

**Port O'Connor Improvement District
39 Denman Drive
Port O'Connor, Texas 77982**

**MINUTES
Special Meeting of Board of Directors
Thursday, December 27, 2018 at 1:00 p.m.***

The Board of Directors of the Port O'Connor Improvement District held a SPECIAL meeting on Thursday, December 27, 2018, at 1:00 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas.

- A. CALL TO ORDER – President McDonough called the meeting to order at 1:00 p.m. and announced that a quorum was present.

DIRECTORS PRESENT:	David Randolph, Maria Denney, Mike Clifton, Danny McGuire
DIRECTORS ABSENT:	None
PARTICIPATING BY PHONE:	Dorothy Palumbo, Erin Selvera, General Counsel, Bojorquez Law Firm Andre Ayala, Hilltop Securities, Financial Advisor Julia Houston, Orrick, Herrington, Sutcliffe, LLP

- B. CONSENT AGENDA: *The following items are anticipated to require little or no individualized discussion due to their nature being clerical, ministerial, mundane or routine. In an effort to enhance the efficiency of POCID Board meetings, it is intended that these items will be acted upon by the POCID Board with a single motion because no public hearing or determination is necessary. However, a POCID Board Member or citizen may request separate deliberation for a specific item, in which event those items will be removed from the consent agenda prior to the POCID Board voting on the consent agenda as a collective, singular item. Prior to voting on the consent agenda, the POCID Board may add additional items that are listed elsewhere on the same agenda.*

1. APPROVAL OF MINUTES

- a. Reconsider minutes of November 16, 2018 for corrections to persons in attendance and makers of the motion.

2. APPROVAL OF PAYABLES -

- a. Port O'Connor Improvement District – Municipal Accounts & Consulting, LP, Bookkeeper Report
- b. Defined Area 1

3. CONSENT AGENDA ITEMS

- a. Fourth Amendment to the BFI Waste Services of Texas, LP d/b/a Allied Waste Services of Corpus Christi/Republic Services of Corpus Christi for waste disposal services for a two-year extension and no increase in rates until January 1 of 2020.
- b. District Engineer Agreement for engineering services necessary for water improvements authorized by the Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018.
- c. District Engineer Agreement for engineering services necessary for waste water improvements authorized by the Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018.
- d. District Engineer Agreement for engineering services for Force Main improvements authorized by the Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018.
- e. Mercer Controls, Inc. Agreement for Generators with the Port O'Connor Improvement District.
- f. Agreement with AirVac for an assessment and diagnostic evaluation of the system. (District Operator)
- g. AT&T agreement amendment canceling unused iPad. (Office Manager).

DISCUSSION: Minutes were corrected for makers of the motion and persons in attendance. Bookkeeper reports – Municipal Accounts did not forward additional items for approval. Fourth Amendment was included in the packet and was as presented by Mike Reeves of Republic Services during December 13 presentation. B.3.b.-d. - District Engineering Agreements form engineering provisions were being reviewed. B.3.e. – Mercer Controls Generator agreement form engineering provisions were under review. Agreement with Air Vac was for three days at a total cost of \$3500.00 and Office Manager asking authority to cancel unused iPads.

MOTION: Danny McGuire

SECOND: Maria Denney

To authorize approval of the consent agenda except to authorize the President to execute District Engineering Agreements B.3.b.-d. and B.3.e. Mercer Controls Agreement subject to modifications and approval by General Counsel and District Engineer

APPROVED: 5-0

C. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

- 1. Request of Tracy Reed, 115 S. Park Street, Port O'Connor, Texas

DISCUSSION: District Engineer discussed current line extension policy and requirement that District will extend first 100 feet and that the customer pays additional charges such as boring under the street. The District Engineer will bring back a recommendation at the next meeting.

This item was deferred to the end of the meeting to allow Ms. Reed to call in to discuss her request with the Board.

2. Discussion of plan to execute the partial defeasance of a portion of the District's outstanding Unlimited Tax Refunding Bonds, Series 2013

DISCUSSION: Andre Ayala, Hilltop Securities, presented the information in his Memo in the Board packet on Unlimited Tax Refunding Series 2013 bond partial defeasance and the costs and savings to the District.

MOTION: Danny McGuire

SECOND: Maria Denney

To authorize Bond Counsel to prepare the Resolution for the next agenda.

APPROVED: 5-0

3. Resolution declaring intention to reimburse project expenditures from the proceeds of tax-exempt obligations, Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018.

DISCUSSION. General Counsel and Bond Counsel explained that resolution would allow the District to reimburse costs spent on the preparation of the TCEQ bond application that was paid for out of District funds.

No action taken.

4. Change Order No. 2 (District Engineer)

DISCUSSION. District Engineer explained Change Order No. 2 in the Board Packet.

MOTION: Danny McGuire

SECOND: Maria Denney

To authorize the President to execute Change Order 2, TWDB project 21750, subject to TWDB approval.

