

Bolivar Peninsula Special Utility District
Minutes of the Regular Meeting January 13, 2009

Directors Present

Lynette Johnson-Hardcastle, President
George Strong, Vice President
Al Altemus, Treasurer
Harold Guidry, Secretary
Jack Blume
Vicki Cartwright
Maria Skewis
Mary Ellen Smith

Staff Present

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

Others Present

Guy Goodson
Rick Bourque
Cynthia Rodriguez
Justin Strong
GinGee Stewart
Jim Hayes
Charlotte Yeates

Item #1 Call to Order: President Johnson-Hardcastle declared a quorum present and called the meeting to order at 4:10 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 for the meeting held on December 16, 2008. Mr. Guidry seconded the motion. Motion passed. (Unanimous)**

Item #4 Public Comments: Ms. Cynthia Rodriguez stated she wanted to speak regarding her water bill. She stated the bill was over \$400 and that she is not living in the home. Ms. Rodriguez stated she had talked with office personnel and that they were very courteous and helpful but told her that they could not waive the charges. She stated that she would like for the Board to consider waiving the charges because they were due to a leak caused by the hurricane and because she cannot afford to pay that amount.

Item #5 Committee Reports: Mr. Blume reported that the Audit and Finance Committee met this morning and reviewed the check registers and bank statements for December and found that all was in order. Mr. Altemus stated that the Plant and Product Committee met to review proposals for an emergency repairs contract. He stated the committee recommends selecting Jerry Walley Construction.

Item #6 Manager's Report: Ms. McKnight presented the manager's report and discussed the following:

- System Operational Reports.
- Trial Balance, Comparative Budget Report, and Account Balance Summary List.
- Insurance payments received for facilities damaged by Hurricane Ike.
- FEMA reimbursement issues and payments received for facilities and infrastructure damaged by Hurricane Ike.
- Bolivar Utility Systems' (BUS) pending request to TCEQ to revise CCN to include the entire Bolivar Peninsula: Ms. McKnight stated that she was informed by BUS that they do not plan to amend their CCN at this time.
- Lower Neches Valley Authority's revised bond payment schedule to be submitted to Texas Water Development Board for five year bond payment deferral.

Item #7 Bond Deferral Plan: **Mr. Strong made a motion to approve the bond payment deferral plan to be submitted to the Texas Water Development Board. Mr. Guidry seconded the motion. Motion passed. (Unanimous)**

Item #8 Report by CPA: Ms. Charlotte Yeates of Edgar, Kiker, and Cross CPA's explained that at first her firm was concerned if they would be able to perform the annual audit at all because they were unsure what books and records were available. She stated that after talking with staff and reviewing what is available, she feels they will be able to do an audit but that the books and records may not be complete because of losses sustained by the District in the hurricane. She stated the tests they will perform may be limited by availability of records. She stated they may have to give a qualified opinion due to scope limitations (limited books and records). Ms. Yeates stated her firm's main concern is that her firm will have to determine if the District is a viable entity. She stated this is known as a "going concern" and they will have to decide if there are issues that may limit the District's ability to sustain itself for the next six months. Ms. Yeates

stated her firm will soon begin the audit. She stated that the purpose of her report tonight is just to inform the Board of the issues they will be dealing with in the performance of the audit.

Item #9 Grant Update: Ms. McKnight stated that a representative of Carl Griffith and Associates was not able to attend the meeting as planned. She stated that she spoke earlier with John Johnson and that he stated they are pursuing several grant options for the District and that he will provide a report to the Board next month.

Item #10 Architectural Design Contract: **Ms. Smith made a motion to approve the proposal from Lewis Design Group and award the contract for architectural design for the office building destroyed by Hurricane Ike. Ms. Skewis seconded the motion. Motion passed. (All FOR except Guidry AGAINST)**

Item #11 Emergency Repair Contract: **Mr. Strong made a motion to approve the proposal submitted by Jerry Walley Construction and to award contract for emergency repairs to District water system due to damages incurred from Hurricane Ike. Mr. Altemus seconded the motion. Motion passed. (Unanimous)**

Item #12 Report by Bolivar Utility Services: Mr. Jim Hayes with Bolivar Utility Services (BUS) stated that his company would like to extend sewer service to other areas of the Peninsula on a voluntary basis. He stated that the system will be designed like that in the Biscayne Subdivision with grinder pumps and a pressurized collection system. He stated that at this time BUS would like to enter into a billing services agreement only with the District and that his company will operate and maintain the system. He stated the billing services agreement would allow the District to bill for sewer service and collect a monthly fee for District services. He stated BUS will pay the District \$1500 per month as a base fee and the \$1.00 per bill mailed. Mr. Hayes stated that in the future when the system is expanded his company may want to amend the agreement to allow the District to operate the system. Mr. Strong asked if their expansion plan will require a certain number of homes in a subdivision requesting service before they will extend service into the subdivision. Mr. Hayes stated that they are currently studying each subdivision on the Peninsula and that some will be more difficult to serve than others. He stated that BUS will see what interest there is for service and then determine if it is physically possible to extend service depending on many factors, including space available in the County right-of-way. President Johnson-Hardcastle stated that she would like to review the wastewater study performed by the District and bring this item back at a later date. She tabled the item until next month.

Item #13 Proposal Request for Public Adjuster: **Mr. Strong made a motion to approve seeking proposals for a public adjuster to assist the District with insurance claims related to facilities damaged by Hurricane Ike. Mr. Altemus seconded the motion. Motion passed. (Unanimous)**

Item #14 TWDB Application: **Ms. Smith made a motion to approve submitting an application to the Texas Water Development Board to seek funding through the Federal Economic Recovery Funds under the Job Creation and Unemployment Relief Act. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

Item #15 FEMA CDL Application: **Ms. Smith made a motion to allow the General Manager to submit an application for funding through FEMA's Community Disaster Loan Program (CDL) if the District meets eligibility qualifications for funding. Mr. Altemus seconded the motion. Motion passed. (Unanimous)**

Item #16 TRWA Conference: **Mr. Altemus made a motion to approve attendance for up to four Directors at the Texas Rural Water Annual Conference at a cost not to exceed \$1533 per person. Ms. Smith seconded the motion. Motion passed. (Unanimous)**

Item #17 Director's Comments Regarding Future Agenda Items: Ms. Skewis requested a review of the District's leak adjustment policy and dispute resolution policy.

Item #18 Next Meeting: The next meeting was set for February 10, 2009.

Item #19 Adjournment: The meeting was adjourned at 6:52 p.m.

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, January 13, 2009.

George Strong, Vice President