

Bolivar Peninsula Special Utility District
Minutes of the Regular Meeting October 13, 2009

Directors Present

Lynette Johnson-Hardcastle, President
George Strong, Vice President
Vicki Cartwright, Secretary
Al Altemus, Treasurer
Dennis Stafford
Hollis Gassen
Mary Ellen Smith

Staff Present

Barbara Cowie, Office Mgr.
Clifford Howard, Plant Mgr.
Kenny Strimple, Field Mg.

Others Present

Rick Bourque
Guy Goodson
Chris Makin
Darlene Leal
Auton Nelsen
Robert Rainer
Larry Webb
John Johnson
Pat & Jim Vondra
Brad Vratis
Jack Haigh
Jesse Eastep
Scott Hall
Shawn Pachthofer

Item #1 Call to Order: President Johnson-Hardcastle declared a quorum present and called the meeting to order at 6:00 p.m.

Item #2 Pledge and Moment of Silence: The Pledge of Allegiance was cited by all present and a moment of silence was observed.

Item #3 Minutes: **Mr. Altemus made a motion to approve the minutes for the September 8, 2009 minutes. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

Item #4 Public Comments: There were no public comments.

Item #5 Committee Reports: Mr. Stafford reported that the Audit and Finance Committee met and reviewed the check registers, invoices, and bank statements for September and found that all was in order.

Item #6 Manager's Reports: The manager's report was presented and the following items were discussed.

- *System Operational Report and Director's Report
- *Trial Balance, Comparative Budget Report, and Account Balance Summary List.
- *Report on FEMA reimbursement issues and payments received for facilities and infrastructure damaged by Hurricane Ike.
- *Report on insurance payments received for facilities damaged by Hurricane Ike.
- *Report from Field and Plant Managers

Item#7 LNVA: Scott Hall, General Manager of Lower Neches Valley Authority presented LNVA's proposed operating budget for the period January 1, 2010 to December 31, 2010. Mr. Hall told the Board that the 2010 increases are related to two significant changes one being water volume and the other is increase in chemical cost. The 2009 budget was based on 150kg per day; however, the actual volume has been closer to 650kg per day or a 333% increase between budgets and actual. The 2010 proposed budget is based on 650kg. Chemical costs and the raw water rates are expected to increase for 2010 and coupled with the increase in volume accounts for the 156% increase in variable costs. With the increase in volume the staffing will increase by one position. The fixed and variable rates are preliminary set at \$0.55 per 1,000 gallons and a fixed rate of \$31,500. Additionally, the refunded debt obligation will be billed at \$5,000 in June 2010.

Item #8 Update on Grant Search: Mr. John Johnson, with Griffith & Associates, Inc., presented an update on his search for available grants for the District. Mr. Johnson said he had met with Ms. McKnight and

FEMA to assist in maximizing the District's claims. Mr. Johnson said he had also met with the County Commissioner about the Block Grant money. Mr. Johnson said that none of their grant search seems to fit our Ike recovery issues. Mr. Strong asked Mr. Johnson if he could forward to the District office copies of all his correspondences regarding his efforts in looking for grant fund. Mr. Johnson said he would review his information and he would send his notes and emails to the District.

Item #9 Public Insurance Adjuster Update : Mr. Johnny Polks, with Trinity Adjusters Group, said it looks like the windstorm insurance company is going to increase their offer to the District somewhere around \$300,000. Mr. Polks said they hoped to come to some agreement in the next 30 days. Mr. Don Woods with Suncoast Claims, Inc., also reported that they would get the wind and flood settled and then what ever windstorm doesn't cover he will contact Texas Municipal League regarding the District's excess policy.

Item #10 Schaumburg & Polk Update & Change Order: Mr. Rick Bourque told the Board that the Singing Sands pump station was started back up on October 7, 2009. There are corrective items that need to be done to the SCADA system and to the influent line valve. This corrective work is scheduled for next week. It is planned to run the plant for two weeks before taking the Bolivar plant off-line for final work. The Bolivar elevated tank is being used to provide for flushing of the lines west of the Bolivar plant. Initial bacteriological test taken the week of September 28, 2009 indicated additional flushing is required. Transfer of connections from the old to the new lines will take place after all testing. The ability to operate the Singing Sands plant will shorten the time to fill the new elevated tank and will help in the schedule to complete the waterlines. The grades at both the Singing Sands and Bolivar plant sites changed as a result of Hurricane Ike. Sand was deposited around the steel ground storage tanks and could accelerate corrosion at the base of the tanks. The concrete pad at the Bolivar elevated tank drain line requires modification to mitigate the erosion of the sandy soils. Placo, Ltd. proposes to perform the site grading work at a cost of \$9,447.00 and \$5,932.50 for Singing Sands and the Bolivar site. If the Board approves the change order a draft will be executed to the Texas Water Development Board for a change order to Contract #3. **Ms. Smith made a motion to approve these changes to Contract #3. Mr. Strong seconded the motion. Motion passed. (Unanimous)**

Item #11 Wastewater Study Grant: **Ms. Smith made a motion to proceed by asking the TWDB for an extension and to formally request the County to participate in our wastewater study and provide the local match of \$55,000.00 to complete the study. Mr. Strong seconded the motion. Motion passed. (Unanimous)**

Item #12 TRWA Fall Conference: **Mr. Altemus made a motion to approve attendance and expenses for President Lynette Johnson-Hardcastle to attend the TRWA Fall Conference in Dallas November 3rd -5th, 2009. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)**

Item #13 Board Appointments: Ms. Smith said the Committee had interviewed seven qualified applicants for the vacant positions on the Board. Ms. Smith said after discussion the Committee is recommending Brad Vratiss and Larry Webb to be appointed to the Board. **Ms. Cartwright made a motion to appoint Brad Vratiss and Larry Webb to the Board. Ms. Smith seconded the motion. Motion passed. (Unanimous)** Attorney Guy Goodson gave the oath of office and the statement to Mr. Vratiss and Mr. Webb.