APPROVED: 5-0

5. Water Well status report.

DISCUSSION. District Operator has been flushing well and testing. He will continue to flush and test next week. Under the current permit, the District is allowed to blend the water. He will provide a report at the next meeting.

6. Training Plan for Port O'Connor Improvement District Employees to take Air Vac Training or other training recommended by the District Operator.

DISCUSSION. There is no cost to the District for the class. Costs for hotel, airfare were in the Board packet.

MOTION: Danny McGuire

SECOND: Maria Denney

To authorize 2 POCID employees selected by the District Operator to attend the March meeting and to bring back costs to send an additional 2 POCID employees at the next meeting.

APPROVED: 5-0

7. POCID Policy for customer assistance on inspection and repair/installation of backflow preventers.

DISCUSSION. General Counsel provided a memo on the Rule 7.2 and an amendment to the rule if the Board decided to adopt a program to financially assist customers in obtaining backflow preventers.

No action taken

The Board took a five minute break at 3:06 pm and reconvened at 3:12 pm.

8. Rate study requirements to update water and sewer rates.

DISCUSSION. General Counsel provided a memo detailing the process. Director McGuire volunteered to obtain information on the costs to present at the next meeting.

9. USDA grant for Sewer repairs. (District Engineer).

DISCUSSION. District Engineer explained the grant materials in the Board packet and did not recommend pursuing the grant.

No action taken.

10. Discuss operation of Port O'Connor Improvement District by Operator or District Manager and authorize advertisement for RFP for Operation of the District and/or District Manager.

Deferred to executive session.

The Board took a five-minute break at 3:40 pm and reconvened at 3:46 pm. The Board President announced that the Board would go into Executive Session under Texas Government Code Section 551.071 for items D. 1-3.

A. EXECUTIVE SESSION **

The Port O'Connor Improvement District may consider in Executive Session any of the identified items posted on the agenda pursuant to the following exceptions: Texas Government Code Ann. § 551.071: Consultation with Attorney; Texas Government Code Ann. § 551.072: Real Property; Texas Government Code Ann. § 551.074: Personnel Matters or Consultation with General Counsel pursuant to Texas Government Code Section 551.071, Consultation with Attorney, on pending or contemplated litigation; or a settlement offer; or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 for the purpose of receiving legal advice concerning status of pending projects, including but not limited to:

USW Utility Group v Port O'Connor Improvement District: Cause No. 2018-CV-3268-DC, pending in the 24th Judicial District Court, Calhoun County, Texas. Review legal options for operation of the Port O'Connor Improvement District including but not limited to employment of a District Manager.

Main pump motor on Lift Station Claim.

B. TAKE ANY ACTION AS A RESULT OF EXECUTIVE SESSION. The Board reconvened from Executive Session at 4:36 p.m. No action was taken in Executive Session.

1. *USW Utility Group v Port O'Connor Improvement District*: Cause No. 2018-CV-3268-DC, pending in the 24th Judicial District Court, Calhoun County, Texas.

MOTION: Danny McGuire

SECOND: David Randolph

To authorize Maria Denney and Danny McGuire to represent the Board in mediation with USW Utility Group

APPROVED: 5-0

2. Review legal options for operation of the Port O'Connor Improvement District including but not limited to employment of a District Manager.

MOTION: Danny McGuire

SECOND: David Randolph

To authorize the advertisement for operation of the Port O'Connor Improvement District by Operator or District Manager and authorize advertisement for RFP for Operation of the District and/or District Manager and allow Office Manager to incur costs of advertisements.

APPROVED: 5-0

3. Main pump motor on Lift Station Claim.

No Action

C. ITEMS FROM BOARD MEMBERS (Note: Board members may request specific factual information, recitation of existing policy, or placement of items on the Agenda for discussion at a later meeting.)

President McDonough requested items for a Safety Box, Safety Masks, MUD pump, Create an Inventory for Supplies and tracking system.

Director McGuire requested items for TCEQ/Homeland security requirements for Sewer Plant access; allow proposal for information services to be presented.

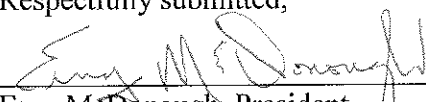
Items deferred to next meeting – Air Vac training costs for 2 additional POCID employees; Water Well blending process, Costs of Rate Study Purchases of Time Clock or replace of phone system by Office Manager if costs exceed \$250.00.

Board returned to item C. 1. Request of Tracy Reed, 115 S. Park Street, Port O'Connor, Texas

Discussion. Ms. Reed stated that her builder requested the line extension at the last meeting. District Engineer to get with Ms. Reed and bring back costs at next meeting.

D. ADJOURN. 4:59 p.m.

Respectfully submitted,


Erny McDonough, President


Maria Denney, Secretary

Signed this 15th day of January 2019.

These minutes were approved on January 15th, 2019.