



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

**Regular Meeting of Board of Directors
Thursday, February 15, 2018 at 1:00 p.m.
Minutes**

Pursuant to notice duly posted on February 12, 2018 the regular meeting of the Port O'Connor Improvement District was called to order on Thursday, February 15, 2018 at 1:00 p.m. in the District's office located at 39 Denman Drive, Port O'Connor, Texas.

A. CALL TO ORDER

President Leon Brown called the meeting to order and established that a quorum was present and welcomed everyone.

DIRECTORS PRESENT: Leon Brown, Marshall Bradford, Bobby Raybon, Nathan O'Neill, and David Randolph

DIRECTORS ABSENT: None

ALSO PRESENT: Dottie Palumbo, Bojorquez Law Firm, LLC, General Counsel

Joel Valdez, CP&Y, Inc., District Engineer

Royce Macha, District Project Manager

PUBLIC: Terry Koehler

Gene Chisum, USW Utility Group

Clay Smith, Sr.

Clay Smith, Jr.

B. PUBLIC COMMENTS. At this time, any person with business before the Board not scheduled on the agenda may speak to the Board. No formal action can be taken on these items at this meeting.

Clay Smith, Jr. commented that he paid \$10,000 last September, 2017 for water and sewer service and nothing has been done. USW Utility Group as operator never brought to Board's attention. Royce Macha to follow up with Mr. Smith.

Allen Junek asked questions concerning President Brown during Hurricane Harvey, Air Vac and turning systems down during Hurricane Harvey, Texas Class investments, meeting times, agenda postings; and USW Utility Group

- C. **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. Minutes of Special Meeting January 25, 2018
- b. Minutes of Special Meeting January 30, 2018

2. **APPROVAL OF PAYABLES**

- a. Port O'Connor Improvement District
- b. Defined Area No. 1
- c. Reimburse LaSalle for credit cards payments

3. **APPROVAL OF POCID AGREEMENTS**

- a. Authorize District Project Manager Royce Macha to execute an Exxon Mobile Fuel and Fleet Maintenance Agreement for a credit card to purchase fuel or maintenance services.
 - b. Authorize Municipal Accounts to provide additional services pursuant to the current Agreement with POCID for payroll services.
 - c. Authorize President Brown to accept the Pinnacle Credit for the Sutobilt Blower from January 22, 2018 letter from Greg Holden of Pinnacle Industries, Ltd.
 - d. Port O'Connor Improvement District Personnel Policy and authorized General Counsel to bring back amendments, if necessary.
- Director O'Neill asked to have minutes of Special meeting corrects that he was not in attendance. Also, correction to David Randolph's term.
General Counsel explained the agreements for agenda items C.3. a.-d.

MOTION Bobby Raybon

SECOND Marshal Bradford

To accept the minutes as corrected, and all other Consent Agenda Items.

APPROVED: 5-0

D. **ITEMS FOR CONSIDERATION AND TAKE APPROPRIATE ACTION IF NEEDED: ***

- 1. Report of District Project Manager
 - a.) District Status
 - b.) Work in Progress
 - c.) Water Production Report
 - d.) Wastewater Treatment Plant Summary

e.) Approval of repairs and/or inventory

Royce Macha, District Project Manager brought the Board up to date on the operations of the District. There are three new water and sewer connections. Signage has been updated and staff is working on smaller preventive maintenance items. Ground and Elevated Storage Tanks were cleaned and samples were given to Joel Valdez, District Engineer.

Discussion of service request at Serith Street, a new house in Caracol. A four inch line was plugged. District Engineer to review. Recommendation to subcontract the work and bring back to the Board.

Clay Smith's service request was discussed. USW Utility Group had the work order since September of 2017. The service needs 650 Sewer and 520 water. District Engineer to bring back recommendation to loop the line, get bids and bring back to the Board.