Item #14 Legal Counsel Report: Mr. Goodson gave an update on the exchange refunding of Series 2005, 2005A, 2007, 2007A Water System Revenue Bonds of the District. Mr. Goodson explained by exchanging the bonds this will take the District's bond debt and restate them at a reduced payment. The bonds are expected to be completely drawn by the end of 2009.

Item # 15 Exchange Refunding of Bonds: **Ms. Smith made a motion to ratify and approve request for financial assistance from the Texas Water Development Board for exchange refunding Series 2005, 2005A, 2007, 2007A Water System Revenue Bonds of the District ("the Bonds") pursuant to Texas Water Development Board resolution 09-75. Mr. Gassen seconded the motion. Motion passed. (Unanimous)**

Item #16 Amend Bond Order: Mr. Altemus made a motion to approve amended order authorizing the issuance of \$840,000 Bolivar Peninsula Special Utility District Water System Revenue Refunding Bonds, Series 2009, \$1,200,000 Bolivar Peninsula Special Utility District Water System Revenue Refunding Bonds, Series 2009B and \$2,360,000 Bolivar Peninsula Special Utility District Water System Revenue Refunding Bonds, Series 2009C (the Exchange Refunding Bonds”) and authorizing other action to be taken in connection with the exchanging refunding bonds. Ms. Smith seconded the motion. Motion passed. (Unanimous)

Item #17 Operations Reserve Fund: Ms. Smith made a motion to ratify and approve establishment and funding of the Operations Reserve Fund pursuant to Texas Water Development Board Resolution 09-75. Ms. Cartwright seconded the motion. Motion passed. (Unanimous)

Item #18 Paying Agent: Ms. Cartwright made a motion to ratify and approve Paying Agent/Registrar Agreement with Wells Fargo Bank, N.A. for the Exchange Refunding Bonds. Mr. Strong seconded the motion. Motion passed. (Unanimous)

Item #19 Bond Document Execution: Mr. Strong made a motion to ratify and authorize Board officers to execute the General Certificate, Signature Identification and No Litigation Certificate, Closing Certificate and such other Certificates, notices, resolutions, affidavits or documents as may be necessary for Issuance of the Exchange Refunding Bonds. Mr. Altemus seconded the motion. Motion passed. (Unanimous)

Item #20 Election Representative & Set Next Meeting: Ms. Cartwright made a motion to send Mr. Gassen as a District representative on election night to obtain the election totals and to set the next Regular Meeting to Monday, November 13, 2009 in order to conduct the official local canvass for the Directors’ Election. Mr. Gassen seconded the motion. Motion passed. (Unanimous)

Item #21 Director’s Comments: Ms. Mary Ellen Smith informed the Board that this would be her last meeting as a Director. Ms. Smith’s term expires this November and she chose not to run for the Board this year. The following are Ms. Smith’s comments:

I would like to take this opportunity to tell each and every one of you on the Board how much I have enjoyed working with each of you – whether it was for the last 6 years or the last few months. It has also been very sad losing two of our most dedicated and respected Board Members and my personal friends Eddie Oehlers and Harold Guidry.

It has been wonderful working with the dedicated employees of the District including the former General Manager Jennifer McKnight. And most important I have enjoyed representing the water users of Bolivar Peninsula in an effort to protect their short and long term interests while providing good safe water at the lowest price possible.

The speed which the District restored water to the Peninsula was exemplary. The warehouse, that we built, in spite of a few who called it “The TajMahal”, because we built it wind proof and insurable, became a center point for our recovery effort. The reserves that we built and were derided by a few became our salvation to restore and survive. We set in motion many avenues to keep users informed and provide transparency in all our activities.

Board members disagreed many times but we made it a point to always keep the lines of communication open, treating each other with respect so that we could continue to move forward. I hope this environment will continue.

It was sometimes hard to separate the vocal negative few from the silent majority in the public arena and that will probably continue to be a problem. These are the ones who launch personal attacks and spread erroneous information. It would be totally irresponsible to listen to this negative few and not build the new office to insurable standards and with FEMA funds covering 90% of cost which do not need to be paid back. That anyone would even suggest that we pass on this opportunity has serious reality issues. Those suggesting that water rates will sky

rocket to \$200 monthly are spreading the same erroneous information. I am sure that if it is necessary to raise rates in the near future, you will do so only when it is absolutely necessary and only to a level that is absolutely necessary.

Good luck and I can only hope that you enjoy your time serving the community on the Bolivar Special Utility Board as much as I did.

Item #22 Adjournment: Ms. Smith made a motion to adjourn at 7:50 p.m. Mr. Altemus seconded the motion. 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, October 13, 2009.

Vicki Cartwright, Secretary