

Bolivar Peninsula Special Utility District

Minutes of the Regular Meeting February 8, 2011

Directors Present

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

Staff Present

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

Others Present

Richard Wigzell
Robert Wright
Jeanie Turk
Wayne Turk
Greg Lewis
Chris Makin
Don Wood
Jean Niven

Item #1 Call to Order: President Lynette Johnson-Hardcastle declared a quorum present and called the meeting to order at 6:02 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 January 11, 2011 Meeting Minutes: Ms. Mary Ellen Smith made a motion to approve the minutes of the January 11th meeting with a correction to the minutes replacing "Treasury" with "Treasurer". The motion was seconded by Mr. Dennis Stafford. The motion passed. (Unanimous)

Item #4 Public Comments: There was one public comment. Prior to the comment Ms. Lynette Johnson-Hardcastle read the following statement, "Bolivar Peninsula Special Utility District Board of Directors must comply with Texas Open Meeting's Act. The Act states that Directors may only respond to public comments and inquiries by making a statement of factual information by reciting existing policy by referring an issue to a staff member or by making a proposal to place the issue on a future meeting agenda."

Ms. Jeanie Turk made the following comments: She thanked the Board for their dedicated work and services to the Peninsula. She further stated it is amazing the progress that has been made since Hurricane Ike. She wanted to tell the Board that Ms. Lynette Johnson-Hardcastle is well known in the State's regulatory arena, and State Representative Allen Ritter enjoyed meeting with Ms. Lynette Johnson-Hardcastle. He had a lot of respect for her and the Board for the financial progress and the difficulties the District has overcome.

Item #5 Committee Reports:

1) Audit & Finance: Mr. Dennis Stafford reported that the Audit and Finance Committee met and reviewed the District's check registers, invoices, and bank statements for January 2011. All were found to be in order. Mr. Dennis Stafford reminded all Board members

that they should have received a questionnaire from the external auditor. The questionnaire will need to be completed and returned to the auditor. The auditor requires all Board Members to return the completed questionnaire.

Item # 6 Manager's Report: The manager's report was presented and the following items were reported/discussed:

- * A review of Trial Balance, Comparative Budget Report and Account Balance Summary List. All items are in order.
- * Reviewed System Operational Reports and Director's Report.
- * For December there were 6 new accounts. Total accounts are 3,178.
- * Report on FEMA Reimbursement Issues and Payments Received for Facilities and Infrastructure Damaged by Hurricane IKE. No payments were received during December.
- * Report on Insurance Payments Received for Facilities Damaged by Hurricane IKE. No insurance payments were received during January.
- * Report from General Manager on District Water Losses. There was an unaccounted water loss during December of 14.2%. AT&T contractor damaged four (4) water lines resulting in a loss of 247,363 gallons of water. The District will invoice the contractor for these losses. Entergy damaged a water line resulting in a loss of 63,325 gallons of water. The District will invoice Entergy for the loss.
- * 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.
- * In February the District received a \$25,000.00 insurance check from TML (Texas Municipal League) for partial payment due to Hurricane damages.
- * The District received three (3) customer complaints in January. They reported a light blue tint in bath tubs and toilets. These were isolated incidents, and are believed to be caused by a blue powder coating on new water meters.
- * After the recent freezing weather, District employees discovered approximately fifty (50) homes with ruptured water pipes. They turned the property owners' water off at the meter. The District's equipment ran continuously and supplied water to all accounts during the freezing weather and power outages.

Item #7 Consideration and Possible Action to Appoint New Directors to Fill Vacant Seats: The District is advertising via its monthly water bill to present customers and in the Beach Triton for applicants to fill the two (2) vacant seats on the Board. The District has only received one (1) application. The District will continue to advertise monthly for potential applicants until all positions are filled. This item is table until the March meeting.

Item #8 Consideration and Possible Action to Approve Peninsula 19 Development: The development has received its maintenance bonds from Western Surety Company. The District and Peninsula 19 have negotiated a Bill of Sale and Assignment for easement access to future water lines in the development. Mr. George Strong requested that the District's General Manager contact the State's Insurance Commissioner to ensure the

bond company is legitimate. Mr. Hollis Gassen pointed out that the dates on the Bill of Sale and Assignment require changing to the current year. Ms. Mary Ellen Smith made a motion that with the date changes on the Bill of Sale and Assignment and with the General Manager checking the bond company with the State's Insurance Commissioner, that the District approve Peninsula 19 Development. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #9 Consideration and Possible Action to Approve Contract with Pat's for rebuilding the District's Shop/Garage: Pat Rogers submitted a proposed contract and scope of work to rebuild the District's shop/garage for the Board's consideration. Cost of the work is \$24,999.00. Mr. Hollis Gassen requested that the contract reflect the current year. Mr. George Strong made a motion to accept the contract with the date changes. The motion was seconded by Ms. Mary Ellen Smith. The motion passed. (Unanimous)

