



Original

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

**MINUTES
Regular Meeting of Board of Directors
Thursday, May 17, 2018 at 1:00 p.m.**

A. CALL TO ORDER. President Brown called the meeting to order of the Board of Directors of the Port O'Connor Improvement District, (POCID), on Thursday, May 17, 2018, at 1:00 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas, announcing that a quorum was present and welcomed citizens and guests.

DIRECTORS PRESENT: Leon Brown, Marshall Bradford, Bobby Raybon, David Randolph arrived at 1:09 p.m.

DIRECTORS ABSENT: Nathan O'Neill, and David Randolph.

ALSO PRESENT: Royce Macha, District Project Manager
Dottie Palumbo, Bojorquez Law Firm, LLC, General Counsel, participated by phone.
Joel Valdez, CP&Y, Inc., District Engineer

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.

No public comments.

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 Regular Meeting April 19, 2018
2. APPROVAL OF PAYABLES
 - a. Port O'Connor Improvement District
 - b. Reimburse LaSalle for credit cards payments
 - c. Defined Area 1.
3. CONSENT AGENDA ITEMS
 - a. Authorize the President to sign letter on behalf of POCID for TWIA and flood insurance with TMLIRP
 - b. Authorize the President to execute the municipal advisory agreement with Hilltop Securities, Inc. for the change in financial advisors.
 - c. Authorize the President to execute an easement for Overlook RV Park.
 - d. Declare scrap metal and surplus property and authorize the District Project Manager to dispose of scrap metal and surplus property.

Consent items:

C.3 a. The District received a notice that Weston Insurance is assuming all TWIA policies. The Certificate of Assumption is to be attached to the policy. There is no action to be taken unless the Board would like staff to research other option for windstorm coverage.

C 3.b. Financial advisors, Terrell Palmer, Julie Peak and Greg Lenz have left Hilltop Securities and thus it is necessary to sign an updated contract to designate new financial advisors, Jim Sabonis, Cris Vela and Andre Ayala. The agreement contains the same terms and fee schedule and is updated in accordance with new municipal securities laws and State of Texas disclosure requirements.

C. 3 c. General Counsel has prepared the easement and forwarded to POC RV, LP for execution by Pete Bethelme, the President. If this item is approved, an acceptance signature line for President Brown to sign will be added.

C.3 d. This item is for the declaration and disposal of surplus property under Texas Water Code Section 49.226 governs the sale or exchange of real or personal property by a water district. In accordance with this section, any personal property valued at more than \$300 owned by the district which is found by the board to be surplus and is not needed by the district may be sold under order of the board either by public or private sale, or exchanged for other land, interest in land, or personal property needed by the district. The property must be exchanged for like fair market value, which value may be determined by the district.

The property to be disposed of is listed below:

- 40 - Brass maters;
- 4 - Steel valves;
- 2 - Baffle tanks;
- 2 - Pumps;
- 4 - Large electric motors;

- 2 - Small electric motors;
- 1 - Steel manhole cover;
- 1 - Axel and hubs;
- 3 - Equipment battery's; and
- Miscellaneous copper tubing; brass fittings, scrap iron and pipe.

MOTION: Leon Brown

SECOND: Bobby Raybon

TO APPROVE THE CONSENT AGENDA except for the Payables, C. 2 a-c. To be deferred to the end of the agenda.

APPROVED: 4-0

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.) TCEQ follow up
 - f.) Approval of repairs and/or inventory - authorize the District project manager to purchase two (2) desktop computers; authorize District project manager to procure a utility vehicle (UTV); and authorize the District Project Manager to obtain a credit card for purchases, vendor payments not under contract and emergencies.

District Project Manager reported on the District Status, Work in Progress, Water Production and Wastewater Treatment Plant:

-Vacuum Tank cleaned. Sewer valves leak under repair. 19 to 20 new service connections. Oldest service request 3/27/18. Mercer complied Druscilla service request. Mercer is starting project for the Water Quality Improvements at the Water Pump Station for the water analyzer and injection system.

