

MINUTES
BEXAR METROPOLITAN WATER DISTRICT
REGULAR BOARD MEETING
2047 W. MALONE, SAN ANTONIO, TEXAS 78225
P.O. BOX 245994, SAN ANTONIO, TEXAS 78224
November 27, 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 4:30 p.m. on the 27th day of November, 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; Gene Carmago; Miyoung Squire; Laura Stryjewski; Steve Sandoval; Helen Casias; Liliana Oranday; Travis Runty; Phil Hopkins; Glenn George; Monique Quitugua; Nathan Riggs; Gilbert Garza; Edna Wigfall Crute; Marty Martinez.

CONSULTANTS PRESENT: Harold Oliver (TX Capitol Consulting Group); Matt McReynolds (Connolly & Co.).

GUESTS PRESENT: Lee Niles and Brice Moczygemba (Pape-Dawson); Michael Albach (Laguna Water); Bob Graham (AHNHA); Cathy Hill (Verity National); Buck Benson (Earl & Associates); Felix Bernal (TCB); Chris Powers and Anne Hayden (SAWS); .

PRESS PRESENT: None.

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 4:30 p.m.

Item 2.

On a motion by Mr. Clement, seconded by Mr. Morin and passed without opposition, the Board adjourned to Executive Session at 4:31p.m.

Item 3. Open Session.

The Board reconvened in Open Session at 6:45pm. At Mr. Gallegos' request the Board observed a moment of silence in memory of a friend of BexarMet, former State Senator Frank Madla, his mother-in-law and his granddaughter, who passed away in a tragic fire.

Executive Session Items:

2a. Transfer of Wells Ranch Project to Canyon Regional Water Authority (CRWA).

Ms. Wenger moved to authorize the General Manager to negotiate a contract to transfer and assign the Wells Ranch Project to Canyon Regional Water Authority. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Wenger, Fenimore, Clement, Gallegos and Morin.

Abstained: Sosa.

Motion carried.

2b. Water System Purchase Agreement with SAWS (District 6).

Mr. Villarreal moved to approve the purchase by SAWS of five (5) BexarMet water systems (The Woods at Fair Oaks & Village Green, Mobile City Estates, Leon Springs Mobile Villa and Hidden Springs) for the amount of \$1,010,000.00; and to direct the General Manager to execute all necessary closing documents. Mr. Sosa seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2c. Contract Review with Connolly & Company.

Mr. Clement moved to approve the extension to May 31, 2007 of the contract with Connolly & Co. for public relations services to BexarMet. Mr. Fenimore seconded the motion.

Mr. Villarreal called for the vote.

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

Nays: Gallegos.

Abstained: Morin.

Motion carried.

2d. Amendment of Terms for Legal Services by R.L. Wilson, P.C [Tabled October 30, 2006 Regular Board Meeting].

Mr. Sosa moved to approve the amendment to the engagement of R.L. Wilson, P.C., for legal services, for the amount discussed in Executive Session; effective November 27, 2006. Mr. Fenimore seconded the motion.

Mr. Villarreal called for the vote.

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

Nays: Wenger.

Abstained: Gallegos.

Motion carried.

2e. General Litigation and Settlement Offers.

Mr. Fenimore moved to authorize settlement, the execution of a settlement agreement and a mutual release with Plaintiffs in Charles C. Bailey, Ron Lewis, and Mario Martinez vs. Bexar Metropolitan Water District, in the 98th District Court in Travis County Texas, Cause No. GN 503186 in the amount discussed in Executive Session. Mr. Gallegos seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Fenimore, Morin, Gallegos, Clement, Sosa.

Nays: Villarreal, Wenger.

Motion carried.

2f. Deadline Extension for Water Supply with Water Exploration Co., Ltd (WECO).

Mr. Sosa moved to authorize the General Manager to extend the deadline to December 15, 2006 for WECO to deliver the Stein Tract, and further, that if WECO fails to deliver by this date, General Manager and Counsel are authorized to take all appropriate action provided for in the September 11, 2005 Water Supply Agreement. Mr. Gallegos seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 4. Citizens to Address the Board.

None.

Item 5. Notice Regarding the Billing Change from BexarMet to SAWS for Sewer Fees.

Mr. Sosa moved to approve the "Notice" regarding the change from BexarMet to SAWS in the billing of sewer fees to BexarMet ratepayers who receive sewer service from SAWS. Motion was seconded by Mr. Fenimore.

