

MINUTES
BEXAR METROPOLITAN WATER DISTRICT
REGULAR BOARD MEETING
2047 W. MALONE, SAN ANTONIO, TEXAS 78225
P.O. BOX 245994, SAN ANTONIO, TEXAS 78224
September 25, 2006

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 **Regular Board of Directors Meeting at 4:00 p.m. on the 25th day of September, 2006**, in the Board Room of Bexar Metropolitan Water District, 2047 W. Malone, San Antonio, Texas.

BOARD MEMBERS PRESENT: Victor Villarreal; Lesley Wenger; Jim Clement; James Fenimore; Robert Morin; David Sosa; Jose Gallegos Jr.

STAFF MEMBERS PRESENT: Gil Olivares; Adolfo Ruiz; Jesse Morin; Miyoung Squire; Steve Sandoval; Johnnie Terrazas; Gene Camargo; Helen Casias; Liliana Oranday; Travis Runty; Abel Ruiz; Phil Hopkins; Glenn George; Monique Quitugua; Nathan Riggs; Gilbert Garza; John Joseph; Tom Pardue; Jeff Pollock; Diana Sanchez, Edna Wigfall Crute; Larry Bittle; Marty Martinez.

GUESTS PRESENT: Robert Alvarado; Sharon Neuman, Stephanie Wise, Natalie Griffith and Dennis Beckhold (Habitat for Humanity); Timothy McCollum (Hollywood Park HOA); James Allen (WAD, Inc); David Johnson; Larry H. Ramos; Trey Marsh (Centex); Steven Kravskopf, George Weron and Craig Fletcher (KFW Engineering); Joe Thaxton (BexarMet/United Water); Lee Niles (Pape-Dawson); Jose Alfaro and Rebecca Cuellar (ACC); Vincent Jaskinia; Richard Peacock; Harold Oliver (TX Capital consulting Group); Dina Villarreal; Victor San Miguel; and Chris Powers (SAWS).

PRESS PRESENT: Jerry Needham (Express News).

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 4:00 p.m.

Item 2.

Upon motion to move to Executive session by Mr. Clement, seconded by Ms. Wenger and passed without opposition, the Board adjourned in to Executive Session at 4:01p.m.

Item 3. Executive Session Items.

The Board reconvened in Open Session at 7:00pm and took the following actions per discussion in Executive Session.

2a. To declare as surplus 10.979 acres of BexarMet's Medio Creek property, and sell, convey and transfer ownership of said 10.979 acres to Union Pacific Railroad.

Mr. Fenimore moved to declare as surplus 10.979 acres of BexarMet's Medio Creek property. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Mr. Fenimore moved to sell convey and transfer ownership of said 10.979 acres to Union Pacific Railroad. Mr. Ruiz added an amendment to provide the General Manager authority to negotiate and to sell. Mr. Sosa seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2b. To authorize the General Manager to execute a Contract for Purchase and Sale.

Ms. Wenger moved to authorize the General Manager to execute a Contract for Purchase and Sale with Canyon Valley Ltd., for the purchase of approximately 43.3568 acres of land with an assignment of an existing well. Mr. Clement seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Wenger, Clement, Fenimore, Villarreal.

Nays: Morin, Gallegos.

Abstained; Sosa. Motion carried.

2c. To approve conveyance of property to BexarMet.

Mr. Sosa moved to approve conveyance of property to BexarMet by the Texas Research and Technology Park Foundation ("TRP") via Special Warranty Deed for construction/expansion of water production facilities. Mr. Gallegos seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2d. To authorize the General Manager to seek party status in hearings.

Mr. Clement moved to authorize the General Manager to seek party status in hearings conducted by the Gonzales County Underground Water Conservation District on matters affecting water rights or permits held or sought by BexarMet. Ms. Wenger seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Wenger, Villarreal, Sosa, Morin, Clement, Fenimore.

Abstained; Mr. Gallegos

Motion carried.

2e. To authorize the General Manager to reach an agreement on impact and water development fees with Habitat for Humanity.

Mr. Fenimore moved to authorize the General Manager to continue with the deferment of impact fees until further notice and to reach an agreement of impact and water development fees with Habitat for Humanity and bring a resolution back to the Board at the regular October Meeting. Mr. Villarreal seconded the motion. Mr. Gallegos thanked Habitat for Humanity for their diligent work and for their passion for the service they provide. Mr. Sosa thanked Mr. Olivares and the Board for putting this item back on the agenda. He feels that this is something good and positive and that we are taken steps in the right direction. Mr. Villarreal thanked Habitat for Humanity and for their presence at the meeting. He appreciates their patience and understanding in regards to the issues, he stated that he does not think there is anyone that does not understand the good that Habitat for Humanity does, in the city of San Antonio, and internationally. Mr. Villarreal encouraged Habitat for Humanity to work expeditiously with the staff to seek a resolution and to finalize in October.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2f. To approve a contract with Connolly & Company, for Public Relations Services for BexarMet.

