and the nature of expenditures during a specific time period, April 2004 through October 2004.

Mr. Longoria stated that he opted to present the report after two new Board members were seated in lieu of presenting it twice.

Ms. Wenger thanked Mr. Longoria for his comments and stated that copies of the report were not provided to her or Mr. Clement for review in a timely manner. She commented on the posting of Executive Sessions for reasons that are not legally allowed, however, in this meeting all agenda items except specific personnel issues to be considered in executive session, are open to the public.

**Item 3a:**

Mr. Gallegos moved, seconded by Mr. Clement, to go into executive session to discuss, in particular some of the direct findings of the audit.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** None.

**Abstentions:** Longoria.

Motion carried.

The Board convened in Executive Session at 10:01 a.m.

**Item 4:**

Mr. Clement moved to reconvene in open session at 11:18 a.m. Motion was seconded by Ms. Wenger.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** None.

**Abstentions:** Longoria.

Motion carried.

Mr. Gallegos moved to accept the auditor's report as presented by Mr. Gonzalez. Motion was seconded by Mr. Clement.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** None.

**Abstentions:** Longoria.

Motion carried.

Mr. Gallegos moved that as a result of the findings and the management at the BexarMet District for at least the last 13 months, and as a result of some of the findings of the audit report conducted by Garza, Gonzalez & Associates, he was making the following motion: That Mr. Thomas Moreno be placed on administrative leave of absence without pay for a period of 60 days beginning today at 12:00 noon and to reassign his duties to Mr. Olivares as Acting General Manager. Further, that the Board instruct Mr. Moreno to turn in his keys and all property of the District to Mr. Olivares, and that Mr. Moreno not communicate with any BexarMet staff, Board members or media pending this administrative leave. Motion was seconded by Ms. Wenger.

Mr. Longoria raised a point of order that the motion was illegal, stating that item 3a. calls for discussion under Executive Session, not as authorizing action.

Ms. Wenger read for the record "the Board will reconvene in open session and take ACTION, (in capital letters), regarding discussions during Executive Session."

Mr. Gallegos stated that this motion pertains to the discipline, and/or dismissal of the General Manager, Thomas Moreno and re-assignment of duties as necessary.

Mr. Longoria contended the motion is inappropriate and a breach of contract or the part of the Board, without allowing Mr. Moreno an opportunity to provide a response to any particular charges.

Mr. Gallegos called for the question, seconded by Ms. Wenger.

Mr. Longoria stated he does not defend Mr. Moreno, but does defend the method of due process he is being denied.

Mr. Gallegos stated the audit showed very serious breaches of fiduciary duties and for any member of the Board to allow continuation of this mismanagement was irresponsible.

Ms. Wenger restated the call for the vote.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

Mr. Gallegos was asked to restate his motion and, because of the question raised by Mr. Longoria and supported by Ms. Wenger, he did so, deleting the admonition that Mr. Moreno not communicate with the media.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 5a:**

Ms. Wenger moved to instruct Mr. Olivares to refrain from paying all outstanding legal bills until these bills are presented to the Board of Directors for review and approval. Motion was seconded by Mr. Clement.

Mr. Longoria inquired about the purpose of the motion. Ms. Wenger stated she was making the motion based on her review that legal bills were significantly lacking in detail and a strict review is necessary before any other bills are paid. Mr. Longoria stated it was Mr. Olivares' responsibility to supervise bills submitted by legal counsel.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** None.

**Abstentions:** Longoria.

Motion carried.

**Item 5b:**

Mr. Clement moved for West & West to refrain from attending Board meetings and continuing any further legal work on behalf of the District. Motion was seconded by Ms. Wenger.

Mr. Longoria expressed concern that West & West had vast experience and new counsel's knowledge was limited.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 5c:**

Mr. Gallegos moved to table item 5c. Motion was seconded by Mr. Longoria.

Motion failed.

Ms. Wenger moved to direct the Law Office of Louis Rosenberg to refrain from attending Board meetings and limit any further legal work on behalf of the District to that which is necessary to protect the interest of the District and to obtain pre-approval for these services from Mr. Olivares, as directed by the Board. Motion was seconded by Mr. Clement.

Mr. Longoria urged members of the Board to not vote in favor, the reason being that there are very critical issues before the Board that require the extensive knowledge and information that Mr. Rosenberg has. Ms. Wenger asked Mr. Longoria to note the motion only limits legal work that is necessary to protect the interests of the District.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 5e:**

Ms. Wenger moved to instruct Mr. Olivares to prepare a plan for an In-House Counsel and support staff. Motion was seconded by Mr. Clement.

Mr. Longoria inquired as to any parameters given. Mr. Gallegos responded the Board was authorizing the Acting General Manager to act in best interests of the District. Mr. Gallegos suggested the President could form a litigation committee to assist in the development of a plan.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 6a:**

Ms. Wenger moved to table item 6a. Motion was seconded by Mr. Clement.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

**Item 6b:**

Chuck Bailey was recognized and informed new Board members what lobbyists do, giving curriculum background and experience about himself, Ron Lewis and Mario Martinez and their role as lobbyists for BexarMet. Mr. Gallegos asked about the 23 bills that are currently affecting BexarMet in the legislature. Ms. Wenger asked for a status report on the bills and a brief report with specific details. Mr. Gallegos suggested having a legislative committee and inviting Mr. Bailey and other lobbyists to come back and give a full report in a committee session. No further action.

**Item 6c:**

Ms. Wenger moved to instruct lobbyists to provide monthly reports to include a breakdown of issues and bills, identification of which lobbyist is assigned to which specific issue or bill, and time spent on each specific issue or bill. Motion was seconded by Mr. Clement.

**Ayes:** Villarreal, Wenger, Clement, Gallegos.

**Nays:** Longoria.

Motion carried.

Ms. Wenger moved to adjourn. Motion seconded by Mr. Gallegos.

**Ayes:** Villarreal, Wenger, Clement, Gallegos, Longoria.

**Nays:** None

Motion carried.

The meeting was adjourned at 1:11 p.m.

Minutes approved this \_\_\_\_ day of \_\_\_\_\_, 2005.

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**Victor V. Villarreal, President  
BexarMet Water District**

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**Jim Clement, Secretary  
BexarMet Water District**