TCEQ has sent a letter alleging violations and recommended corrective actions. District Project Manager Reported on the information requested and provided to TCEQ and will be the primary contact for TCEQ,

D.1. f. District Project Manager presented requests for computers, utility vehicle (UTV) and requested a credit card for vendor payments not under contract and for emergencies. District Project Manager discussed need for computers to bring back for next special meeting. UTV will be on hold for now. District Credit Cards- For accounts set up with vendors, he currently using his personal credit card to pay. He will bring back a credit card account for POCID Business and bring back for Board approval

-Next meeting- put agenda item for POCID employee shirts.

District Project Engineer discussed pumps and the pump's capacity. Need to run by AirVac and FloVac for comments.

2. Report of District Engineer
 - a.) Wastewater System Status
 - b.) TWDB Project 21750 Updates
 - c.) TCEQ Bond Amendment
 - d.) Outstanding Items – Outstanding water and sewer connections

District Engineer presented report included in Board packet. TCEQ Bond amendment in process. Water analyzer injection system needs to have a quote from Mercer. TWDB Project 21750 in process and inspections have been made. Board discussed that inspections need to be made and compaction testing. As a courtesy, Board requested that the District Engineer notify the District Project Manager when inspections are taking place. District Engineer has had Geo Tech out for 2 weeks for testing. There was a leak around 18th Street and Madison and Lester Contracting is in process of repairing the leak. He has contacted County for permission to open cut the street for repair. Board discussed that Lester Contracting needs to correct shrinkage that has occurred. Hydromulch and vegetation requirements were discussed and requested District Engineer to bring back report of compliance. TCEQ April 3 letter was discussed and USW Utility Group to provide calibration testing reports that are missing. The Board requested that CP&Y file its Board report with the packet.

E. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

1. Presentation by Jim Sabonis and Andre Ayala, Financial Advisors, Hilltop Securities.

Presentation by Andre Ayala and Chris Vela of Hilltop Securities on financial advisory services. No action required.

2. Discuss TML Employee Benefits Health Benefit Coverage for POCID Employees and authorizing contributions for adding vision coverage for employees and additional health coverage for family members.

DISCUSSION. Pages 1-3 of the backup for agenda item E. 2, lists additional health coverage including dental and vision and the cost to add family members. Board discussion on whether to include the health benefits. No Action taken.

District Project Manager to gather info from employees and bring back next special or regular meeting.

3. Authorize Payment No.10 and No. 11 to Lester Contracting, Inc. for TWDB Project No. 21750. (District Engineer)

DISCUSSION. District Engineer presented pay requests from Lester Contracting, Inc. for Payment No. 10 and 11 and stated that he verified all pay requests.

MOTION- Leon Brown

SECOND- Marshal Bradford

To approve Lester Contracting request for Pay No. 10 for 4,279.76 and to approve Payment No. 11 for \$91,172.70. APPROVED. 4-0

4. Review and discuss Matagorda Bay Subdivision Section 1 Water Plans.

DISCUSSION. District Engineer received G&W's plan review of Matagorda Bayview Subdivision Section 1. He sent a letter to G&W on 5/16/18, to request additional information. G&W's Engineer addressed the Board

No action taken.

5. Discuss easement and land access across Community Center and along W. Harrison Avenue.

DISCUSSION. District Engineer presented the easement and land access the Community Center and along W. Harrison Avenue. He sent a letter to county commissioner for permission. He will send to General Counsel for review before sending and bring back next meeting

No action taken.

6. Discuss Financial Statements for year ending on September 30, 2017, POCID audit, management response, hiring of an auditor and/or establishing an audit committee.

DISCUSSION. The Board discussed the financial statements and audit and the need for an audit committee.

MOTION- Leon Brown

SECOND- Bobby Raybon

To Allow Board President to contact auditors to clarify audit and correct audit statements that POCID terminated USW Utility Group because USW Utility Group unilaterally terminated the operations and maintenance agreement and to establish an audit committee consisting of Marshall Bradford and Bobby Raybon.

