

Bolivar Peninsula Special Utility District  
Minutes of the Regular Meeting April 14, 2010

**Directors Present**

George Strong, Vice President  
Vicki Cartwright, Secretary  
Al Altemus, Treasurer  
Dennis Stafford  
Hollis Gassen  
Brad Vratis  
Larry Webb

**Staff Present**

Jo Ball, General Mgr.  
Barbara Cowie, Office Mgr  
Kenneth Strimple, Field Mgr.  
Clifford Howard, Plant Mgr.

**Others Present**

Guy Goodson  
Kris Makin  
Charlotte Yeates

**Item #1 Call to Order:** Vice President Strong declared a quorum present and called the meeting to order at 6:02 p.m.

**Item #2 Pledge and Moment of Silence:** The Pledge of Allegiance was cited by all present and a moment of silence was observed.

**Item #3 Approval of March 9, 2010 Minutes:** **Mr. Altemus made a motion to approve the minutes of the March 9, 2010 meeting. Mr. Gassen seconded the motion. Motion passed. (Unanimous)**

**Item #4 Public Comments:** No Public Comments.

**Item #5 Committee Reports:**

**Audit & Finance:** Mr. Stafford reported that the Audit and Finance Committee had met and reviewed the check registers, invoices, and bank statements for March and found that all was in order.

**Item #6 Manager's Report:** Ms. Cowie reported that Greg Lewis, Lewis Designs, had submitted the office building design and other documents to FEMA for their review. Mr. Lewis said that their review could take up to sixty days. The total accounts at the end of March were 2,862. Mr. Vratis stated that the District's water loss is still a concern. He asked Mr. Ball if he would get a plan of action to reduce the total water loss. Mr. Ball said he would get a plan of action and report back to the Board at the May meeting.

**Item #7 Presentation of 2009 Fiscal Year Audit:** Ms. Charlotte Yeates, District CPA, stated she had met with the Audit and Finance Committee on March 6, 2010, and at that meeting she had presented the 2009 Audit. Mr. Mike Daws, CPA, also participated in this audit exit meeting. Ms. Yeates said she had provided Mr. Daws a copy of the draft audit and the year end closing journals entries for his review. Mr. Daws' had a few questions and made some recommendations to Ms. Yeates and his comments were included in the final 2009 Audit. In the past the District had a significant deficiency noted in the annual audit. This year with Mr. Daws' knowledge of Governmental Standards and his participation in the audit process this deficiency was corrected. Ms. Yeates said she was happy to say Edgar Kiker & Cross is able to give an unqualified opinion.

Ms. Yeates said the Texas Water Development Board (TWDB) required the District to establish an Operations Reserve Fund. The fund is to be structured to accumulate a six-month reserve of the District's average budgeted operating expenses for the year and is to be used for extraordinary operations, repairs, and capital expenditures. The resolution requires that the Reserve Fund to be fully funded within twenty-four months from the issuance of the TWDB resolution (by June 18, 2011). On January 21, 2010, the District funded a new account, BPSUD Operations Reserve Fund, with a transfer of \$150,000 from the general operating account. The unused bond proceeds (\$245,400) from the final draws of the Drinking Water State Revolving Fund Bonds were deposited with TWDB's approval into the Operations Reserve Fund on February 10, 2010. Additionally, the District intends to deposit the residual funds of the four bond bank accounts when they are closed sometime this fiscal year. The residuals will total about \$101,000. Beginning February 2010, the District began a monthly \$25,000 transfer of funds to the Operations Reserve

Fund account from the general operation account. At this pace, the total funds placed in the Reserve Fund will be \$896,400 at the end of the twenty-four months. Based on the 2010 budget, budgeted operating expenses (excluding debt service, depreciation and bad debt) are \$1,793,815. Using this amount, the Operations Reserve Fund balance at the end of the twenty-four month funding period will need to be in the area of \$892,000. Based on the actions of the District the Operations Reserve Fund will be more than sufficiently funded by the end of the required funding period. The Board and management will need to review the estimated average annual budgeted operating expenses and make any necessary adjustment to the Reserve Balance based on the results of the review. Ms. Yeates said the TWDB had requested assurance of the status of the Reserve Fund and that she has prepared a letter detailing the information that she has shared above.

**Item #8 Approve 2009 Financial Audit: Mr. Stafford made a motion to approve the District's 2009 Financial Audit. Mr. Vratis seconded the motion. Motion passed. (Unanimous)**

**Item #9 Approve Changes to District Investment Policy: Mr. Stafford stated that the District Investment Policy is a guideline of how the Investment Officers can invest the District funds. Mr. Stafford said he had spoken with Coastal Securities, Inc. about using them in the future as an investment firm. Mr. Strong and Mr. Stafford, District Investment Officers, would like to add Coastal Securities, Inc. to Appendix B which is the designation of acceptable brokers to be used by Bolivar Peninsula Special Utility District. Ms. Cartwright made a motion to approve Coastal Securities, Inc. as a acceptable broker and for them to be added to Appendix B item #11 of the District Investment Policy. Mr. Gasson seconded the motion. Motion passed. (Unanimous)**

**Item #10 Award Contract for Tank Rehabilitation Project: Mr. Altemus made a motion to award a contract to M. K. Painting, Inc. whose bid was \$287,500.00 for the rehabilitation of the Bolivar storage tank and the North High Island storage tank. Mr. Webb seconded the motion. Motion passed. (Unanimous)**

**Item #11 Approve Credit Card for General Manager: Mr. Vratis made a motion to approve a District credit card for the General Manager and to eliminate cards for the Office Manager, Plant Manager and the Field Manager as soon as the General Manager receives his District credit card. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

**Item #12 Approve Windstorm Proposal: Mr. Webb made a motion to approve option one (1) of the windstorm proposal from Victor O. Schinnerer & Company, Inc. The total option premium is \$11,152. This option has a 1% or \$1,000 deductible and of this premium \$421 is for increased cost of construction. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

**Item #13 Director's Comments: Mr. Stafford asked that the Quarter Investment Report be place on next month's agenda. Mr. Vratis asked that the General Manager report a plan of action next month on the water loss in Gilchrist.**

**Item #14 Set the Date for Next Meeting: The date for the next regular meeting is May 11, 2010.**

**Item #15 Adjournment: Mr. Altemus made a motion to adjourn at 7:20 p.m. Mr. Gasson 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 14, 2010.

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Vicki Cartwright, Secretary