

Bolivar Peninsula Special Utility District
Minutes of the Regular Meeting April 8, 2008

Directors Present

Lynette Johnson-Hardcastle, President
George Strong, Vice President
Al Altemus, Treasurer
Harold Guidry, Secretary
Jack Blume
David Fortenberry
Maria Skewis
Mary Ellen Smith
Dennis Stafford

Staff Present

Jennifer McKnight, Gen. Mgr.
Barbara Cowie, Office Mgr.
Kenny Strimple, Plant Mgr.
Clifford Howard, Utility. Mgr.

Others Present

Guy Goodson
Rick Bourque
Charlotte Yeates

Item #1 Call to Order: President Johnson-Hardcastle declared a quorum present and called the meeting to order at 6:01 p.m.

Item #2 Pledge and Moment of Silence: The Pledge of Allegiance was cited by all present and Mr. Blume led the invocation.

Item #3 Minutes: **Mr. Altemus made a motion to approve the minutes of the regular meeting on March 10, 2008 and the special meeting on March 24, 2008. Ms. Smith seconded the motion. Motion passed. (Unanimous)**

Item #4 Public Comments: None

Item #5 Committee Reports: *Audit & Finance:* Mr. Blume stated that the committee met today to review the check register, revenue accounts, bank statements, and invoices and found all was in order.

Item #6 Manager's Report: Ms. McKnight presented the Manager's Report. Ms. McKnight reported that the District had been visited by the insurance carrier, Texas Municipal League Intergovernmental Pool. She stated that the representatives were very impressed with the District's safety program and safety record. She stated that the District will receive a premium reduction because of the written safety program and the District's claim record.

Item #7 Presentation of the Annual Financial Audit for Fiscal year 2007: Ms. Charlotte Yeates, Certified Public Accountant with Edgar, Kiker and Cross, presented the annual financial audit for Fiscal Year 2007. Ms. Yeates stated that the District received an unqualified opinion and was found to be in good financial standing. Ms. Yeates explained a significant deficiency the District received in the audit findings. She stated that during 2007, a new auditing standard went into affect. The standard requires that governmental agencies must now have a separate certified public accountant (CPA) prepare their financial statements prior to the annual audit. She stated the financial statements are then reviewed by the auditing CPA. Ms. Yeates explained there was no way the District could have avoided this deficiency because it came into affect during the fiscal year. She stated that the District was allowed to respond to the deficiency in the audit and that the Audit and Finance Committee had prepared a statement. It is included in the audit. She also said that most small Districts and Cities are choosing to continue to allow the auditing CPA to prepare their financial statements and will accept the deficiency each future year in their audit. She stated that it will be costly to hire another CPA, but that the Board will need to decide if they want to continue receiving the deficiency or hire a second CPA firm to prepare financial statements for future annual audits.

Item #8 Annual Financial Audit for Fiscal year 2007: **Mr. Fortenberry made a motion to approve the Annual financial Audit for Fiscal Year 2007. Mr. Stafford seconded the motion. Motion passed. (Unanimous)**

Item #9 Significant Deficiency in Audit : Ms. McKnight explained that the Audit and Finance Committee had met and discussed this item. She stated that they discussed the costs associated with complying with this standard and did not feel the benefits exceed the cost. However, she stated that she and the committee is concerned as to how this deficiency could affect the District's ability to obtain funding from the Texas Water Development Board in the future. She stated additional research and discussion will be necessary before the Board makes a decision. The item was tabled. **No action taken.**

Item #10 Request by David Hoelzer: **Ms. Smith stated that because this will be mutually beneficial to Mr. Hoelzer and the District and because the project is already scheduled in the five-year plan, she would like to make a motion to approve his request to enter into an agreement to allow him to pay 10% of the costs to**

upgrade Crystal Beach Road, perform the work this fiscal year, and have the District's legal counsel draw up the agreement at Mr. Hoelzer's expense. Mr. Stafford seconded the motion. Motion passed. (Unanimous)

Item #11 Bid for DWSRF Contract No. 4: Ms. Smith made a motion to approve the bid from Allco for \$1,260,373.80, and based on their qualifications to perform the work, award them the contract for Contract No. 4 of the Drinking Water State Revolving Fund Project No. 61039. Mr. Blume seconded the motion. Motion passed. (Unanimous)