No action taken

2. Report of Engineers
 - a.) Water Supply Status
 - b.) Wastewater System Status
 - c.) Other project status updates

District Engineer Joel Valdez gave the report. He is working on the USW Utility Group operation issues. He will follow up on maintenance issues and preventive measures. Lester Contracting has resumed work. He will bring a report back on issues requiring Board action.

No action taken

E. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

1. To approve an order establishing a records management program replacing Callie Stafford as the Records Management Officer and appointing Deborah Loesch as Records Management Officer.

General Counsel presented the Order and recommended approval.

MOTION Marshal Bradford

SECOND Bobby Raybon

To approve an order establishing a records management program replacing Callie Stafford as the Records Management Officer and appointing Deborah Loesch as Records Management Officer.

APPROVED: 5-0

2. Approve a Resolution Reviewing Procedures for Continuing Disclosure Compliance, Making No Changes to the Policy and Instructing Staff to Fulfill the Financial Reporting Obligations in the Policy. (General Counsel).

Item to be postponed to next regular meeting.

3. Review and Approve the District's General Purpose Financial Statements for the Fiscal Year Ended September 30, 2017, audited by Goldman, Hunt & Notz, L.L.P and Direct Staff to file the Audited Financial Statements with the Texas Commission on Environmental Quality. (Auditor)

Item to be postponed to next regular meeting.

4. Approve Annual Report and Authorize Filing of Same in Accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. (General Counsel)

Item to be postponed to next regular meeting.

5. Review proposals for the construction of a culvert and authorize President Brown to execute a construction contract with the best proposal.

Nathan O'Neill recommended not to do the work.

MOTION: Nathan O'Neill

To not do the culvert. Motion died for lack of a second.

MOTION Marshal Bradford

SECOND Bobby Raybon

To approve a construction contract with Odelios Resendez for the construction of a culvert and authorize President Brown to execute a construction contract with the best proposal

APPROVED: 4-1

6. Discuss TCEQ Operator Compliance as related to water and wastewater services. (District Engineer)

Joel Valdez, District Engineer has filed an application to waive the second operator requirement for six months. TCEQ has indicated that these applications are frequently filed.

No action taken.

7. Consider and discuss Texas Parks and Wildlife request for out of district water service. (District Engineer)

Ownership not in Texas Parks and Wildlife name. Service agreement has been drafted. District Engineer to provide to Texas Parks and Wildlife

No action taken.

8. Review and Advertise for a Job Order Contractor to be available to perform emergency repairs. (District Engineer)

District Engineer Joel Valdez recommended to have Job Order Contractors with firm bids for emergency repairs. He will prepare bids and bring back at a future Board meeting.

No action taken

9. Review and possible Take Action on Engineer's Opinion on line breaks along FM 1289 and Powder Horn Lake Bridge Crossing. (District Engineer)

District Engineer Joel Valdez stated that on January 8 of 2018 the 12" water line broke. USW contacted Lester Contracting and Lester Contracting repaired the break under USW supervision. On January 22, 2018, the line broke again. District Engineer will bring back response to the Board on the cause of the second line break.

No action taken

10. Discuss and possible Take Action on outstanding water and sewer connections. (District Engineer)

District Engineer Joel Valdez discussed standardizing the process for the application, procedures and technical specifications for water and sewer connections. He will bring back for Board consideration at a future meeting.

No action taken

11. Review and possible Take Action on upcoming Change Orders concerning TWDB Project 21750. (District Engineer)

District Engineer Joel Valdez discussed the status of TWDB Project 21750. He recommended compaction testing with the purchase of a \$1,000 compaction tool and the use of POCID personnel to follow TCEQ regulations on testing. CP&Y will purchase the equipment, set up the schedule and report back to the Board. General Counsel and District Engineer will follow up on easements for TWDB Project 21750.

