

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Thursday, March, 27, 2014

The Regular Meeting of the Utility Board of Trustees was conducted on the 27th day of March, 2014 at 9:00 A.M. in the Harlingen Waterworks System's Board Room located on the second floor at 134 East Van Buren Avenue, in the City of Harlingen, Texas.

Board Members Present: Rick De Los Santos, Chairman
 Richard Uribe, Vice Chairman
 Josh Fields, Trustee
 Mike Garza, Trustee
 Kevin Campbell, Trustee

Staff Present: Darrell Gunn, General Manager
 Bill Hubbard System Attorney, via teleconference
 Kathern Davidson, Finance and Revenue Director
 Jim Vallely, Wastewater Services Director
 David Sanchez, Water Services Director

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Chairman De Los Santos called the meeting to order at 9:07 A.M. and asked if the Agenda was posted in accordance with the law, Nilda Sanchez responded yes.

AGENDA ITEM NO. 2: PUBLIC COMMENTS

AGENDA ITEM NO. 3: APPROVAL OF MINUTES

a) From the Regular Board Meeting of February 27, 2014

With no corrections made, a motion to approve the minutes from the Regular Board Meeting of February 27, 2014 was made.

Motion: Richard Uribe
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0).

AGENDA ITEM NO. 4: REPORTS AND PRESENTATIONS

a) Presentation by the System's External Auditor, Long Chilton, LLC, regarding Fiscal Year 2012-2013 Audit.

Quinton Anderson, representative for Long Chilton, LLC explained a very detailed presentation of the audit. Mr. Anderson commented that with this audit, there were no disagreements and that the reports were very accurate. Mr. Anderson concluded by reporting the audit was a good reflection of good operations. Discussion by the Board ensued.

b) Discussion regarding the unserved water and wastewater areas within the System.

Darrell Gunn showed a power point presentation regarding the unserved water and wastewater areas within the System. Mr. Gunn explained that the most affected area was the west side of Harlingen. This was due to the old small Stuart Place Water Supply, which supplied water at the time and then was sold to the Waterworks in 1983. Mr. Gunn explained the future possibilities of installing water and sewer lines in the area, which would have to be in small projects because this type of development was not in the Capital Improvement Projects. Discussion by the Board ensued.

c) Report regarding the current CIP and its progress, a 6 month review.

Darrell Gunn showed a power point presentation illustrating a 6 month review of the current Capital Improvement Projects in progress. Mr. Gunn discussed the addition of two projects, Lift Station #23 and MFR Filter Rehab Phase I, were going to begin construction for this year's CIP and still come under budget for the proposed CIP budget for 2013-2014. Discussion by the Board ensued.

d) Update on revenue strategies for future Capital Improvement Projects.

Mr. Gunn discussed a CIP spreadsheet of the Waterworks' Capital Improvement Projects projected to the year 2020. Mr. Gunn explained how the Capital Improvement Projects could only be funded through 2017 without any loan assistance. Mr. Gunn proceeded to discuss an implementation to eliminate the current free water volume, which is up to 3000 gallons of water, and honor the

states mandate to charge for all water that is consumed by the customers. Mr. Gunn reported that the revenue for the Waterworks would steadily increase and allow Capital Improvement Projects to continue on schedule. Discussion by the Board ensued.

e) Report on Delinquent Accounts in excess of \$500 per account.

Darrell Gunn informed the Board this was a fairly routine report. Bill Hubbard, System Attorney, via teleconference, reported he was able to collect on some damaged fire hydrants and would continue to file suits on the newer incoming inactive delinquent accounts. Discussion by the Board ensued.

AGENDA ITEM NO. 5: FINANCIALS

a) Monthly Financial Report for month ending February 28, 2014

Darrell Gunn gave a brief explanation on the updated Financial Reports. Mr. Gunn reported that sales were down, due to the recent rain fall. Mr. Gunn commented this season had been the wettest in ten years and it was reflecting on the Waterworks' revenue. Discussion by the Board ensued.

AGENDA ITEM NO. 6: APPROVAL OF RESOLUTIONS

a) Resolution No. R1314-13: A resolution to approve or reject award bid for a twelve (12) month supply of 3000 PSI Ready-Mix concrete.

Darrell Gunn reported this was a standard annual renewal for the concrete. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1314-13– the award bid for a twelve (12) month supply of 3000 PSI Ready-Mix Concrete.

Motion: Richard Uribe
Michael Garza

Motion to approve was carried by a vote of the Board (5-0).

b) Resolution No. R1314-14: A resolution to approve or reject change order #4 to the TECHE Contracting, LLC for the two (2) Stand-by Generators.

Darrell Gunn reported that the installation of the new generators was a success. Mr. Gunn added that the new generators had an automatic system in case of a power outage but the automatic transfer switches were sized to the generator and not the main power disconnects. Therefore; a change order had to be issued to rectify this installation. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1314-14 – to approve change order #4 to TECHE Contracting, LLC., for the two (2) Stand-by Generators.

Motion: Michael Garza
Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0).

c) Resolution No. R1314-15: A resolution to approve or reject award bid of a twelve (12) month supply of bagged Portland Type I/II Cement.

Darrell Gunn reported gave a brief discussion regarding the availability of the different sizes of bagged Portland cement. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1314-15– the award bid for a 12 month supply of bagged Portland Type I/II Cement.

Motion: Josh Fields
Richard Uribe

Motion to approve was carried by a vote of the Board (5-0).

d) Resolution No. R1314-16: A resolution authorizing the MFR (Dixieland Water Plant) filters Valve and Control rehabilitation project.

Darrell Gunn reported how this Capital Improvement Project, MFR filter valve and control rehabilitation project, was not scheduled for this year's CIP budget. Mr. Gunn reported this project would authorize the design and bidding phase this year, but would have minimal expenditures this Fiscal Year. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1314-16– the authorization of the MFR (Dixieland Water Plant) filter Valve and Control rehabilitation program.

Motion: Richard Uribe
Josh Fields

Motion to approve was carried by a vote of the Board (5-0).

AGENDA ITEM NO.7: MANAGER'S REPORT

Darrel Gunn gave a brief explanation of the information included in the Manager's Report. Discussion by the Board ensued.

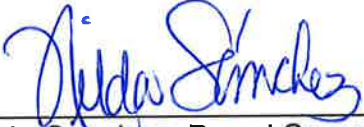
AGENDA ITEM NO. 8: ADJOURN

There being no further business to discuss, the meeting adjourned at 10:45 A.M.

Motion: Michael Garza
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0).

Attest: _____


Nilda Sanchez, Board Secretary