

Bolivar Peninsula Special Utility District Minutes of the Regular Meeting April 12, 2011

Directors Present

Lynette Johnson-Hardcastle, President
George Strong, Vice President
Mary Ellen Smith, Treasurer
Hollis Gassen, Secretary
Dennis Stafford
Wayne Turk
Brad Vartis
Roger Welch

Staff Present

Jo E. Ball, General Mgr.
Barbara Cowie, Office Mgr.
Clifford Howard, Plant Mgr.

Others Present

Sid Bouse
Joe Forkner
Marylin Gibbs
GinGee Stewart
Charlotte Yates

Item #1 Call to Order: President Lynette Johnson-Hardcastle declared a quorum present and called the meeting to order at 6:03 PM.

Item # 2 Pledge of Allegiance and Moment of Silence: Pledge of Allegiance was lead by Mr. George Strong and cited by all present. A moment of silence was observed.

Item # 3 Approval of March 8, 2011 Meeting Minutes: Ms. Mary Ellen Smith had a correction to item 10 of the minutes. Ms Mary Ellen Smith made a motion to approve the minutes of the March 8th meeting with the one noted correction. The motion was seconded by Mr. George Strong. The motion passed. (Unanimous)

Item #4 Public Comments:

Mr. Joe Forkner stated that he had an issue with an un-named BPSUD board member who approached him during a repair to a customer's irrigation system. The un-named board member stated that Mr. Forkner had to obtain a permit to perform the repairs. Mr. Forkner was replacing/repairing a broken vacuum breaker and twenty (20) feet of damaged irrigation water line. The water line had five (5) breaks. So, instead of repairing each break, the twenty (20) foot section was replaced. Mr. Forkner stated that it is wrong for an irrigator repairman to purchase a permit to perform repairs. He stated that BPSUD doesn't permit plumbers to tie into BPSUD's water meters. BPSUD doesn't have any agreements with the county to obtain funds from plumbing permits. The county's building inspectors performs inspections prior to a facility being occupied. Again, BPSUD does not receive any funds from the county's permitting process.

Mr. Jo Ball attended the Texas Rural Water Association's (TRWA) annual meeting/convention in Austin. BPSUD's management staff and several employees also attended the meeting. Mr. Ball had submitted a letter recognizing each employee and staff member for the various categorizes. TRWA picks one award winner in each of the categories across the state of Texas. TRWA communicated with Mr. Ball stating that

there was no way they could choose one award winner for the various categories. Therefore, TRWA issued a system award to BPSUD's. The award states, "Texas Rural Water Association System Award recognizes the Board, Staff and Management of the Bolivar Special Utility District for its dedication and perseverance in the aftermath of Hurricane IKE 2008." Each employee was presented a named certificate for the award. In addition, BPSUD's former General Manager, Ms. Jennifer McKnight, was also recognized. This is a one time occurrence, since TRWA does not give System Awards. They stated that there was no way they could go one more year without recognizing the outstanding work BPSUD had performed in the aftermath of Hurricane IKE. Ms. Lynette Johnson-Hardcastle accepted the award for the Board.

Item #5 Recognition of Ms. Barbara Cowie for Twenty (20) Years of Dedicated Service to the Bolivar Peninsula Special Utility District/Water Supply:

Ms. Barbara Cowie accepted the award and thanked the numerous people she had worked with and sited selected District accomplishments that were completed during her twenty (20) years with the District. Ms. Cowie was presented a plaque and a cash award.

Item #6 Committee Reports:

- 1) Audit & Finance: Mr. Dennis Stafford reported that the Audit and Finance Committee met earlier today and reviewed the District's check registers, invoices, and bank statements for February 2011. All were found to be in order.
- 2) Audit & Finance: Report of the Review on the Draft Copy of the 2010 Audit. Mr. Dennis Stafford stated that the District is audited each year by an outside auditor. This is the cleanest audit he has seen, and Ms. Barbara Cowie and BPSUD staff should be given an at-a-boy for their working and assistance to the outside auditor. The audit will be reviewed in item number twelve (12) of the meeting's agenda.
- 3) Special Insurance Committee: Report on the District's Insurance Coverage – Special Committee Chairman, Mr. Dennis Stafford, provided the committee's report. The committee's purpose is to perform a top's down review of the District's insurance coverage taking into account all the learnings after Hurricane IKE. This is to ensure the District has the proper insurance in place. The committee has met and identified several changes. These changes were sent out to the District's insurance providers for pricing. Once the committee has received the pricing, it will review the changes and make recommendations to the Board.