Mr. Fenimore moved to approve a contract with Connolly & Company, for Public Relation Services for BexarMet for price and conditions as discussed in Executive Session. Mr. Sosa seconded the motion. Mr. Gallegos and Mr. Morin are in disagreement in the selection process. Mr. Olivares indicated that we did bid previously for some public relation firms but the firms did not meet BexarMet's needs at that time. At this particular time, given the need we have discussed, the Connolly firm seems to be able to fill the gap and the need that we have right now. Ms. Wenger moved to make an amendment to the motion that the contract have a two (2) months result driven provision term (probationary of sixty days (60)) so that we see some result within two (2) months and if we did not see positive results, then we would be free to terminate. Mr. Clement seconded the amended motion. Mr. Sosa asked a question to legal counsel; if this item falls under Mr. Olivares's role. Mr. Ruiz indicated yes,

the professional services procurement policy of BexarMet does allow Mr. Olivares to select a firm on the basis of qualifications. Mr. Olivares said that the Board gave him a task to turn the District around; part of turning the District around is to change the image and give us a better image out in the public. He stated that clearly we have done a good job and it is not being reported. In Mr. Olivares's opinion, we need a competent firm that can carry the message, can be specific in the message and that can have access to all the media sources. Mr. Olivares believes that the Connolly firm meets the criteria for BexarMet, stays within the parameters of our regulations, the prices are reasonable and he feels we will have a good product.

Mr. Villarreal called for the vote.

Ayes: Fenimore, Sosa, Clement, Wenger, Villarreal.

Nays: Gallegos, Morin. Motion carried.

2g. Approval of the Second Amendment to Water Exploration Company Ltd., ("WEC").

Ms. Wenger moved to approve the second amendment to Water Exploration Company Ltd.'s Water Supply Agreement dated September 11, 2005 to include amendment to section 9.02. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Ms. Wenger moved to authorize the General Manager to execute a new Water Supply Agreement with Water Exploration Company Ltd., for the purchase of Trinity Aquifer water obtained from thirteen (13) additional wells. Mr. Clement seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Wenger, Clement, Morin, Fenimore, Sosa.

Abstained: Gallegos

Motion carried.

2h. General litigation matters involving ongoing, pending or contemplated litigation and settlement offers.

Mr. Clement moved for payment of attorney fees to Guadalupe-Blanco River Authority pursuant to the August 11, 2006 Judgment in Guadalupe-Blanco River Authority vs. Canyon Regional Water Authority, BexarMet Water District and the Texas Commission on Environment Quality ("TCEQ"). Ms. Wenger seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 4. Citizens to address the Board.

Vincent Jaskinia with the Quintana Neighborhood Association stated that all of the Board members should work together. Mr. Jaskinia said that the people are getting tired of estimates.

Timothy McCallum resides at 537 Ventura, President of the Hollywood Park Home Owners Association and is a CPA. Mr. McCallum stated that the viability of our water system is entrusted to the Board and citizens have a responsibility to become more involved, informed and that they must hold BexarMet responsible for their actions.

Sharon Neuman is the Program Support Manager for Habitat for Humanity and she just wanted to express their gratitude to Mr. Olivares and also to the Board tonight for taking these positive steps toward authorizing Mr. Olivares to work with Habitat for Humanity in regards to impact and development fees.

Item 5. To approve an amendment to the current inter-local agreement to West Oak Estates situated within SAWS CCN.

Ms. Wenger moved to approve an amendment to the current inter-local agreement to provide SAWS with temporary potable water to West Oak Estates situated within SAWS CCN. The motion was seconded by Mr. Clement.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 6. Ratification of the emergency work.

Mr. Morin moved for the ratification of the emergency work performed for street restoration that required repaving 400 lineal feet of mill and overlay at 1519 W. Southcross from Guzman Paving in an amount not to exceed \$74,380.00. The motion was seconded by Mr. Clement.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 7. To authorize the GM to contract with Tetra Tech.

Mr. Villarreal moved to authorize the General Manager to contract with Tetra Tech for an amount not to exceed \$70,000.00 for inspection of BexarMet's water storage tanks with a capacity of 100,000 gallons or more, and to reallocate funds from Capital Budget No. BP-060730, page 3, line 88 (District 3). Mr. Olivares indicated that during a recent inspection, we were made aware of the fact that many of our tanks need detailed inspections. Tetra Tech is a firm that has the ability to go out and inspect various tanks and make recommendation on required repairs. Mr. Gallegos spoke about the tanks on the south side and how they have been in operation for over sixty (60) years and he agrees that the need is certainly there and he applauds us for taking the initiative. He asked if this company was obtained through a

professional bid process. Ms. Squire replied yes and said out of forty-three (43) tanks the ones on the south side are needed to be done first.