APPROVED. 4-0

7. Discuss the POCID Code of Ethics, First Amended Code of Ethics and Rural Water Association Model Code of Ethics.

DISCUSSION. General Counsel provided a Memo and explained the code of Ethics. Items that can be included are an audit committee and provisions that apply to former board members.

MOTION- Leon

SECOND- David Randolph

To authorize General Counsel to amend the code of Ethics to include provisions for former board members.

APPROVED: 4-0

8. Discuss Director O'Neill's compliance with Chapter 171 of the Texas Local Government code and the First Amendment to the Port O'Connor's Rules of Ethics

concerning Special Meeting on March 28, 2018 agenda items B. 7 relating to Billy Goode and take appropriate action.

DISCUSSION. Director O'Neill was notified on March 28, 2018 to file a conflict of interest affidavit for agenda item B. 7 relating to an invoice and payment to Billy Goode, Director O'Neill's father. Board discussed how to give notice and ask him to be in compliance with law.

MOTION- Leon Brown

SECOND- David Randolph

To authorize General Counsel to send a certified letter to Director O'Neill to file the conflict of interest affidavit for agenda item B. 7 relating to an invoice and payment to Billy Goode, Director O'Neill's father.

APPROVED: 4-0

9. Discuss under what authority Director O'Neill had to demand the immediate resignation of Leon Brown and Marshall Bradford.

Deferred to next meeting since Director O'Neill was absent.

10. Discuss amending the Rules and Regulations to add a utility line extension policy.

DISCUSSION: A memo has been provided for the Board to consider adding a line extension reimbursement policy to District Rules and Regulations and to add a line reimbursement fee. A sample utility line extension reimbursement agreement was provide for the Board's consideration.

MOTION Leon Brown

SECOND Marshall Bradford

To amend the District Rules and Regulations to provide for a line reimbursement policy and to amend the District Rates and Fee Order to provide for a line reimbursement fee and form utility line extension agreement.

APPROVED: 4-0

11. Discuss refunding tap fees for customers who paid for a private plumber to connect to the system.

DISCUSSION: Director O'Neill requested this item. Item deferred until next meeting.

12. Discuss and consider changing the scope of TCEQ Bond No. 2 by reviewing the Engineer report and discussing if any projects need to be removed and the process for removal.

DISCUSSION: Page 12 of the Engineering report attached to Bond Issue No. 2 lists the projected to be funded with the bond proceeds. The Board discussed the projects, the need for a valid engineering assessment and the need for generators. District Engineer to send email to Board of the size of the generator. District Engineer to bring back his assessment and amendments at the next meeting

13. Discuss Director O'Neill's actions and/or conversations with TCEQ and the TCEQ investigator on during the TCEQ site visits and what under what authority did

Director O'Neill have to represent the Board with his actions and/or conversations with TCEQ or the TCEQ site visits; including under what authority Director O'Neill acted in directing the operations of the District.

Deferred to next meeting since Director O'Neill was not present.

. EXECUTIVE SESSION **The Board did not convene into 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

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. *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.
2. POCID Annual Audit and Management Response.
4. Interlocal Agreement with Guadalupe-Blanco River Authority for services relating to the operation of POCID facilities; including operation, maintenance, repair laboratory and testing services
5. 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.
6. 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.

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.
2. POCID Annual Audit and Management Response.

4. Interlocal Agreement with Guadalupe-Blanco River Authority for services relating to the operation of POCID facilities; including operation, maintenance, repair laboratory and testing services.
5. 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.
6. 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.

Consent Agenda Item C. 2. A-c. (Deferred to the end of the meeting).

The Board discussed whether to approve payables and except from payables checks to Allen, Boone and Humphries and CP&Y for those vendors to submit detailed back up for payment.

MOTION- Leon Brown


SECOND- Marshal Bradford

To approve to approve payables and except from payables checks to Allen, Boone and Humphries and CP&Y for those vendors to submit detailed back up for payment.

APPROVED: 4-0.

- 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.)
- I. ADJOURN The meeting was adjourned at 3:22 p.m.

X 
Secretary, Bobby Raybon

X 
President, Leon Brown

Signed this 21st day of June, 2018.

These minutes were approved on June 21, 2018.