Item #10 Consideration and Possible Action to Accept Bids for Scrap Meters: S-N-S Valves was the high bidder for the District's scrap meters. Mr. Jo Ball reminded the Board that any money collected for the meters will have to offset reimbursement the District has received from FEMA for meter replacement. Mr. Dennis Stafford made a motion to accept S-N-S Valves bid of \$21,300.00 for the scrap meters. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #11 Consideration and Possible Action to Approve Bids Through HGAC for the Purchase of New Vehicles Through the District's Capital Improvement Projects: The District solicited bids to replace three (3) vehicles. The lowest bid was submitted by Philpott Motor Company, Nederland, Texas for \$77,284. These vehicles to be replaced have high mileage and/or high repair bills. One vehicle has cost the District over \$1,000 this year. Mr. Roger Welch had requested repair/cost data regarding these vehicles during the January meeting. This information was provided. It was agreed for future replacement of equipment, that this type of data be submitted in a package to present to the Board for equipment replacement. A motion was made by Ms. Mary Ellen Smith to accept the bid from Philpott Motor Company. The motion was seconded by Mr. Dennis Stafford. The motion passed. (Unanimous)

Item #12 Presentation from Texas Water Conservation Association Risk Pool of the District's Insurance Evaluation: Representatives of the Texas Water Conservation Association met with members of the District and reviewed all the District's sites and equipment to evaluate each for risk. Mr. Richard Wigzell presented their findings to the Board. This gave Board members a chance to ask questions and obtain a clearer understanding of the various risks the District faces from damaging events and business interruptions due to flood, wind, fire and hurricanes. The Texas Water Conservation Association does not insure property against flood in A and V velocity zones. All the District's sites are located in these zones. The District will review a report from the Texas Municipal League during its March general meeting.

Item #13 Review, Update and Possible Action on the District's Office Construction: Mr.

Greg Lewis of Lewis Design Group presented the new office design for constructing the office on its existing foundation. The estimated cost does not include office furniture which will be addressed at a later meeting. The funds the District has received from insurance claims and FEMA, (based on design estimates) construction funding should be adequate. Once the construction bids are received, the District will review these costs with available funds prior to signing a contract. A motion was made by Mr. George Strong that the Board accept the design and go out for construction bids. The motion was seconded by Mr. Brad Vratis. The motion passed. (Unanimous)

Item #14 Report and Possible Action of District's Quarterly Investment Report: The investment report was represented by Mr. Dennis Stafford. Due the past favorable interest rates negotiated in the pass, the district has been earning approximately \$9,000 per month. However, this contract will expire in May, and the interest rates will drop. A motion was made by Ms. Mary Ellen Smith to accept the Quarterly Investment Report. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #15 Review, Update and possible action on the District's Bank Depository Contract: Mr. Jody Ball met with Mr. Michael Christiansen, Moody's Bank, a couple of months ago regarding renewal of the District's Bank Depository Contract with a 2.59% interest rate. Their response contained a lower interest rate. A follow up meeting among Mr. Jody Ball, Mr. Dennis Stafford, Mr. George Strong and Mr. Michael Christiansen was conducted. The team was able to negotiate several free services in with the lower interest rates. The District is waiting for an official response from Mr. Michael Christiansen. A motion was made by Mr. George Strong to table this item until an official response has been received. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #16 Executive Session: Meet in Closed Session as Follows: (A) Pursuant to Section 551.071 – Meet with Attorney about TML (Texas Municipal League) Law Suit.
The open session was closed at 7:08 PM.
The executive session was opened at 7:11 PM.
The executive session was closed at 8:02 PM.

Item #17 Reconvene Open Session:
The open session reconvened at 8:03 PM.

Item #18 Consideration and Possible Action Regarding the Executive Session: No action came out of the executive session.

Item #19 Consideration and Possible Action to Allow the Board President to Vote for the District at TRWA (Texas Rural Water Association) Annual Conference: A motion was made by Mr. George Strong to allow the Board's president to vote for the District in the upcoming TRWA annual conference. The motion was seconded by Mr. Dennis Stafford. The motion passed. (Unanimous)

Item #20 Director's Comments Regarding Future Agenda Items:

- 1) Invite PenDeCo to the March meeting to update the board on their plans
- 2) Web site update
- 3) Fill vacant Director's position
- 4) Plant and Product Committee Chairman

Item #21 Set Date for Next Meeting: The date for the next regular meeting is March 8, 2011.

Item #22 Adjournment: A motion was made by Mr. George Strong to adjourn tonight's meeting at 8:13 PM. The motion was seconded by Ms. Mary Ellen Smith. 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 February 8, 2011.

Hollis Gassen, Secretary