

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



**MINUTES  
Regular Meeting of Board of Directors  
Thursday, April 19, 2018 at 1:30 p.m.**

Pursuant to a notice duly posted, the Board of Directors of the Port O'Connor Improvement District held their regular meeting on Thursday, April 19, 2018, at 1:30 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas.

- A. **CALL TO ORDER.** President Brown called the meeting to order, announcing that a quorum was present and welcomed citizens and guests.

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

**DIRECTORS ABSENT:** David Randolph

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

- 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.

Terry Koehler asked when Allen Junek's questions would be answered and when the Board would hold a public forum that he requested. General Counsel stated that the Texas Open Meetings Act only allows the POCID to respond to questions raised at a meeting where there was no posted agenda item for the Board to provide factual information, a statement of policy or to place the item on another agenda. The Board has developed a Citizen Comment Form to keep a list of comments and questions for follow up.

J.R. Lange has problems with the water at this house and brought a sample to show to the Board. The District Project Manager has pulled samples and will come back to resolve the problem.

C. CONSENT AGENDA ITEMS

1. APPROVAL OF MINUTES
  - a. Minutes of Regular Meeting March 15, 2018
  - b. Minutes of Emergency Meeting March 1, 2018
  - c. Minutes of Special Meeting April 5, 2018
  - d. Minutes of March 28, 2018 meeting. Director O'Neil requested a correction to Item 3 d. that he voted "No".
2. APPROVAL OF PAYABLES
  - a. Port O'Connor Improvement District – President Brown requested checks to Gardere Wynn and G&W be pulled.
  - b. Reimburse LaSalle for credit cards payments
  - c. Defined Area 1.
3. CONSENT AGENDA ITEMS
  - a. Approve payment for TMLIRP Worker Comp coverage for POCID
  - b. Approve a Plat for Captain's Corner Subdivision
  - c. Wade Cheek contract for Water/Wastewater Operator

DISCUSSION: Municipal Accounts submitted the April Bookkeeping Report.

TMLIRP presented additional coverage for Worker Compensation. The total annual payment is \$6,289 with quarterly payments of \$1572.25. District Engineer recommending approval of the Plat for Captain's Corner as it complies with state law and POCID rules and regulations. District Project Manager presented Wade Cheek's qualifications and recommends that the POCID contract with Mr. Cheek for second operator water/wastewater operator at \$50.00 hour.

A motion was made by Marshall Bradford with a second by Bobby Raybon to approve the Consent Agenda with corrections to the minutes of March 28, 2018 approve payables except for checks to Gardere Wynn and G&W, and to approve Wade Cheek contract with second operator water waste/water operator services at \$50.00 per hour.

The motion carried unanimously.

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

DISCUSSION: District Project Manager presented his report. Eight water connects were made this month and they are caught up to February 9, 2018. There were 3 new requests received. Staffing was added with one office person and two field personnel. Maintenance was performed at the wastewater treatment plant and the effluent is good. Customers have had private plumbers connect to District lines. If the Board wanted to give a credit for tap fees, that would need to be an agenda item.

2. Report of District Engineer
  - a.) Water Supply Status
  - b.) Wastewater System Status
  - c.) TWDB Project 21750 Updates
  - d.) TCEQ Bond Amendment
  - e.) Overlook RV Park
  - f.) Outstanding Items

DISCUSSION: District Engineer presented his report. District Engineer and Team responsibilities for the period stated above primarily assisted in the operation of the District, TCEQ Bond Amendment, Review of the Water Analyzer and Injection System proposal. In addition, we reviewed and processed Plat Review and Development Requests. No new additional tasks have been received. CPY worked the District Staff and Legal Counsel on the preparation, assembly of supporting documents and submission of the Bond Amendment. The TCEQ Bond Amendment was submitted on March 2, 2018. POCID was notified that the application was complete and TCEQ is reviewing. District Engineer identified several issues with the Maps. We understand the maps to be schematic but the maps are ineffective for field crews to help locate and find data. CPY staff is reviewing the record drawings, plans and other available information to update the water and sewer maps. Ultimately, the goal is to upload the maps to the website for public use by summer 2018. TWDB Project 21750 - the District Engineer reported that construction is underway throughout the District. CPY performed a site visit on March 29, 2018 to review the pay estimate and discuss an RFI concerning the crossing of Water Street. A construction site inspection was performed on March 30, 2018. CP&Y is having discussions with the County on open road cutting for lines where approved by the County. The County has not made a decision on open cutting the roadway. The CPY Team is currently monitoring the Inflow and Infiltration issues in the system. Currently, the District Engineer has identified some areas where I&I is currently an issue and has made initial discussions with Alligator Head Subdivision to help identify issues.

E. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

1. Discuss outstanding water and sewer connections. (District Engineer)

DISCUSSION: District Project Manager stated that all connection requests have been caught up.

2. Request of Clay Smith, Jr., to address the Board and discuss and consider proposals for the Druscilla St. sewer and water line extensions. (District Project Manager).



DISCUSSION: USW Utility Group did not measure correctly. Mercer Controls submitted a proposal. General Counsel stated that if the improvements for Druscilla St. are outside the typical area where the system has lines, the property owner would pay for the line extension and could get some reimbursement money over time. The specific process should be outlined in a reimbursement policy which should be part of the district service policy. For example, a typical Line Extension Reimbursement Policy provides that an approved Applicant may have to pay on a prorated basis a line reimbursement fee to the District for the purpose of reimbursing a customer or other party that made the capital outlay to extend service to that area. The District has no line extension policy and the recommendation is to require the property owner to pay the proportionate share of the extension and as customers tie on to bill the customer the customer's proportionate share.

A motion was made by Marshall Bradford with a second by Bobby Raybon to authorize the District Project Manager to accept the bid from Mercer Controls with the District Engineer to calculate Mr. Smith's proportionate share and General Counsel to provide the contract documents.

The motion carried unanimously.

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

DISCUSSION: Lester Contracting submitted a request for payment showing the credit of as agreed upon in Change Order No. 1.

Postponed.

4. Review Turn-Key Operation for implementing Water Quality Improvements at the Water Pump Station. (District Engineer)

DISCUSSION: District Engineer advertised for bids and Mercer Controls submitted the only proposal for the water analyzer and injection system. Mr. Mercer addressed the Board and answered questions on his proposal.

MOTION: Marshall Bradford

SECOND: Bobby Raybon

To accept the proposal from Mercer Controls for the water quality improvements at the Water Pump Station.

APPROVED: 4-0

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

DISCUSSION: Financial statements and audit do not indicate that USW Utility Group was the manager of the District during the 2016/2017 Fiscal year. Also, the audit states that the District terminated USW Utility Group which is not true. President Brown requested authority to send a letter to the auditor to make the clarifications and corrections.

Postponed.

6. Discuss TML Employee Benefits Health Benefit Coverage for POCID Employees.

DISCUSSION: General Counsel discussed TML Insurance Key Points

- Insurance is through United Health Care
- 4 Options are listed in booklet 2 starting on page 2
- All employees who do not otherwise have insurance must participate
- Copay only covers office visits (lab and X-Rays are subject to the deductible )
- For labs – need to use Lab Corp or CPL (NOT Quest)
- Board needs to decide how COBRA will be handled – will former employee be billed? (this is typical) Otherwise the company will pay and may not get reimbursed

A motion was made by President Brown with a second by Bobby Raybon to authorize President Brown and Director Raybon to execute the documents to obtain TML Employee Benefits Health Benefit Coverage for POCID Employees choosing Option 1 excluding Cobra payment.

The motion carried unanimously.

7. Discuss proposals submitted in response to the POCID RFP for parking lot and paving at the POCID facility. (District Project Engineer).

DISCUSSION: Director O'Neill stated that the paving was not necessary at this time and also, that the Board has approved several items costing over \$100,000.00 and that this project should wait. He made a motion to not proceed with the paving. The motion died for lack of a second.

A motion was made by Marshall Bradford with a second by Bobby Raybon to authorize the District Project Manager to execute a contract for the construction of the parking lot and paving at the POCID facility upon review and approval of General Counsel.

