

**Port O'Connor Improvement District**  
**P.O. Box 375**  
**Port O'Connor, Texas 77982**

**MEETING NOTICE AND AGENDA**  
**Special Meeting of Board of Directors**

Pursuant to notice duly posted on January 8, 2018 a Special meeting of the Port O'Connor Improvement District was called to order on Thursday, January 11, 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, Nathan O'Neill and Bobby Raybon

DIRECTORS ABSENT:

Nathan O'Neill left the meeting at 3:28p.m.

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

Ronald Kettelman, USW Utility Group, Personnel

Gene Chisum, USW Utility Group, Personnel

Callie Stafford, USW Utility Group, Personnel

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

Susan Raybon, Resident of District

**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.) December 13, 2017 Special meeting minutes

B.) December 14, 2017 Special meeting minutes

**2. APPROVAL OF PAYABLES**

A.) Port O'Connor Improvement District

B.) Defined Area No. 1

C.) Reimburse LaSalle for credit cards payments

Director O'Neill had corrections on the December 14, 2017 meeting minutes as he had left early on that day, the minutes showed a vote after he left of 4-0.

MOTION: Marshall Bradford

SECOND: Bobby Raybon

APPROVED: 4-0

To approve December 13, 2017 Special meeting minutes and payables and to bring back December 14, 2017 Special meeting minutes with corrections.

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

1. Report of US Water 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
  - F.) Compliance Reports for 2017.

Ronald Ketteman gave the Operations Report, Victoria Generator came to the District to do repair on generators. The circuit board on generator will need to be replaced and can be billed back to Texas Municipal League for reimbursement. President Brown would like contact person and emails from Texas Municipal League for dates of December 1, 2017, December 4, 2017 and December 18, 2017 sent to him. Paradigm Diversified came out and repaired soft start on booster pump, No issues at Vacuum Station #4 in LaSalle. The quarterly DLQOR was sent in to TCEQ and report was compliant. The Board of Directors discussed the leak on Highway 1289, all valves worked to close water supply off. The leak was estimated around 230,000 gallons a day. Gene Chisum and crew located leak south of a bridge on the highway, Lester Contracting fixed leak on Highway and a boil water notice was given to the customers of Port O' Connor Improvement District and LaSalle WCID No. 1A. Joel Valdez and all Board of Directors asked to be notified anytime there is a water leak in the District. The Board of Directors were presented with an aging recap of all delinquent customer s from 30 -120 days, President Brown asked if there was a collection agency and would like to know if any of these customers have gone to a collection agency. The Board reviewed the monthly call log, Call log did not show reasons of why customers had called, just how many people had called. President Brown requested that on the January 25, 2018 Special meeting that USW Utility Group bring back the call log with the reasons why the customers called.

Director Bradford asked if there were leaks on the Wastewater plant, Ron let the Board know that there is one line segment that is currently leaking. In order to repair leak it will need new stainless steel clamps or welding done. President Brown requested that Joel get with Ron and process so a decision can be made at the January 25, 2018 Special meeting.

2. Report of Engineers
  - A.) Water Supply Status
  - B.) Wastewater System Status
  - C.) Other updates, including but not limited to LCI Change Order No. 1

Joel Valdez gave the Engineers Report, he let the Board of Directors know that he is still currently working on updating the GPS maps for the District. Joel is still advertising for management of facilities in Port O' Connor. Joel met with Lester Contracting who would like to switch out restraint system. Internal gasket could leak of not installed correctly. Calendar dates for Change Order start January 9, 2018 and will terminate construction in November 2018. President Brown asked Joel to get with Lester Contracting on where they will be storing their materials and to bring back information to the Board for the January 25, 2018 Special meeting.

No action taken on Lester Contracting request on restraint system.

D. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING

1. Report on District vehicles, equipment and facilities and direction for repair or replacement. Director Raybon gave the report on District vehicles; there was a slide show presentation with pictures of the condition all District vehicles were in. The pictures of the work trucks showed many dents, damage to truck seats, and middle console that was falling apart. Some of the work trucks had warning lights, brake sensors and tow sensors on. Director O'Neill asked USW if they had pictures of the trucks when they first started, USW Utility Group will look for pictures of when they had taken over operations. President Brown gave the presentation on District equipment and facilities, in the slide show there was a brand new blower sitting on the ground exposed to elements. Vacuum station #2 has a water leak at connection with spill pads underneath connection. There were pictures of the shop fridge that had some old food in it and a picture of a bathroom that needed to be cleaned. The shop had unorganized tools and brand new paint. The Board of Directors took pictures of the facilities and equipment on January 8, 2018 and of the District vehicles on December 16, 2017  
MOTION: Marshall Bradford  
SECOND: Bobby Raybon  
APPROVED: 4-0  
To require USW Utility Group to bring facilities and vehicles up to performance standards as required in the operating agreement.
2. US Water Work Authorization Requests and direction to Municipal Accounts to place disputed amounts in a separate escrow account pursuant to Section 5.7 of the Operations, Maintenance and Customer Services Agreement between the Port O'Connor Improvement District, (POCID), and USW Utility Group.  
The Board of Directors reviewed work authorizations provided by USW Utility Group. They approved Don Rauschuber's engineering services WA# 4310-7 in the amount of \$8688.30 but are disputing the 18% margin and will be putting \$1907.19 in an escrow account. The Board of Directors approved the work authorization for the Hurricane Harvey expenses, WA # 4310-17 and agree to pay \$9,852.79, but are disputing \$2,184.76 and putting the disputed amount in an escrow account. The POCID Board requested that time worked at LaSalle for Hurricane Harvey be billed directly to LaSalle in the amount of \$6,232.04.  
MOTION: Leon Brown  
SECOND: Marshall Bradford  
APPROVED: 4-0  
To bill LaSalle in the amount of \$6,232.04, to approve work authorization 4310-7 to pay \$8,688.30 and to place disputed amount of \$1,907.19 in an escrow account. To approve work authorization 4310-17 and pay \$9,852.79 and to place disputed amount of \$2,184.76 in an escrow account created by Municipal Accounts.
3. Compliance Reports for 2017  
Ronald Kettelman gave the report, the district had on violation for lead and copper sampling a certified letter receipt was not received in time with TCEQ. Trihalomethanes are high due to getting water from GBRA. Gene has contacted GBRA who has let him know they will possibly be building a new plant that should help with the Trihalomethane levels. Joel would like to speak with GBRA regarding Trihalomethanes and see if there's anything the District can do to lower the levels. The Board requested that all letters from GBRA regarding Trihalomethanes be sent to Joel for review.
4. USW Utility Group Proposed Exit Transition Plan and USW Utility Group Work Authorization Request for Exit Transition Services  
General Counsel asked USW Utility Group to provide the District with their employment agreements. The Board requested to see a Standard Operating Procedure for closing and billing procedures and to have it to them by the January 25, 2018 Special meeting. The Board asked