Mr. Fenimore moved to approve. The motion was seconded by

Motion carried unanimously.

Item 8. Authorize the GM to amend the capital budget (Knights Cross/Hardy Oaks project).

Mr. Sosa moved to authorize the General Manager to amend the Capital Budget to allow participation in a construction contract related to the lowering and main relocation project at Knights Cross and Hardy Oaks (District 6) for an estimated amount of \$173,500.00. The motion was seconded by Mr. Fenimore. Mr. Morin said that back in May the Board authorized \$40,000.00; however we are now looking for authorization for \$173,500.00, Ms. Squire said that we are looking for authorization for \$133,500.00. Mr. Morin asked was this a \$133,000.00 dollar oversight. Ms. Squire said that it was not budgeted last year, only \$40,000.00 was budgeted.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 9. Authorize the GM to extend the current agreement with SAWS for billing collections.

Ms. Wenger moved the motion to authorize the General Manager to extend the current agreement with SAWS for billing collection of sewer service charges through December 31, 2006 and to negotiate and execute a new multi-year inter-local agreement with SAWS for meter reading services. The motion was seconded by Mr. Clement. Mr. Villarreal asked when do we anticipate the finalizing the agreement. Mr. Olivares indicated that we are extending the contract on this until December 31, 2006 because it has already expired and we would like to get this whole agreement done and in place before the end of the year. Mr. Villarreal said once we get this done, is there a media process to our rate payers to ensure they understand. Mr. Olivares indicated that we are going to put together advisories to the customers and to the Board on different changes going on, so that when the change takes place there will not be any surprises. Mr. Villarreal asked if SAWS also be notifying our rate-payers on the new process of the billing for the customers. Mr. Olivares said that we are going to have to work out something jointly with SAWS. Mr. Jesse Morin indicated that we are going to have some joint letters to go out to the rate payers and also some mailers in the bills that have both BexarMet and SAWS logos and we will both agree to the terms of the contents of those letters so that they will be no surprise when we do the transition. Mr. Villarreal requested that those letters be shared with the Board before they go out to the rate payers. Mr. Jesse Morin agreed.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 10. To ratify a agreement with Aqua Capital Management.

Ms. Wenger moved to ratify an agreement with Aqua Capital Management for the lease of 388 acre feet of Edwards Aquifer water rights. The motion was seconded by Mr. Clement.

Mr. Villarreal called for a vote.

Motion carried unanimously.

Item 11. To approve and award indefinite delivery contracts for annual asphalt services [Tabled September 5, 2006 Regular Board Meeting].

Ms. Wenger moved to table this item. The motion was seconded Mr. Clement.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 12. To approve and award indefinite delivery contracts for annual flatwork services [Tabled September 5, 2006 Regular Board Meeting].

Ms. Wenger moved to table this item. The motion was seconded by Mr. Clement.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 13. Consent items.

Mr. Sosa moved to approve items 13 a, b, d, g, h, i, k. The motion was seconded by Mr. Fenimore.

Mr. Villarreal called for a vote.

Motion carried unanimously.

Item 13 c, e, f; Purchase of five (5) for pick-up trucks and two (2) commercial utility trucks (grouped together per Mr. Morin's request).

Mr. Morin asked about the invitation to bid that is shown on the website, he wanted to know why BexarMet is requesting a bid for one (1) vehicle, when we are asking for authorization for multiple vehicles. Mr. Gilbert Garza indicated the newspaper advertisement was for various types of vehicles and the website broke it down by individual vehicles and quantities. Mr. Morin is asked why we are changing the prior practice of requesting multiples. Mr. Olivares inquired as to the consistency of the way the vehicles were identified on the website, but confirmed that the bid did show three (3) Ford F-150, two (2) 4x4 extended cab and two (2) 5-ton commercial utility trucks. Mr. Gallegos asked if the vehicles in question have been purchased. Mr. Garza responded no. Mr. Morin stated he was satisfied with the posting of these items.

Mr. Fenimore moved to approve. The motion was seconded by Mr. Villarreal.

Mr. Villarreal called for the vote.

Mr. Gallegos abstained. Motion carried.

Item 13j. On payment of legal fees for professional services.