The motion carried by a vote of 3 Ayes, 1 Nay. Director O'Neill voting Nay.

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

Postponed.

9. Approve Order designating the District Project Manager and the Customer Service Representative for Quick Books and authorize the District Project Manager to obtain a license for Quick Books.

DISCUSSION: Quick Books requires an Order from the District for authorized users and a license agreement.

A motion was made by President Brown with a second by Bobby Raybon to approve the Order designating the District Project Manager and the Customer Service Representative for Quick Books and authorize the District Project Manager to obtain a license for Quick Books.

The motion carried unanimously.

10. Discuss posting "No Trespass" signage at POCID facilities and security cameras for POCID facilities.

Tabled.

11. Discuss POCID Employee confidentiality requirements and employee confidentiality form.

DISCUSSION: General Counsel discussed the Confidentiality form for employees and the procedures to implement the policy.

A motion was made by President Brown with a second by Marshall Bradford to authorize the District Project Manager to implement the POCID confidentiality requirements for POCID employees and have confidentiality paragraphs be place in contractor agreements.

The motion carried unanimously.

12. Discuss the Consent Agenda and having all items considered as action items.

DISCUSSION: Director O'Neill requested that all items be considered as action items and to not have a consent agenda.

A motion was made by Nathan O'Neill that all items be considered as action items and to not have a consent agenda.

The motion died for lack of a second.

13. Discuss moving the meeting time to 7 p.m.



DISCUSSION: Director O'Neill requested the meeting time be moved up to 7 p.m. President Brown stated that more citizens and people have shown up at the 1 p.m. meeting time.

A motion was made by Nathan O'Neill to move the meeting time back to 7 pm.

The motion died for lack of a second.

14. Discuss and consider approval of the Overlook Park RV plat. (District Engineer).

DISCUSSION: Urban Engineering submitted a mobile park development on February 13, 2018. CPY has had discussions with Urban Engineering concerning the development and impact to the system. Representatives from Urban Engineering presented their report and requested approval of the construction drawings as part of the plat process. An easement will be required along Cherry Street. All additional legal and CP&Y engineer review fees must be paid pursuant to POCID rules and regulations.

A motion was made by President Brown with a second by Bobby Raybon to approve the construction drawings as part of the platting process and to require an easement along Cherry Street with the payment of all additional legal and engineering fees.

The motion carried unanimously.

15. Discuss and consider insurance coverage for POCID facilities and operations, rerate with TMLIRP, Defined Area 1 improvements; TWIA and Flood.

Postponed.

F. EXECUTIVE SESSION. At 3:21 p.m. President Brown announced that the Board would convene into executive session on Items F. 1, 4.5, and 6. President Brown left the meeting.

The Port O'Connor Improvement District recessed the Open Meeting to convene into Executive Session by the authority contained in the Texas Government Code as 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. USW Utility Group Annual Reconciliation for October 2018 to January 31, 2018.
3. 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.

The Executive Session adjourned at 3:26 p.m. and reconvened into open session.

G. TAKE ANY ACTION AS A RESULT OF EXECUTIVE SESSION. 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.

No action

2. USW Utility Group Annual Reconciliation for October 2018 to January 31, 2018.
3. 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.

No action

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.



May 17 2018  
C.1.a

A motion was made by Marshall Bradford with a second by Bobby Raybon to authorize President Brown to meet with the Caracol HOA president to discuss POCID operations and maintenance of Defined Area 1 facilities.

The motion carried by a vote of 2 Ayes, 1 Nay with Director O'Neill voting Nay.

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.

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 an item to refund tap fees for customers who paid for a private plumber to connect to the system. Vice President Bradford requested an item for the next agenda to dispose of surplus property consisting of scrap metal and a list of other surplus items.
- I. ADJOURN. Vice President Bradford adjourned the meeting at 3:30p.m.

Respectfully submitted,



Leon Brown, POCID President



Maria Denney, POCID Secretary

Minutes were approved on the 17<sup>th</sup> day of May, 2018.