Item #12 Engineer's Quarterly Project Report: Rick Bourque, P.E. with Schaumburg and Polk Inc. presented his quarterly report on the Drinking Water State Revolving Fund projects. Mr. Bourque stated that Contract No. 1, which is the 20" water line from Singing Sands to Port Bolivar, is 63% complete. He stated the current contract amount is \$3,898,876 and the amount paid through February 2008 is \$2,283,062. He stated the 20" line from Singing Sands to the Crystal Beach elevated storage tank has been completed and hydrotested and that bacteriological testing should be confirmed the week of April 7th. He stated that the next phase will be to place the line into service from Singing Sands to the elevated tank in Crystal Beach and to complete the tie-ins to the new line. Mr. Bourque stated tie-ins will take about a month and as they are done to each subdivision, some customers will experience a water outage for up to six hours. He stated that Contract No. 1 is on schedule. Mr. Bourque stated that Contract No. 2 is the construction of the elevated water tank at Boyt Road and it also on schedule. He stated that the contract amount is \$1,559,000 and the amount paid through February is \$404,125. He stated that the pile foundations are completed and the pedestal construction will begin in mid-April. Mr. Bourque stated that Contract No. 3 is for the pumping stations at the Singing Sands and Port Bolivar plant sites and that the contract is still in execution, and that Contract No. 4 is for the water lines in the Port Bolivar area and that the bid was just awarded in the previous agenda item. Mr. Strong inquired about the dip in the highway near the Crystal beach Fire Station and Mr. Bourque stated that Allco is working with TXDOT and will soon be repairing the dip. He stated it was caused by the road bore for the 20" water line and that it should be repaired within the next couple of weeks.

Item #13 Wastewater Planning Grant Presentation: Mr. Bourque gave a presentation on the first phase of the wastewater planning grant. He stated that current wastewater systems on the Peninsula include on-site systems regulated by the Galveston County Health District and two central wastewater systems regulated by the Texas Commission on Environmental Quality. One of these systems is owned and operated by the High Island School District and the other is owned and operated by Bolivar Utility Services. He stated that neither of these central systems would be of much benefit to a regional collections and treatment system. Mr. Bourque stated that three types of collection systems for the Peninsula had been reviewed. These included a gravity system, a low-pressure system, and a vacuum system. Mr. Bourque stated that the study also included a review of environmental impacts from on-site systems. These include the affects on oysters and the affect on coastal waters. He stated that a conservative estimated cost for a regional system would be about \$100 million. Mr. Bourque stated that the second phase of the study will be to determine triggers for implementation. He said that the District will host another public comment meeting in September.

Item #14 Update on NOV: Ms. McKnight stated the District had received a letter from the Texas Commission on Environmental Quality (TCEQ) regarding the District's response to alleged violations of solid waste rules in Crystal Beach and High Island. She stated that the TCEQ accepted the response and the schedule presented by the District. She stated that there is no further action required in Crystal Beach and that she has mailed requests for proposals for engineering services to determine the best option for the High Island plant site.

Item #15 Surplus Property Sale: Mr. Altemus made a motion to approve the sale of District salvage property, and to allow the General Manager to contact a school and if they are interested, donate the 2002 Ford F350 that the Board has found to be valued at less than \$300. Mr. Guidry seconded the motion. Motion passed. (Unanimous)

Item #16 Director's Comments: Ms. Skewis thanked the Board for eating the cheesecake she brought to the meeting. Mr. Stafford thanked her for bringing the cake. Mr. Fortenberry complimented the staff for their great safety record. Mr. Guidry also complimented the staff for their safety record. He stated that safety should be the first priority and the staff is obviously observing safety rules well. Mr. Strong thanked Cliff Howard for manning the District's booth at the real estate fair at Stingaree Down Under. He stated the booth was very educational and he appreciated the efforts to make a great display. Mr. Strong also stated that it has recently been reported that he is for illegal dumping and that he would like to state on the record that he does not endorse illegal dumping. President Johnson-Hardcastle stated that the cheesecake was wonderful. Mr. Altemus stated that he really likes

the office remodeling and the layout of the Boardroom. Ms. Smith thanked the Board for all that they do for the community. Mr. Blume also thanked the Board for their work and time.

Item #17 Next Meeting: President Johnson-Hardcastle set the date for the next meeting on Tuesday, May 13, 2008.

Item #18 Adjournment: **Mr. Altemus made a motion to adjourn at 8:36 p.m. Mr. Blume seconded the motion. Motion passed. (Unanimous)**

CERTIFICATION

I, the undersigned, do certify the above to be a true and correct record of the meeting of the Board of Directors of the Bolivar Peninsula Special Utility District, April 8, 2008.

Harold Guidry, Secretary