Mr. Gallegos want to know about Trey Wilson's billing. Mr. Ruiz indicated that there has been a flurry of litigation activity with the majority pertaining to what SAWS had filed against BexarMet and other related CCN application items. Mr. Gallegos said that R.L. Wilson had \$23,000.00 in attorneys' fees and close to \$70,000.00 for Clark, Thomas. Mr. Gallegos asked if BexarMet is reviewing these expenditures closely. Mr. Ruiz indicated yes. Mr. Olivares stated that he expects that the bills will be dwindling down.

Mr. Sosa moved to approve. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the motion.

Motion carried unanimously.

Item 14a. Action Items Administration: Board Minutes.

Ms. Wenger moved to table June 21, 2006 Regular Board Minutes [*Tabled September 25, 2006 Regular Board Meeting*]. The motion was seconded by Mr. Villarreal.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 15a. Report Items Purchase of materials necessary for store's inventory or for on-going projects for the month of August 2006.

No discussion.

Item 15b. Exceptional expenditures and professional fees for the month August 2006.

No discussion.

Item 15c. Top 25 Delinquent accounts.

Mr. Gallegos indicated that this item continues to bother him every month. Mr. Villarreal stated that he shares the same concerns as Mr. Gallegos and stated that we need to do something, because we hear about this month after month. Maybe staff can come up with a way to get more accounts paid for these delinquent commercial accounts that should be held to a higher standard. Mr. Villarreal understands Mr. Gallegos question. If BexarMet makes payment arrangements, however, the delinquent accounts must be paid in full within so many days or the meter will be pulled. Mr. Olivares and Mr. Jesse Morin will meet to come up with

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a policy to change commercial due dates on payment of bills and present it to the Board at a future meeting. Mr. Gallegos requested a list of the residents that had their services interrupted for the month of September. Mr. Morin indicated that he just wanted to commend the staff on collection of \$16,000.00 in commercial accounts.

Item 15d. General Manager's monthly reports.

No discussion.

Item 15e. Professional Services Monthly Reports for June 2006.

Harold Oliver; legislative lobbyist representative, gave an update and indicated that they have begun the process of meeting with the entire Bexar County legislative delegation along with the Bexar County commissioner's court, members of the San Antonio City Council and the Mayor. The lobbyist team has taken it upon themselves to relay what is happening at BexarMet and they think it is a great story, but it is not getting out to the public fast enough. Russ Johnson, Gaylord Armstrong and himself are the means of that communication and they are happy and excited to tell the members of the Bexar County delegation of all of the things we are doing.

Item 15f. Status report of Pay Station.

Mr. Alfaro spoke about the pay station construction progress. Mr. Morin asked how we are doing on the timeline. Mr. Olivares indicated that we are close. Mr. Garza and Mr. Alfaro had attended a meeting at the COSA development services which was a preplanning meeting to help educate COSA on what BexarMet is proposing to build and to try and alleviate any road blocks that may exist. The meeting was very successful. We can submit the official plans to COSA this week and start the permitting process. The next step is soliciting bids, and then we can start construction sometime in late November, possibly a ground breaking ceremony in that time frame and then complete construction sometime in mid May 2007. Lastly the project is on schedule and on budget. Mr. Gallegos and Mr. Sosa requested that BexarMet put a sign out at the new future site of the pay station and to put some of the updated information at the pay station facility to keep ratepayers informed of the progress.

Item 16. Date and Time of Next Board Meeting.

Mr. Wenger moved to hold the next Regular Board Meeting on Monday October 30, 2006 at 4:30 p.m. for Executive Session and 6:00 p.m. for Open Session. Motion was seconded Mr. Villarreal.

Mr. Villarreal called for the vote.

Motion carried unanimously.


Item 17. Adjournment.

Mr. Clement moved to adjourn. Motion was seconded by Mr. Villarreal.

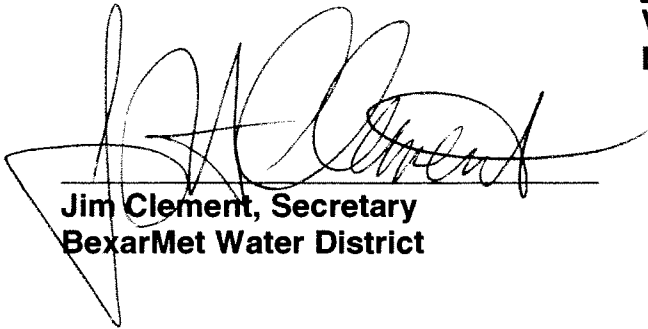
Motion carried unanimously.

The meeting was adjourned at 8:30 p.m.

Minutes approved this _____ day of _____, 2006.



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



**Jim Clement, Secretary
BexarMet Water District**