

Bolivar Peninsula Special Utility District  
Minutes of the Regular Meeting May 12, 2009

**Directors Present**

Lynette Johnson-Hardcastle, President  
George Strong, Vice President  
Al Altemus, Treasurer  
Vicki Cartwright, Secretary  
Hollis Gassen  
Maria Skewis  
Mary Ellen Smith

**Staff Present**

Jennifer McKnight, Gen. Mgr.  
Barbara Cowie, Office Mgr.

**Others Present**

Guy Goodson  
Rick Bourque  
Joe Forkner

**Item #1 Call to Order:** President Johnson-Hardcastle declared a quorum present and called the meeting to order at 6:00 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 Minutes:** **Mr. Altemus made a motion to approve the minutes for the meeting held on April 14, 2009. Ms. Smith seconded the motion. Motion passed. (Unanimous)**

**Item #4 Public Comments:** Mr. Joe Forkner stated that he is an irrigation system installer from Lumberton and he is currently doing work on the Peninsula. He stated he is concerned that a member of the Board of Directors is in the field policing installers to see if they have a permit. Mr. Forkner stated that he feels it is a conflict of interest for this Board member to do enforce this rule because the Board member also installs irrigation systems. He stated he feels it is outside the duties of a Board member to police the field and that the other Board members should put a stop to micromanagement by a Board member. Mr. Forkner stated that he does a lot of work in this area and ensures that he follows all rules and he does not appreciate being questioned by a member of the Board. He stated this is the job of staff and he does not mind working with them.

**Item #5 Committee Reports:** *Audit and Finance Committee:* no report was given. *Personnel and Policy Committee:* Ms. Smith stated the committee met and reviewed three policies: Reserve Fund Balance Policy, Line Extension Policy, and Director Appointment Policy. She stated she will defer her report until later in the meeting when each of these items is addressed on the agenda.

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

- System Operational Report and Director's Report.
- 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.
- Ms. McKnight stated the District received a fund equity return from Texas Municipal League because of its excellent worker's compensation claims history.
- Ms. McKnight stated the District had the first billing for wastewater services under the agreement with Bolivar Utility Services (BUS). She stated there were a few problems that they had to work out, but overall the billing was successful. She stated there are still some issues regarding obtaining written procedures from BUS. She stated that she hopes to resolve these issues soon, but if not there may have to be action taken by the Board regarding the contract.
- Ms. McKnight reported that she has not yet mailed proposal requests to certified public accountants because there may be another option for the District to correct the deficiency in the annual audit. Ms. McKnight said that Mike Daws is a CPA that works for LNVA and he said he would be happy to help the District. He said she will be meeting with him later in the week and will report back to the Board next month.
- Ms. McKnight gave a slide presentation that highlighted the difficulties personnel are encountering while locating water meters. She stated meters are still buried with sand and landmarks are missing. She stated the staff is working as quickly as possible to pull meters, but in the meantime there is a great deal of water theft occurring. She stated she hopes to have all meters pulled in the next few months at homes where no one has signed up for water service.

**Item #7 Engineering Proposal:** **Ms. Smith made a motion to approve the engineering proposal submitted by Schaumburg and Polk Inc. for design of infrastructure repairs for damages caused by Hurricane Ike at the High Island North Plant. Mr. Strong seconded the motion. Motion passed. (Unanimous)**

Item #8 DWSRF Project Status Report: Rick Bourque provided a project update to the Board. He stated that Contract No. 1 for the new water line from Singing Sands to Port Bolivar Plant site is almost completed. He stated that the total contract amount is \$3,922,184 and that to date \$3,461,854 has been paid. Regarding Contract No. 2, Mr. Bourque stated this is for the new elevated tank at Port Bolivar and the project is also almost completed. He stated filling and disinfecting the tank must be coordinated with Contract No. 3, that the total contract amount is \$1,559,000, and that to date \$1,412,250 has been paid. Mr. Bourque stated Contract No. 3 is to install new pumping stations at the Singing Sands site and the Port Bolivar site and that the contractor expects to be completed by September. He stated the contract is for \$1,331,676 and that to date \$554,930 has been paid. Contract No. 4 is for the new water line from the Port Bolivar Plant Site to Port Bolivar. He stated that this project had just begun before the storm but they expect to be completed by October. He stated that the contract amount is \$1,260,373 and that \$475,330 has been paid to date.

Item #9 TWDB Bond Deferral Meeting Report: Ms. McKnight stated that she and the District consultants had met in Houston with the Texas Water Development Board (TWDB) during April to discuss an application for bond deferral. Guy Goodson stated that the meeting was very successful and that he is working on the application. He stated the TWDB staff requested some changes to the District bond requirements including the District to commit to setting aside a "rainy day fund." He stated the General Manager drafted a policy for the Board's approval tonight that will meet the TWDB's request. Mr. Goodson stated that the goal is to have the application to the TWDB by June 1, 2009 so that it can be considered at their Finance Committee meeting on June 18, 2009. He stated the General Manager and Board President should plan to attend this meeting. Mr. Goodson explained that they will require payment of interest on the bonds and a minimum payment on the outstanding principal. However, this will drastically reduce annual payments for the next five years. Mr. Goodson explained that the payments in later years will be higher because the TWDB cannot extend the term of the bonds.

Item #10 Report on Possible Disaster Recovery Fund Projects: Ms. McKnight stated she has been working closely with Galveston County to ensure District project requests are included for possible funding through the Office of Rural Community Affairs (ORCA) block grants. She stated the County will receive about \$66 million for infrastructure projects but the funds will be distributed between unincorporated areas and about 11 small cities in the County. Ms. McKnight said the District projects submitted include a 20" water line bore at Rollover Pass, a wastewater treatment plant, a wastewater collection system, repairs to the High Island North plant site, distribution system repairs, and rebuilding of the District office building. She stated that any project that has a FEMA worksheet issued is not eligible for ORCA funding. She stated the office building and High Island plant site do have FEMA worksheets, so they will not be eligible. Ms. McKnight stated the Galveston County Commissioners will decide how the funds will be distributed at their meeting tomorrow.

Item #11 Reserve Fund Balance Policy: **Ms. Smith made a motion to approve District Administrative Policy A-13 (Reserve Fund Balance Policy). Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

Item #12 Hurricane Ike Line Extension Policy: **No action taken.**

Item #13 Board Member Appointment Policy: **Mr. Altemus made a motion to approve District Administrative Policy A-14 (Board Member Appointment Policy). Ms. Smith seconded the motion. Motion passed. (Unanimous)**

Item #14 Peninsula Tour During TRWA Technical Conference: Ms. McKnight reported that the District will assist the Texas Rural Water Association in hosting a tour of water plant sites on the Peninsula during the TRWA Technical Conference in July. She stated TRWA will bring about 200 people over from Galveston on buses and District staff will serve as tour guides. After the tour all will be taken to Coconuts for appetizers and a cash bar, and a video of Ike damages will be shown. Ms. McKnight stated that some of the District's vendors have donated money to assist with the costs.

Item #15 Director's Comments Regarding Future Agenda Items: Mr. Strong asked that the General Manager plan a workshop for Directors in the near future to review duties and functions of Directors on the Board.

Item #16 Next Meeting: The next regular meeting was set for Tuesday, June 9, 2009.

Item #17 Adjournment: **Ms. Smith made a motion to adjourn at 8:00 p.m. Ms. Skewis 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, May 12, 2009.

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Vicki Cartwright, Secretary