Under discussion, Mr. Gallegos asked for staff assistance for a public meeting in District 1, to answer questions his constituents might have. Mr. Sosa suggested that we should have more than one public meeting and Mr. Villarreal agreed.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 6. Agreement with Bexar County for Coordination of Engineering and Construction Services (District 2).

Ms. Wenger moved to authorize the General Manager to enter into an inter-local agreement with Bexar County to coordinate and joint bid engineering and construction services and to accept the contractor selected by this process for the District's participation in a Prue Road water main relocation project, from Krewald to Sunset Drive, for an amount not to exceed \$397,149.00 (per the Agenda). Motion was seconded by Mr. Morin.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 7. Contract with Lockwood, Andrews & Newman (LAN) for Design/Engineering Services.

Mr. Villarreal moved to tabled. Ms. Wenger seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 8. Purchase of Water Modeling Software from Bentley Systems Inc.

Mr. Fenimore moved to approve and authorize the General Manager to purchase Engineering Water Modeling Software from Bentley Systems Inc.; for the amount of \$26,679.97 (per the Agenda). Motion was seconded by Mr. Morin.

Ms. Squire explained this purchase is an upgrade to the existing system (due to expire December 31, 2006) with additional capabilities and functions which will allow us to model our system more correctly with an increased piping network. What it will do is basically what LAN did for the Hill Country System.

Ms. Wenger asked if this will alleviate the need to contract out for modeling and Ms. Squire said our hope is to do this work in-house, once our staff is trained. It should save the District money.

Minutes for November 27, 2006 -

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 9. Consent Items.

Mr. Sosa moved to approve items 9 a, c, d, f, g, h, i, j, and k. Motion was seconded by Mr. Morin.

{Mr. Gallegos left the meeting, as previously indicated by Mr. Villarreal, and did not participate in subsequent votes}.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 9b. Ratification of a Lease Agreement for 600 acre feet of Edwards Aquifer Water Rights for 2006.

Ms. Wenger moved to approve the lease with Mike and Terry Miller, EAA permit MEOO475, but questioned; why we were approving a lease for 2006, at the end of November. Mr. Camargo explained that as soon as we entered into the critical period we were locked into what we call our Senior Scheduled Amount of water rights that the Edwards allows us to use. For the fourth quarter, in a normal year, our projected usage is in the range of 4,400 acre feet, for the 92 day period which puts us at a budget of 43 acre feet per day for our Edwards usage. But as this has not been a normal year, we have been running in the 60s and 70s, and due to the San Marcos Springs, we entered Stage II usage restrictions. This lease prevents us from being fined for overusage. Ms. Wenger asked if we can extend this lease into the next year, Mr. Camargo indicated that we have already done lease agreements for 2007, but we will be talking to Mr. Miller about 2008. Mr. Villarreal seconded the motion

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 9e. Ratification of USA with Talley Road Participation Group (District 2).

Mr. Villarreal moved to table item 9e, Mr. Fenimore seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Items 10a & 10b. Action Items Administration: Board Minutes.

Ms. Wenger moved to approve item 10a, October 24, 2006 Special Board Minutes with a correction being made to Constitutional (capital C on page 2). Motion was seconded by Mr. Fenimore.

Minutes for November 27, 2006 -

Mr. Villarreal called for the vote.

Motion carried unanimously.

Ms. Wenger moved to table item 10b, *October 30, 2006 Regular Board Minutes*, because too many corrections are needed. Mr. Clement seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Items 11a and b. Report Items.

No discussion.

Item 11c. Top 25 Delinquent Accounts.

Mr. Villarreal noted that he had requested, at last month's meeting, that Mr. Olivares, Jesse Morin and Mr. Gallegos meet and come up with a system for separating commercial and residential accounts.

Jesse Morin responded that Mr. Gallegos had not been available to meet, however staff had looked into the possibility, and the current Hansen billing system does not allow for different trackings, so any change would have to be done manually, which would be very time consuming. Mr. Olivares related that the Hansen system had been identified as a big problem some time ago, because it was an accounting system, not a billing system. We do not have the ability to flag residential as past due in 60 days vs. commercial in 45 days. He proposed to bring a new system, costing about \$1 million, to the Board next year.

