

Bolivar Peninsula Special Utility District Minutes of the Regular Meeting March 8, 2011

Directors Present

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

Staff Present

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

Others Present

Sandra Carpenter
Michael Kuykendall
Carol Loughlin
Chris Makin
Michael Mc Clarahan

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 February 8, 2011 Meeting Minutes: Mr. George Strong, Mr. Dennis Stafford and Ms. Mary Ellen Smith had corrections to the minutes. The corrections were noted. Ms. Mary Ellen Smith made a motion to approve the minutes of the February 8th meeting with corrections. The motion was seconded by Mr. George Strong. The motion passed. (Unanimous)

Item #4 Public Comments:

There were no public comments.

Item #5 Committee Reports:

1) Audit & Finance: Mr. Jackie Blume reported that the Audit and Finance Committee met and reviewed the District's check registers, invoices, and bank statements for February 2011. All were found to be in order.

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 was conducted. All items are in order.
- * During February the District had to replace a defective twenty (20) inch line and added a valve at the Singing Sands Plant. The invoices for the materials have been received and paid. ALLCO had to be called in to lift the line and valve into place. The District has not received Allco's invoice.
- * Reviewed System Operational Reports and Director's Report.
- * For February there were 12 new accounts. Total District accounts are 3,190.

- * Report on FEMA Reimbursement Issues and Payments Received for Facilities and Infrastructure Damaged by Hurricane IKE. No payments were received during February.
- * Report on Insurance Payments Received for Facilities Damaged by Hurricane IKE. No insurance payments were received during February.
- * Report from General Manager on District Water Losses. There was an unaccounted water gain during February of 1.5%.
- * Mr. George Strong highlighted a budget item that is above its monthly estimate. The District spent \$9,000.00 for fuel during February versus the \$3,000.00 per month in the budget. The increase was for diesel fuel for the tanks servicing the standby generators. The generators came on line and operated during the February power outage providing water to the Peninsula. These tanks were refueled to their standby levels.
- * Mr. George Strong commented on metered water sales. February's water metered sales were below the budgeted number. The budgeted number was estimated for the year and averaged for the monthly sales. The District expects that actual versus budgeted sales will be less during the winter months. The actual versus budgeted sales should be greater in the spring and summer months.
- * Ms. Lynette Johnson-Hardcastle questioned water accounts that were shut off for non-payment. When these accounts reapply for water service, they are required to post a higher deposit.
- * 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 #7 Consideration and Possible Action to Appoint New Directors to Fill Vacant Seats: The District received one applicant to fill one of the two vacant Directors' positions. Mr. Hollis Gassen reported that the Personnel and Policy Committee met on February 21st and interviewed Mr. Wayne Turk to fill Mr. Larry Webb's Director's seat. Mr. Wayne Turk has experience in the chemical industry and presently is serving on Sour Lake Water Distribution's Board. He brings water and sewerage management experience to BPSUD. Mr. Jo Ball contacted the District's legal council to determine if there is a potential conflict of interest with Mr. Wayne Truk serving on both Sour Lake and BPSUD Boards. There is no conflict. Ms. Mary Ellen Smith made a motion to appoint Mr. Wayne Turk to fill the Board seat vacated by Mr. Larry Webb. The motion was seconded by Mr. Hollis Gassen. The motion passed. (Unanimous)

Item #8 Presentation from Texas Municipal League Risk Pool of District's insurance evaluation: Representatives of the Texas Municipal League met with members of the District and reviewed all the District's sites and equipment to evaluate their risk. A hand out detailing each of the District's assets was presented to the Board. Ms. Carol Loughlin, Mr. Michael Kuykendall and Ms. Sandra Carpenter presented their finds to the Board. They presented each site as to what is covered with flood, wind and liability insurance. As well as, what cannot be covered by flood and wind insurance? 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 Board thanked the representatives from TML for their work and for the detailed document that was presented. The District will use this document to evaluate its insurance risk/needs.

