



**Port O'Connor Improvement District
39 Denman Drive
Port O'Connor, Texas 77982**

**MINUTES
Regular Meeting of Board of Directors
Thursday, August 16, 2018 at 1:00 p.m.**

The Board of Directors of the Port O'Connor Improvement District held their regular meeting on Thursday, August 16, 2018, at 1:00 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas.

- A. **CALL TO ORDER.** President Brown called the meeting to order of the Board of Directors of the Port O'Connor Improvement District (POCID), on Thursday, August 16, 2018, at 1:00 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas, announcing that a quorum was present and welcomed citizens and guests.

DIRECTORS PRESENT: Leon Brown, Marshall Bradford, David Randolph, Maria Denney, Erny McDonough

DIRECTORS ABSENT: None

ALSO PRESENT: Dottie Palumbo, Bojorquez Law Firm, PC, General Counsel, participated by phone
Joel Valdez, CP&Y, Inc., District Engineer

- B. **PUBLIC COMMENTS.** At this time, any person with business before the Board not scheduled on the agenda may speak to the Board. No formal action can be taken on these items at this meeting.

Allen Junek: Stated that outstanding bonds will need to be paid. He asked if water and sewer rates will need to be increased. He asked how the Board will address the bond payments.

- C. **CONSENT AGENDA:** *The following items are anticipated to require little or no individualized discussion due to their nature being clerical, ministerial, mundane or routine. In an effort to enhance the efficiency of POCID Board meetings, it is intended that these items will be acted upon by the POCID Board with a single motion because no public hearing or determination is necessary. However, a POCID Board Member or citizen may request separate*

deliberation for a specific item, in which event those items will be removed from the consent agenda prior to the POCID Board voting on the consent agenda as a collective, singular item. Prior to voting on the consent agenda, the POCID Board may add additional items that are listed elsewhere on the same agenda.

1. **APPROVAL OF MINUTES**
 - a. Minutes of Regular Meeting July 19, 2018
 - b. Minutes of Special Meeting August 6, 2018
 - c. Minutes of Special Meeting August 9, 2018

2. **APPROVAL OF PAYABLES**
 - a. Port O'Connor Improvement District
 - b. Reimburse LaSalle for credit cards payments
 - c. Defined Area 1

3. **CONSENT AGENDA ITEMS**
 - a. Approval of Preliminary and Final Plat for Villa Pesca Subdivision.
 - b. Approval of Final Plat for Caracol Resubdivision No. 3 Lot 26R (
 - c. Order for Establishing Authorized Users for First National Bank Credit Card; Rescinding Order of July 19, 2018
 - d. Acceptance of Calhoun County Certified Tax Rolls and authorize the worksheets to be sent to the Calhoun County Appraisal District.
 - e. Authorize the District to renew the December 20, 2013 "Special Provisions for TxDOT – Yoakum District Utility Permits" for the TWDB Project 21750.
 - f. Authorize the President to review TML Rerate with the Texas Municipal League Intergovernmental Risk Pool.
 - g. Authorize a RFQ for Bond Counsel

DISCUSSION: District Engineer Joel Valdez reviewed the Preliminary and Final Plat for Villa Pesca Subdivision and the Final Plat for the Caracol Resubdivision No. 3 Lot 26R and recommends approval.

Item C.3.a replaces the District Operator with the District Project Manager for the First National Bank Credit Card.

Item C.3.d. Allows the District to accept the Calhoun County Certified Tax Rolls and authorizes the worksheets to be sent to the Calhoun County Appraisal District. The Financial Advisors and Municipal Accounts will prepare the worksheets and General Counsel will review before the worksheets will be submitted.

Item C.3.e. Allows the Yoakum District Utility Permit to be renewed for the TWDB Project 21750.

Item C.3.f. Authorizes the President to review TML Rerate with the Texas Municipal League Intergovernmental Risk Pool

Item C. 3.g. A draft of the RFQ for Bond Counsel is in the board materials. This item allows the RFQ to be advertised, placed on the website and circulated to Bond Counsel that may be interested in submitting a proposal on or before 2 pm on September 13, 2018.

Items C.3.e.d.and f. were pulled

MOTION: Leon Brown

SECOND: David Randolph

To approve consent agenda with items C.3.e.d.and f to be pulled for discussion.

APPROVED: 5-0

D. ITEMS FOR CONSIDERATION AND TAKE APPROPRIATE ACTION IF NEEDED: *

1. Report of District Project Manager
 - a.) District Status
 - b.) Work in Progress
 - c.) Water Production Report
 - d.) Wastewater Treatment Plant Summary
 - e.) TCEQ follow up
 - f.) Approval of repairs, inventory or expenditures –Authorization for the District Operator to bring back bids for mowing the district office; to implement a weed and grass control program to protect our new paved parking lot and drives; to bring back bids for removal of old wooden fence; to purchase locking file cabinet(s) and to notify Issuer for Fuel Credit Card to replace District Project Manager with District Operator.

DISCUSSION: The District Project Manager has been replace with District Operator, Wade Cheek, who discussed the district status and work in progress. He updated the Board on the Water Analyzer and Injection system project.