No action taken

12. Review and possible Take Action on Turn-Key Operation for implementing Water Quality Improvements at the Water Pump Station. (District Engineer)

District Engineer Joel Valdez discussed Turn-Key Operations for implementing Water Quality Improvements at the Water Pump Station and that he will bring back to the Board at the next special or regular meeting.

No action taken

13. Approval by TCEQ of the one year extension of time to sell bonds until January 18, 2019.

General Counsel informed the Board that TCEQ granted the extension of time to sell bonds until January 18, 2019. The Engineering Report will be reviewed for amendments.

No action taken

F. EXECUTIVE SESSION At 2:27 p.m. President Brown announced the Executive Session Items and that the Board would convene into Executive Session after a ten minute break at 2:37 p.m.

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

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:

1. Legal issues related to Operation, Maintenance & Customer Service Agreement between Port O'Connor Improvement District and USWater Utility Group dated March 23, 2016; including US Water Utility Group, including but not limited to US Water Defaults; US Water Utility Group Proposed Agreement for Termination and Exit Transition; Return of the Facilities (including electronically stored information and documents) to POCID in the same or better condition as they were upon the Commencement Date.
2. Interlocal Agreement with Guadalupe-Blanco River Authority for services relating to the operation of POCID facilities; including operation, maintenance, repair laboratory and testing services.
3. Defined Area 1 Agreement for Maintenance and Operation for Port O'Connor Defined Area 1 between Port O'Connor Municipality Utility District and Caracol Community Association dated January 1, 2011 and past due amounts owed to POCID.
4. Interlocal Agreement between the Port O'Connor Improvement District and LaSalle Water Control and Improvement District No. 1A for Operations and Maintenance Services dated June 14, 2006, as amended and past due amounts owed to POCID.

G. TAKE ANY ACTION AS A RESULT OF EXECUTIVE SESSION. The Board reconvened into open session at 3:38 p.m. No action was taken in executive session.

1. Legal issues related to Operation, Maintenance & Customer Service Agreement between Port O'Connor Improvement District and USWater Utility Group dated March 23, 2016; including US Water Utility Group, including but not limited to

US Water Defaults; US Water Utility Group Proposed Agreement for Termination and Exit Transition; Return of the Facilities (including electronically stored information and documents) to POCID in the same or better condition as they were upon the Commencement Date.

MOTION Bobby Raybon

SECOND Marshall

To place check number 9439 in the amount of \$72,166.95 in the USW Disputed Account.

APPROVED: 5-0

6. Interlocal Agreement with Guadalupe-Blanco River Authority for services relating to the operation of POCID facilities; including operation, maintenance, repair laboratory and testing services.

No action.

3. Defined Area 1 Agreement for Maintenance and Operation for Port O'Connor Defined Area 1 between Port O'Connor Municipality Utility District and Caracol Community Association dated January 1, 2011 and past due amounts owed to POCID.

No action.

4. Interlocal Agreement between the Port O'Connor Improvement District and LaSalle Water Control and Improvement District No. 1A for Operations and Maintenance Services dated June 14, 2006, as amended and past due amounts owed to POCID.

No action.

- H. 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.)

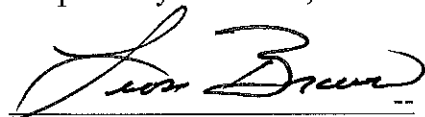
Director O'Neill requested that the agenda and packets be provided to the Board 72 hours before the meeting. General Counsel stated that a draft agenda and documents ready on the Friday before the Thursday Board meeting will be provided so that any items can be added before posting on Monday. He also requested use of his poc email only. Information was provided about Texas Class as an investment.

Special meeting may be called on March 1, 2018 for water quality issues.

- I. ADJOURN

President Brown adjourned the meeting at 3:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Leon Brown", written over a horizontal line.

Leon Brown, POCID President

Attest:

A handwritten signature in black ink, appearing to read "Bobby Raybon", written over a horizontal line.

Bobby Raybon, POCID Secretary

Minutes approved on the 15 day of March, 2018.