

Bolivar Peninsula Special Utility District Minutes of the Regular Meeting June 14, 2011

Directors Present

George Strong, Vice President
Hollis Gassen, Secretary
Dennis Stafford
Wayne Turk
Roger Welch

Staff Present

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

Others Present

Guy Goodson
Chris Makin

Item #1 Call to Order: Vice-President George Strong declared a quorum present and called the meeting to order at 6:01 PM.

Item # 2 Pledge of Allegiance and Moment of Silence: Pledge of Allegiance was lead by Mr. Hollis Gassen and cited by all present. Afterwards, a moment of silence was observed.

Item # 3 Approve the Minutes of the Meeting on May 10, 2011: Mr. Dennis Stafford made a motion to approve the minutes of the May 10th meeting. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimously)

Item # 4 Approve the Minutes of the Special Meeting on June 2, 2011: Mr. Dennis Stafford made a motion to approve the minutes of the June 2nd Special Meeting. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimously)

Item #5 Public Comments: There were no public comments.

Item #6 Recognition of Mr. Tony Deyo for 10 Years of Dedicated Service to the Bolivar Peninsula Special Utility District: Mr. Tony Deyo was recognized for his outstanding service to the District by Mr. Jo Ball and the Board of Directors. A ten (10) year service check was presented to Tony.

Item #7 Committee Reports:

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 May 2011. All were found to be in order.

Personnel & Policy: Report and possible action on District's policy changes: Mr. Hollis Gassen reported that the Personnel and Policy Committee met and reviewed four policies:

- 1) To allow the District's employees to use five (5) days per year of sick leave for

immediate family illnesses. The immediate family is defined as mother, father, spouse and children. The District is to determine if there is a tax issue in implementing this change to the policy. If there is no tax issue, the committee will propose a change to the policy at the July Board meeting.

- 2) To define the District's dual connection policy to allow one RV (Recreation Vehicle) connection at a residents as long as it is connected with a soft pipe (water hose). The District is researching this through the TCEQ (Texas Commission on Environmental Quality) Regulatory Guidance RG-219, The Texas Administrative Code, Title 30, Part 1, Chapter 291, Subchapter E, Rule 291.89 and TRWA (Texas Rural Water Association). This item was tabled until the July meeting.
- 3) To allow two (2) RV's on one water connection as long as they are soft piped in. More than two (2) RV's is considered to be an RV park. This item was tabled as stated in item two (2) above.
- 4) Past due water bills and disconnect period. After numerous discussions and input from the District's outside auditor, Mr. Roger Welch made a motion not to change the District's Policy regarding past due bill dates, the District's current notification process of past due bills and the current disconnect date which is ten (10) days from the bill due date. The motion was seconded by Mr. Hollis Gassen. The motion unanimously passed.

Item # 8 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 were in order. Mr. Dennis Stafford expressed concern that the revenue projections in the 2011 budget will fall short. The assumption for the budget was to have an increase of 400 active accounts in 2011. However, year to date, new active accounts stand at 103. Projecting this number to year end, new accounts will be short by 200. Mr. Jo Ball asked the Budget Committee to meet with him in the near future to review the budget versus actual expenses and income year to date.
- 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 May of 31%. Mr. Hollis Gassen presented several graphs comparing water bought from LNVA to water sold by the District are out of sequence. The base for water purchased is from the first of the month through the end of the month. However, the water sold is based on the amount of water partially sold in the current month and in the previous month. A more representative comparison is to capture the water sales from LNVA from the 15th of the month through the 16th of the following month, and compare that to the water sold for the month. Another comparison is to compare a three (3) month rolling average of water sales to water bought. By using either method, the District's water loss is less than ten (10) percent by month since August 2009. Another data point is the District's water loss for 2010, it is less than five (5) percent for the twelve month period. Mr. Jo Ball took an action item to compare water sales to water purchased from 15th of the month through the 16th of the following month. Mr. Hollis Gassen took an action item to calculate water losses

using a four (4) month rolling average of water purchased and water sold. These action items will be reported on at the July meeting.

* For April there were 33 new accounts. Total accounts are 3,275.

* Report on FEMA Reimbursement Issues and Payments Received for Facilities and Infrastructure Damaged by Hurricane IKE. The District has submitted a request for advance funds. It is anticipated that the District will receive a check for several hundred thousand dollars toward the end of this month. This is a partial payment pending a final audit by FEMA.

* Report on Insurance payments received for facilities damaged by Hurricane IKE. No checks were received since the District's last meeting.

* 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.

Item #9 Consideration and Possible Action to Appoint New Directors to Fill Vacant

Seats: Mr. Hollis Gassen reported that as of June 14th, the District has received an application to fill the vacant Director's position. An interview is scheduled for Tuesday, June 21st.

Item #10 Consideration and Possible Action to Change Insurance Coverage: This item is tabled until insurance quotes are received from Mr. Edwards, and the information is reviewed by the District's Insurance Committee.

Item #11 Consideration and Possible Action to Set a Meeting with TWDB (Texas Water Development Board) to Discuss Bond Covenants:

Mr. Wayne Turk presented a spreadsheet representing the District's bonds pay off dates by year and, the LNVA pay off debt by year. These numbers were added together and represented the District's annual payments through the life of the bonds. These annual totals were divided by the projected water accounts. In particular, the focus was on the year 2015. Data shows that the District has to receive an average of \$79.56 per account in order to meet the bond payments in 2015. Presently, the District's average is \$68.43. This is a \$3.72 short fall. The Board asked Mr. Guy Goodson, if the District should schedule a meeting with the TWDB. His response was yes. Various discussions as to when the meeting should take place, who should the District meet with from the TWDB and agenda items to consider. The opportunity to meet with the TWDB will be prior to the TRWA's (Texas Rural Water Association) District Conference on September 1 – 2, 2011. At a minimum the District should meet with the analyst who issued the bonds, a member of their legal staff and an executive director. The Board should consider the following items for the meeting's agenda: 1) FEMA losses and off set recovery of funds; 2) Water losses; 3) District's financial status for year ending 2011; 4) Actions the District is implementing; and, 5) Compare water usages before and after Hurricane IKE. Mr. Guy Goodson stated that 2013 is a decision year for the District to take action to ensure it has sufficient funds to handle the bond debit for 2015.