Item #9 Review, Update and Possible Action on the District's Office Construction: Mr. Jo Ball updated the Board on the bid process. A notification for bids appeared in the Galveston newspaper on March 6th. It will appear again in the Galveston newspaper on March 13th. The return bid deadline is noon on March 28th. At 1 PM on March 28th, Mr. Greg Lewis (Lewis Design Group), Mr. David Franklin (Aran & Franklin) and Mr. Jo Ball will be at the District's office to open the bids. The bids will be presented to the Board during its April 12th meeting. There will not be a pre-bid conference among the bidders. However, the District has extended an invitation to the bidders for a site visit. After the contract has been awarded, the contractor will have 15 days to move on site and begin work. The completion date for the project is August 31st. As of March the 8th, three companies have picked up bid packages.

Item #10 Review and Possible Action on the District's Bank Depository Contract: The district received a confirmation letter from Moody National Bank confirming the results of an earlier meeting among Mr. Jo Ball, Mr. George Strong, Mr. Dennis Stafford and Moody National Bank. Moody National Bank agreed to let the District transfer some money from a money market account to a certificate of deposit. Moody National Bank has agreed to waive its monthly fees. This saves the District \$500 per month. The contract with Moody National Bank is for one year. We have the ability to renegotiate the contract once during this period in case market conditions change to the District's favor. A motion was made by Mr. Dennis Stafford to accept Moody National Bank's contract for one year. The motion was seconded by Mr. George Strong. The motion passed. (Unanimous)

Item #11 Update and Possible Action on County Wastewater Study: Mr. Jo Ball updated the Board on last week's Commissioner's Court and a meeting with Mr. John Simsen of the Office of Emergency Management. Commissioner's Court voted to scrap the Wastewater Study, which was objected to by the various BPSUD Board members in attendance. After the objections, Commissioner's Court decided to retain the study. If the study can not be completed in the allotted time, the study should be scrapped, and Commissioner's Court should seek other projects on the Peninsula to fund with the remaining funds. Mr. John Simsen (Office of Emergency Management) called Mr. Jo Ball stating that the Wastewater Study is back on and there are new developments. He would like to schedule a meeting with the District to discuss various options. The District will communicate how it could and could not help with the various options. Agreement among Board members was that the District should not spend any additional money on the Wastewater Study. This item was tabled until the April meeting. At which time the District will invite a member of PenDeCo to brief the Board on their views and "wishes" for Wastewater on the Peninsula.

Item #12 Consideration and Possible Action to Give General Manager Purchasing

Authority for a Mini Excavator: Mr. Jo Ball met with Mr. Roger Welch and discussed the possibility of the District acquiring a mini excavator. With the acquisition of an excavator, the District will be able to extend the useful life of its backhoe by 2 to 3 years. The backhoe was scheduled to be replaced in 2012. The District will look at various auctions for acquiring a used excavator. However, in order to take advantage of buying an excavator at an auction, funds will have to be approved prior to attending the auction. In order to purchase an excavator, the Board would have to increase the General Manager's spending authority beyond \$5,000.00. A motion was made by Ms. Mary Ellen Smith to authorize the General Manager to have purchasing authority up to \$25,000.00 for a mini excavator. The motion was seconded by Mr. Jackie Blume. The motion passed. (Unanimous)

Item #13 Executive Session: Meet in Closed Session as Follows: (A) Pursuant to Section 551.071 – General Manager's Evaluation

The open session was closed at 8:06 PM.

The executive session was opened at 8:09 PM.

The executive session was closed at 8:47 PM.

Item #14 Reconvene Open Session:

The open session reconvened at 8:48 PM.

Item #15 Consideration and Possible Action Regarding the Executive Session: Mr. Hollis Gassen reported on the General Manager's evaluation. The Board is pleased with the manner in which Mr. Jo Ball has performed his duties as General Manager during the past year. A motion was made by Mr. Hollis Gassen to extend the General Manager's contract for two (2) years with a three (3) percent pay increase effective April 1st. The motion was seconded by Jackie Blume. The motion passed. Unanimous)

Item #16 Director's Comments Regarding Future Agenda Items:

- 1) Invite the chairman of PenDeCo to the April meeting to update the Board on what they are doing and how the District might relate to their plans
- 2) Update web site
- 3) Review a list of pending projects
- 4) Establish a Special Insurance Committee to assist the District's insurance needs/risks

Item #17 Set the Date for Next Meeting: The date for the next regular meeting is April 12, 2011.

Item #18 Adjournment: A motion was made by Ms. Mary Ellen Smith to adjourn tonight's meeting at 9:00 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 March 8, 2011.

Hollis Gassen, Secretary