Mr. Clement pointed out that the Hansen system was identified as a pain in the neck before he got on the Board, and he hopes we are not planning to keep it.

Mr. Villarreal asked Jesse Morin to keep all Board members apprised of staff's progress, so that we can set this matter as an Agenda item.

Item 11d. General Manager's Monthly Reports.

(i) Telecommunication Lease Update.

Mr. Olivares recounted that we contracted with Terreno Services to lease space on our tank sites to construct towers on our land or to attach cell phone antennas to our existing towers. To date we have three (3) leases and the rent schedule, along with potential revenues, is in the Board's packet.

Ms. Wenger expressed her thanks to Board member Morin for all the work he did to get us to this point. She said we are getting a nice piece of change here, that we would not otherwise have seen, all due to Mr. Morin's initiative. Mr. Villarreal concurred.

Mr. Morin asked Mr. Ruiz to contact Terreno regarding the Wild Turkey tower and inquire why the rent was so low. He wanted to know why, as the owners of the tower, we would not

get to determine the amount of rent, and what the difference is if we are leasing tower space or land space where the renter builds their own tower. Mr. Olivares replied that we can find out what the distinctions are and why the numbers came out the way they did. Mr. Morin asked about the length of the contract with Terreno. Mr. Ruiz thought it was five (5) years. Mr. Morin asked for a copy of the Terreno contract as well as copies of the rental contracts, and that these also be provided to the rest of the Board.

(ii) Canyon Golf Road Storage Tank.

Mr. Olivares stated that Ms. Wenger had been working tirelessly on this issue and asked if she wanted to elaborate. Ms. Wenger said she wanted to personally thank Lee Niles for his help at the last Stone Oak meeting, on November 14th, where a lot of questions were raised by the residents. Mr. Olivares had committed to write a letter answering those questions, which she had not yet seen, and inquired if it had been done. Mr. Olivares said it would be completed shortly. Ms. Wenger said she spoke to Ms. Squire, before tonight's meeting, regarding the information the Board received via email, since this is not the information discussed at the Stone Oak meeting. She suggested that this material not be sent out until these matters are straightened out.

Item 11e. Professional Services Monthly Reports for October 2006.

No discussion.

Item 11f. Status Report on Pay Station.

Mr. Sosa asked if Mr. Garza had any additional information since last week's meeting. Mr. Garza indicated that four bids (4) were received last week for construction of the Pay Station. Staff is now working with the low bidder. He said we were all surprised the bids came in over budget, but we have asked the contractor to go back and review his cost, and work with engineering to reduce cost in certain areas. He hopes to have more information for the Pay Station committee by next Wednesday, after he meets tomorrow with the contractor and the architect

Ms. Wenger said she recalled we had received a price guarantee from the architect when we hired him. Mr. Garza replied that Kramer still believed the building should be built on that price per square foot, based on costs of other buildings, but the contractor comes in with his bid based on the existing market which, Mr. Garza said, is fairly hot right now. Ms. Wenger indicated the newspaper says the market is cooling. Mr. Garza said it was certainly slowing down, but all we can do is go back to the contractor and tell him we're not comfortable with his figures and ask what he can do to shave costs to stay within budget

Item 12. Date and Time of Next Board Meeting.

Ms. Wenger moved to hold the next Regular Board Meeting on Monday, December 18, 2006 at 4:30 p.m. for Executive Session and 6:00 p.m. for Open Session. Motion was seconded Mr. Clement.

Mr. Villarreal called for the vote.

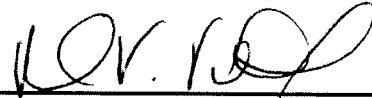
Minutes for November 27, 2006 -

Motion carried unanimously.

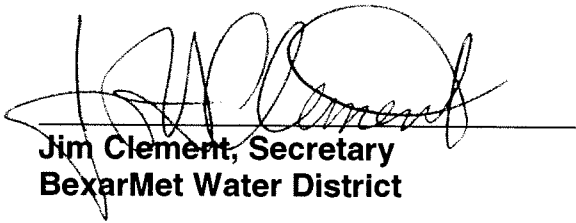
Item 13. Adjournment.

With no opposition from the Board, Mr. Villarreal adjourned the meeting at 7:20 p.m.

Minutes approved this 29 day of November, 2006.



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



**Jim Clement, Secretary
BexarMet Water District**