Item #12 Consideration and Possible Action to Attend TRWA District's Conference in Bastrop, Texas on September 1 – 2, 2011: A motion was made by Mr. Hollis Gassen to

send District employees and Board members who wish to attend the TRWA District's Conference in Bastrop, Texas on September 1 -2, 2011. The motion was seconded by Mr. Wayne Turk. The motion unanimously passed.

Item #13 Consideration and Possible Action to Disperse Unclaimed Funds: The following is list of previous District customers. The District has exhausted numerous attempts to contact these customers in order to issue refunds: Loucinda Smith, Kenneth Dunn, A. E. Reaud, Nelson Falgout, Pat Manachac, Jane Robertson, William A Roane Trust, James Hughes, Ralph Myer, Judy Smith, Carolyn Tice, Delma Brantner and Tim Byron. Mr. Roger Welch stated that he knew Mr. Tim Byron and will inform him to contact the District's office. Mr. Dennis Stafford made a motion to comply with state law and send the unclaimed funds to the state controller, pending a call from Mr. Tim Byron. The motion was seconded by Mr. Wayne Turk. The motion unanimously passed.

Item #14 Consideration and Possible Action to Purchase a Generator for the District's Office: In order for the new office to be ADA (American Disability Act) compliant, it has to have a generator with sufficient capacity to operate a commercial grade elevator. This was not in the original scope of work. The cost of the generator is \$39,100.00. The generator will also be used to deliver power to the office during power outages. Discussion followed as to the possibility of using the generator in the district's warehouse. This will not work, since the elevator requires a 100 KW three phase generator, while the warehouse generator is a 40 KW single phase generator. FEMA requires the office building be totally ADA compliant. Mr. Jody Ball contacted his FEMA representative, and he feels very strongly that this will be covered by FEMA. The District needs to submit a request to FEMA. A motion was made by Mr. Dennis Stafford to approve a change order not to exceed \$39,100.00 for a 100 KW three phase generator for the office building. The motion was seconded by Mr. Hollis Gassen. The motion unanimously passed.

Item #15 Consideration and Possible Action to Dedicate the New District Office Building as the Al Altemus Building: This item was whole heartedly supported by all Board Members given Mr. Al's dedication and long term service to the District. A motion was made by Mr. Hollis Gassen to dedicate the District's new office building as the Al Altemus Building. The motion was seconded by Mr. Dennis Stafford. The motion unanimously passed.

Item #16 Executive Session: Meet in Closed Session as Follows: (A) Pursuant to Section 551.071 Meet with the District's Attorney to Discuss the Outcome of TML negotiations: This item was tabled pending additional negotiations with TML and additional documentations that the District needs to submit to TML.

Item #17 Reconvene in Open Session: Item #16 was tabled. Therefore, this item does not apply.

Item #18 Consideration and Possible Action Regarding the Executive Session: No consideration or action required, since item #16 was tabled.

Item #19 Consideration and Possible Action to Purchase a Mini Excavator: In a previous meeting the Board granted permission to Mr. Jody Ball to purchase at auction a used mini excavator in order to take the “pressure” from the District’s back hoe and extend its useful life by five to six years. Mr. Jody Ball has searched several auction and used equipment yards, but has not been able to find a mini excavator in satisfactory condition to meet the District’s needs. The General Manager reviewed three Kubota mini excavators at Beaumont Tractor Company, Inc. Of the three excavators, the KX 71-3 with a 24 inch bucket will meet the District’s needs. A motion was made by Mr. Roger Welch to purchase a Kubota KX 71-3 mini excavator. The motion was seconded by Mr. Wayne Turk. The motion unanimously passed.

Item #20 Consideration and Possible Action to Accept Mr. Brad Vratis’ E-mail Resignation from the District’s Board of Directors: It is with reluctance that the board accepts Mr. Brad Vratis’s resignation. Mr. Hollis Gassen made a motion to accept Mr. Brad Vratis’s e-mail of resignation. The motion was seconded by Mr. Wayne Turk. The motion unanimously passed.

Item #21 Director’s Comments Regarding Future Agenda Items:

- 1) A comparative report on the budget year to date.
- 2) Report on the progress of the TML negotiations.
- 3) Policy updates on employee sick leave and RV connections.
- 4) Present the board with a proposed agenda for a meeting with the Texas Water Development Board.
- 5) Provide the Board with an update on insurance quotes from Mr. Edwards.
- 6) Water Losses – Present the Board with a four month rolling average water loss.
- 7) Report on Policy and Personnel Committee’s recommendations to fill the vacant director’s positions.
- 8) Update the Board on the District’s web site.

Item #22 Set the Date for Next Meeting: The date for the next regular meeting is July 12, 2011.

Item #23 Adjournment: A motion was made by Mr. Dennis Stafford to adjourn the meeting at 8:14 PM. The motion was seconded by Mr. Hollis Gassen. The motion unanimously passed.

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 June 14, 2011.

Hollis Gassen, Secretary