

**MINUTES**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**SPECIAL BOARD MEETING**  
**2047 W. MALONE, SAN ANTONIO, TEXAS 78225**  
**P.O. BOX 245994, SAN ANTONIO, TEXAS 78224**  
**November 13, 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 **Special Board of Directors Meeting at 5:00 p.m. on the 13<sup>th</sup> day of November, 2006**, in the Board Room of Bexar Metropolitan Water District, 2047 W. Malone, San Antonio, Texas.

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

**BOARD MEMBERS ABSENT:** James Fenimore

**STAFF MEMBERS PRESENT:** Gil Olivares; Adolfo Ruiz; Monique Quitugua; Diana Sanchez; Laura Stryjewski; Maria Jimenez; Marty Martinez.

**CONSULTANTS PRESENT:** Matt McReynolds (Connolly & Co.)

**GUESTS PRESENT:** Dina Villarreal; Buck Benson (Earl & Associates); Charles Turner (Terramark).

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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 5:00 p.m.

**Item 2. Executive Session**

On a motion by Mr. Clement, seconded by Ms. Wenger and passed without opposition, the Board adjourned to Executive Session at 5:02p.m.

**Item 3. Executive Session Items.**

The Board reconvened in Open Session at 5:37pm and took the following actions per discussion in Executive Session.

**2a. Terramark Communities Ltd. Vs. BEXARMET 131<sup>st</sup> District Court Bexar County Texas, Cause No. 2006-CI-04832.**

Mr. Gallegos moved to instruct BexarMet's counsel to cooperate with counsel for Terramark to effectuate a dismissal of the lawsuit and BexarMet's pending appeal and to 1) Execute an interim "Agreement to Compromise Claims;" 2) Complete final negotiations on an Earnest Money Contract on or before November 14, 2006, 3) Execute an Earnest Money Contract providing for the sale of the Cassin Lake property belonging to BexarMet, at a price of no less \$2,066,814.00 on or before November 14, 2006, 4) Perform all steps necessary to effectuate the Agreement to Compromise Claims; and 5) Perform all steps necessary to effectuate the transfer of the property to Terramark pursuant to the Earnest Money Contract. Mr. Morin seconded the motion.

Mr. Villarreal called for discussion.

Ms. Wenger said she had a statement that she would read and would like included in its entirety in the Minutes:

"First of all in the original contract all of the acreage was one price as opposed to a price for non-flood plain vs. flood plain.

The justification for selling the land at a loss was that we were not selling the water rights.

Water rights consist of a surface-water lake which we are now selling and which enhances the residential value of the property.

The price paid per acre for the surrounding land was \$10,500; Mr. Turner claims some of that land was commercial, for which he paid \$54,500, bringing the remainder down to \$5,500. We have no evidence to that effect, nor do we have comparable sales prices on commercial land in the area.

As to the flood plain acreage--Mr. Clement has pointed out that Terramark is claiming both SARA and FEMA flood plains and they are only entitled to claim one; however no adjustment was made.

Further, despite requests by the Board, no analysis has been made by a reputable expert to identify retrievable vs. irretrievable flood plain areas.

We have no information on flood plain areas purchased in adjoining acreage by Terramark.

Finally, prices on Southside land continue to climb, as reported in the newspaper, and this Board has not been supplied the facts or had legitimate questions answered.

Therefore we have not been able to conduct our due diligence and meet our fiduciary responsibility to get the best price for ratepayers." Ms. Wenger urged the Board to reject the offer.

Mr. Gallegos stated that in the interest of the ratepayers of BexarMet, he thinks this sale should be consummated.

Mr. Villarreal called for the vote.

**Ayes:** Clement, Morin, Villarreal, Sosa, Gallegos.

**Nays:** Wenger.

Motion carried.

**Item 4. Citizens to be Heard.**


No discussion.

**Item 5. Adjournment.**

Mr. Villarreal moved to adjourn. Motion carried unanimously.

The meeting was adjourned at 6:05 p.m.

Minutes approved this 18 day of December, 2006.

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

  
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**Jim Clement, Secretary  
BexarMet Water District**