Item # 7 Manager's Report: The manager's report was presented and the following items were reported/discussed:

- 1) Review of Trial Balance, Comparative Budget Report and Account Balance Summary List was conducted. All items are in order.
- 2) Review System Operational Reports and Director's Report
 - * Report from the General Manager on District Water Losses. There was an unaccounted water loss during February of 40.67%. A discussion followed with various possibilities for the loss. The General Manager will investigate and report his findings to the Board during its May meeting.
 - * For March there were 19 new accounts. Total District accounts are 3,209.
 - * Report on FEMA Reimbursement Issues and Payments Received for Facilities

and Infrastructure Damaged by Hurricane IKE. No payments were received during March.

* Report on Insurance Payments Received for Facilities Damaged by Hurricane IKE. No insurance payments were received during March.

* Update on BUS Activities. Bolivar Utility Services, LLC updated and submitted a list of subdivisions they are currently servicing; along with a list of subdivisions they are permitted to serve.

* Report on District's Infrastructure Projects. The General Manager reported on the various projects and their funding.

Item #8 Consideration and Possible Action to Appoint New Directors to Fill Vacant Seats: The District has not received any applications to fill the vacant Director's position.

Item #9 Consideration and Possible Action to Change Texas Municipal League (TML) Coverage: The Insurance Committee has met and submitted changes to TML, and are waiting for a response. Mr. George Strong made a motion to table this item. The motion was seconded by Mr. Brad Vartis. The motion passed. (Unanimous)

Item #10 Consideration and Possible Action to Review Texas Windstorm Insurance: The General Manager reviewed all the District's assets covered by Texas Windstorm. There were various assets whose values were either increased or decreased during the review. The Board compared annual premiums with 1% and 2% deductibles. Mr. Dennis Stafford made a motion to accept the changes as discussed and to renew TWIA, including taking out the increase cost of construction for \$442.00 and use the one (1) per cent deductible option. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #11 Consideration and Possible Action to Approve Bids of District's Office Rebuild: Nine (9) contractors picked up bid packages, but only three (3) bids were returned to the District. Elite General Contractors, Gautier Remodeling and Risemiller Construction submitted bids. Their bids were:

Elite General Contractors - \$467,584

Gautier Remodeling ----- \$637,594

Risemiller Construction ---- \$659,800

Elite General Contractors' bid was the only bid within the District's budget. Elite General Contractors has performed work for the City of Galveston, City of Huntsville, Boys and Girls Club of Houston and remodeled Sharpstown Mall. The General Manager contacted these sites for information on the quality of work, time of construction and cost versus their submitted bids. Each site highly recommended Elite General Contractors. They completed the projects on time and within budget. A motion was made by Ms. Mary Ellen Smith to accept Elite General Contractors bid for rebuilding the District's office building. The motion was seconded by Mr. Dennis Stafford. The motion passed. (Unanimous)

Item #12 Consideration and Possible Action to Approve District 2010 Audit: Ms. Marylyn Gibbs and Ms. Charlotte of Edgar, Kiker & Cross, presented their findings of

the District's 2010 audit. They reviewed the various funds the District is required to fund, including outstanding bonds, operational reserve, debt reserve, etc. and the District's progress on funding them. They also reviewed the manner and priority in which each fund is required to be funded. This gave Board members an opportunity to ask questions and a better understanding of future payment obligations of the various bonds. A motion was made by Ms. Mary Ellen Smith to approve the 2010 audit with the noted corrections as discussed. The motion was seconded by Mr. Dennis Stafford. The motion passed. (Unanimous)

Item #13 Report and Possible Action from PenDeCo: Mr. Sid Bouse briefed the Board on recent studies and the future of a sewer treatment facility for the Peninsula. The County has \$19MM to fund a waste water treatment facility. These funds can not be used in a CBRA (Coastal Barrier Resource Act) zone. It is estimated that the annual operational cost of a sewerage system is twenty (20) per cent of its original cost. Mr. John Simsen (Office of Emergency Management) called Mr. Jo Ball and stated that the waste water treatment project is on again and he would like to meet this Thursday and discuss new developments. After the Thursday meeting, the General Manager will determine if a special board meeting should be convened to discuss Waste Water Treatment on the Peninsula.

Item #14 Director's Comments Regarding Future Agenda Items:

- 1) Hurricane preparation
- 2) Multiple water hook ups to one water meter
- 3) Review the District's drought policy

Item #15 Set the Date for Next Meeting: The date for the next regular meeting is May 10, 2011.

Item #16 Adjournment: A motion was made by Mr. Dennis Stafford to adjourn tonight's meeting at 9:56 PM. The motion was seconded by Mr. Hollis Gassen. The 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 on April 12, 2011.

Hollis Gassen, Secretary