

Bolivar Peninsula Special Utility District Minutes of the Regular Meeting September 13, 2011

Directors Present

George Strong, Vice-President
Hollis Gassen, Secretary
Chris Makin
Mary Ellen Smith
Dennis Stafford
Wayne Turk

Staff Present

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

Others Present

Marvin Townsend
Greg Nelson
Steve Capps

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 August 9, 2011 Meeting: Ms. Mary Ellen Smith had a minor correction to Items #10. The noted correction was made. Ms. Mary Ellen Smith made a motion to approve the minutes of the August 9th meeting with the noted correction. The motion was seconded by Mr. Wayne Turk. The motion unanimously passed.

Item #4 Public Comments: Vice-President George Strong read the following statement, "The Bolivar Peninsula Special Utility District's Board of Directors must comply with the State of Texas Open Meetings Act. The Act states that the Directors may only respond to public comments and inquires by making a statement of factual information, by reciting existing policy, by referring an issue to a staff member or my making a proposal to place the issue on future meeting agenda. The Board appreciates your cooperation, and you will have three (3) minutes to address the Board."

Mr. Marvin Townsend, Executive Director of the Texas Municipal League (TML) Intergovernmental Risk Pool, addressed the Board regarding a letter issued by TML on September 1, 2011 seeking a means of resolving the existing law suit, which will have an impact on future relationships between TML and BPSUD. Mr. Townsend pledged to work to resolve the current issues between TML and BPSUD.

Item #5 Committee Reports:

Audit & Finance: Report on Review of Check Registers, Invoices and Bank Statements for August 2011.

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 August 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:

- 1) Review of Trial Balance, Comparative Budget Report and Account Balance Summary List was conducted.
 - * All items were in order. Mr. Jody Ball stated the Budget Committee has not met.
- 2) Review System Operational Reports and Director's Report
 - * The General Manger redesigned the Manager's Director Report. This was requested by the Board during the August meeting. The proposed report is a "work in Progress". The General Manager was seeking comments and/or suggestions from the Board regarding the report's format and information. The following items were added or reformatted in the report - water sold, water pumped, water total leaks, year to date water loss, four month average water loss. Mr. Wayne Turk requested that the report include the past month's average dollar revenue per customer.
 - * District Water Losses. The year to date water loss through August is 12.86%.
 - * For August there were 15 new active accounts. Total active accounts stand at 3,368.
- 3) Report on FEMA Reimbursement Issues and Payments Received for Facilities and Infrastructure Damaged by Hurricane IKE.
 - * No checks were received since the August meeting.
- 4) Report on Insurance Payments Received for Facilities Damaged by Hurricane IKE.
 - *No checks were received since the August meeting.
- 5) 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.
- 6) Report on District's Infrastructure Projects
 - * There is a two week delay on the new office building's cabinets. All the interior doors are due at the job site on September 14th. The elevator is scheduled to arrive the week of September 18th.
 - * High Island Plant North – Preliminary engineering work has begun to refurbish the plant. It is estimated to cost \$300,000.00 to bring the plant up to existing requirements to obtain wind and flood insurances. These funds have been approved by FEMA. The District did investigate moving the plant to the present south plant site, but the cost is prohibitive.
 - * The funding for the water line flushers have been approved by FEMA.
- 7) Review System Operational Reports – The District will conduct its annual "burn out" of the District's water distribution system, which involves injecting large quantities of chlorine into the system and flushing this chlorine from the system. After this has been completed, normal chlorine treatment will resume. This could result in taste and odor issues to the water for a short period of time, but it will not

affect the water's quality. The district will notify its customers through the recently implemented telephone and e-mail call system. The notification will be communicated on September 15th or 16th.

Item #7 Consideration and Possible Action to Appoint New Directors to Fill Vacant Seats: Mr. Hollis Gassen reported there were no applications filed for the vacant Director's positions.

Item #8 Receive and Discuss Proposals from Insurance Companies for District Insurance Coverage: The District has received three proposals for its insurance needs – Texas Municipal League, Texas Water Conversation Association and Capps Insurance. It has also received an e-mail from Mr. Edwards. Mr. Edwards had addressed the District's Insurance Committee and is preparing an insurance quote for the District. Capps Insurance presented and distributed a copy of their proposal to the Board. This gave the Board an opportunity to review the proposal and ask questions of Capps Insurance to obtain a better understanding of their proposal. Mr. Dennis Stafford thanked Capps Insurance for their presentation and stated that this was the clearest insurance proposal he has seen.

The District's Insurance Committee will schedule a meeting to review the three proposals that have been received. Mr. Jody Ball stated that the Board needs to give the committee authority to accept one of the proposals during their upcoming meeting. Mr. Dennis Stafford, Insurance Committee Chairman, will extend an invitation to all Board members to attend the next Insurance Committee's meeting. A motion was made by Ms. Mary Ellen Smith to authorize the Insurance Committee, during its next meeting, to select one of the four bidders to provide insurance to the District, and extend an invitation to all Board members to attend the next Insurance Committee's meeting. The meeting notification will be posted in accordance with the Texas Open Meetings Act. Mr. Dennis Stafford seconded the motion. The motion unanimously passed.

Item #9 Update on Meeting with the Texas Water Development Board.

The meeting with senior staff members of the Texas Water Development Board (TWDB), was attended by Mr. Jody Ball, Mr. Dennis Stafford, Ms. Lynette Johnson-Hardcastle and Mr. George Strong on August 31st in Austin. Mr. Dennis Stafford updated the Board on the meeting with the TWDB. The objective of the meeting was to present the TWDB with a general update on Bolivar Peninsula SUD's recovery process from Hurricane IKE. The presentation and follow up discussions were well received by TWDB. TWDB was appreciative that BPSUD would take the time to provide them with a complete update on the District's recovery process. The District's attendees were confident that the meeting's objective was accomplished. TWDB stated that they were impressed with the District's very proactive Board. They had a lot of positive things to say about the Board and the District's employees. Mr. Dennis Stafford stated that the District should have a follow up meeting with TWDB.

Item #10 Director's Comments Regarding Future Agenda Items:

- 1) Posting or having the capability to request a copy of the District's annual financial audit results on the District's web site.

- 2) Mr. Wayne Turk will provide the Board members with an update on the Texas Rural Water Association Conference we attended last month.
- 3) The document creating BPSUD will be included in the District's Service Policy Manual.

Item #11 Set the Date for Next Meeting: The date for the next regular meeting is October 11, 2011.

Item #12 Adjournment: A motion was made by Ms. Mary Ellen Smith to adjourn tonight's meeting at 7:19 PM. The motion was seconded by Mr. Dennis Stafford. 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 September 13, 2011.

Hollis Gassen, Secretary