USW Utility Group to have Jeffrey DuPont attend the January 25, 2018 Special meeting to answer any questions the Board may have. The Board reviewed the exit transition plan the Board of Directors would like to know what services are included for the exit transition Work Authorization for \$106,017.00. General Counsel asked for numbers 13-24 on the exit transition plan be removed as those items Joel Valdez has been authorized by the Board to work on. Number 28 on the work authorization be removed because POCID will contact TCEQ and let them know that USW Utility Group will no longer be over operations of their facilities. General Counsel requested a listing of all service agreements and contracts with USW Utility Group. Item number 41 presentation on reconciliation the Board requested to expand date to the end of termination. The Board requested that all vendors and their contracts be provided to the District. USW Utility Group will terminate all branch tunnels on January 31, 2018. General Counsel requested a copy of USW Utility Groups insurance policies. General Counsel stated that USW Utility Group is responsible for their own legal fees. Item Number 75 the Board is requesting legal documents and Item number 78 General Counsel requested that Item number 78 be deleted as USW Utility Group notified POCID that USW Utility Group is terminating the contract on January 31, 2018. The Board would like a list of all leased equipment and rental agreements and a list of all USW Utility Groups equipment that is at the Port O' Connor Improvement District facilities.

MOTION: Bobby Raybon

SECOND: Marshall Bradford

APPROVED: 3-1

To allow President Brown to meet with Jeffrey DuPont and USW Utility Group's attorney in Austin, Texas at Bojorquez Law firm to discuss the exit transition plan.

5. Authorize President Brown to meet with HydroPro Solutions FCC to put on hold the Filing for frequency license and the process for software set up and on-site training and bring back Master Service Agreement at the January meeting and coordinate the Smart Meter project with Bond Counsel and amendments to the TCEQ Extension for the issuance of bonds.

MOTION: Marshall Bradford

SECOND: Bobby Raybon

APPROVED: 4-0

To Authorize President Brown to meet with HydroPro Solutions FCC to put on hold the Filing for frequency license and the process for software set up and on-site training and bring back Master Service Agreement at the January meeting and coordinate the Smart Meter project with Bond Counsel and amendments to the TCEQ Extension for the issuance of bonds.

E. EXECUTIVE SESSION \*\*\*The Board convened into executive session at 3:28 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 and Texas Government Code Section 551.074, Personnel to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee:

1. Legal issues related to Operation, Maintenance & Customer Service Agreement between Port O'Connor Improvement District and USW Utility Group dated March 23, 2016; including USW Utility Group, USW Utility Group's letters of November 2, 2017, December 21, 2017, and January 3, 2018.
2. Deliberate the appointment or employment of an Interim District Manager/Operator, Project Manager and USW Utility Group employees, including the Equipment Operator, Laborer, Water Wastewater Operator, Maintenance Technician and Customer Service Representative from resumes or applications submitted to the Port O'Connor Improvement District.

The Board of Directors reconvened from Executive Session at 4:10 p.m. No action was taken in Executive Session.

F. ACTION AS A RESULT OF EXECUTIVE SESSION

1. Legal issues related to Operation, Maintenance & Customer Service Agreement between Port O'Connor Improvement District and USW Utility Group dated March 23, 2016; including USW Utility Group, USW Utility Group's letters of November 2, 2017, December 21, 2017, and January 3, 2018.  
MOTION: Marshall Bradford

SECOND: Bobby Raybon

APPROVED: 3-0

To allow the District President with assistance from general counsel and others be to be authorized to obtain documents and information from and pertaining to Port O'Connor Improvement Districts relationship with USW Utility Group and to discuss with USW Utility Group a resolution of this agreement including any amendments to the existing agreement between the Port O'Connor Improvement District and USW Utility Group.

2. Deliberate the appointment or employment of an Interim District Manager/Operator, Project Manager and USW Utility Group employees, including the Equipment Operator, Laborer, Water Wastewater Operator, Maintenance Technician and Customer Service Representative from resumes or applications submitted to the Port O'Connor Improvement District.  
No action was taken on the item.

G. 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.)

MOTION: Marshall Bradford

SECOND: Bobby Raybon

APPROVED: 3-0

To move the Regular Board meeting to January 25, 2018.

H. ADJOURN

MOTION: Bobby Raybon

SECOND: Marshall Bradford

APPROVED: 3-0

To adjourn the meeting at 4:17 p.m.

X *Bobby Raybon*

Secretary, Bobby Raybon

X *Leon Brown*

President, Leon Brown

Signed this 17 day of May 2018