2. Report of District Engineer
 - a.) Wastewater System Status
 - b.) TWDB Project 21750 Updates and Schedules
 - c.) TCEQ Bond Amendment
 - d.) Outstanding Items – Outstanding water and sewer connections
 - e.) Water Tap Connections for Port O'Connor. (District Engineer)
 - f.) Status of Generator sizing
 - g.) Status of Standard Details on the assembly of standard details and drawings for the District. (Follow up report form last meeting on AirVac and FloVac assessment)
 - h.) Status of Technical Memorandum

DISCUSSION: The District Engineer's report was included in the board packet and included activities of assisting in the operation of the District including reviewing plan submittals, responding to questions and providing guidance on electrical-generator sizing. CPY has reached out to TCEQ concerning an update and status. The Bond Amendment is in Technical Review. TCEQ has reviewed and indicated that a letter to POCID will be sent soon. The District Engineer was asked to contact Bond Counsel on the projects and whether generators could be included.

CP&Y continued to report that they found several issues with the Water and Sewer Maps. The maps are to be schematic but the maps are ineffective for field crews to help locate and find data. CPY staff is reviewing the record drawings, plans and other available information to update the water and sewer maps. Ultimately, the goal is to upload the maps to the website for public use by summer 2018, pending Board Approval.

TWDB 21750. Construction is underway throughout the District. LCI is completing work on Harrison Street and has a second crew on Monroe Street. Board requests that the District Engineer make sure that the project for connecting the Overlook RV Park is not comingled with TWDB Project 21750. CP&Y is processing several change orders that were approved or processed before CP&Y involvement. CP&Y will need to have these change orders resolved before processing any new change orders. The Board reminded CP&Y that his task was to be completed from the last Board meeting. Director Bradford asked about the storing of spoils that are being placed on POCID property. The District Engineer will report back at next meeting whether the spoils can be used by POCID. The acquisition of easements was discussed. Consent agenda item c.3.e was discussed to authorize the District to renew the December 20, 2013 "Special Provisions for TxDOT – Yoakum District Utility Permits" for the TWDB Project 21750. General Counsel reported that the permit can be renewed. The Board questioned why the District Engineer got legal involved. District Engineer to contact TxDOT to renew.

Standard Details. CP&Y has been working with AirVac and Local entities on the assembly of standard details and drawings for the district. Files have been received by AirVac. The deadline for these items are in August 2018 The District Engineer would like to review with the District Operator and Water and Wastewater Operator before presenting to the Board.

Technical Memorandum. CP&Y is wrapping up the technical memorandum to summarize its findings, discussions and recommendations based on recent findings from numerous sources. The District Engineer reported that the report is almost complete and that he will submit the report shortly. The finding include:

- FloVac Report
- Input from AirVac
- Water Report Talent by Jim Kaylor
- Brown and Gay Bond Report
- Operational Staff Input
- Review of Equipment Specifications, Operation and Maintenance Manuals and other related literature.
- CPY independent analysis of the water and wastewater analysis
- CPY walkthroughs and process interactions

There has been some delays impacting the submittal of the report including lack of proper record keeping caused by USW and former USW/POCID employee that walked off the job. The proposed TM will help address the following:

- Asset Management Plan: This plan will prioritize the list of improvements and develop a plan to implement the projects. These improvements may impact generator sizing and asset acquisition.
- Generator Sizing: The current generators are undersized or old.

- Add Redundancy in the system
- Bond Revaluation and Reorganization
- Address Inflow and Infiltration
- Recommendations to Address security including Homeland Security
- Make recommendations on equipment and other items as necessary.

Inflow and Infiltration Issues. The CP&Y Team is currently monitoring the Inflow and Infiltration issues in the system. Currently, we have identified some areas where I&I is currently an issue. We have made initial discussions with Alligator Head Subdivision to help identify issues. This item is on hold.

E. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

1. Review RFQ for District Engineer submitted by John D. Mercer & Associates, Edna, Texas, and discussion and consideration of recommendation of submittal and authorize President Brown, with assistance from General Counsel, to prepare an Agreement for District Engineer Services and TWDB Project 21750 by John D. Mercer, Mercer & Associates, Edna, Texas and place on a subsequent Agenda.

DISCUSSION: General Counsel explained the state law procurement process for selecting a District Engineer. John D. Mercer & Associates, Inc.'s proposal was reviewed.
No action.

2. Review and approve TWDB Project 21750 Change Order No. 14

DISCUSSION: No action taken. The submittal was for Payment No. 14 and not a change order. The item will be brought back at the next meeting.

3. Review Electrical Quotes for District Facilities (Handouts) (District Engineer)

DISCUSSION: No handouts provided. No action taken.

4. Review Engineer's Assessment (Handouts) (District Engineer)

No handouts provided. No action

5. Review TCEQ Bond Amendment Updates (Handouts) (District Engineer)

DISCUSSION: TCEQ has until August 16, 2018 to act on the District's amendment. This items was discussed in the District Engineer report. No action.

6. Discuss and consider TWDB Project 21750 Community for easement acquisition services and easements and land access along W. Harrison Avenue (General Counsel)

DISCUSSION: General Counsel updated the Board on acquiring easements for TWDB Project 21750.

No action

7. Resolution Authorizing the District Operator to approve certain expenditures, providing for the disbursement of district funds, and containing other matters relating

to the safekeeping of the District Funds, (Board policy for purchasing and emergency repairs - General Counsel).

DISCUSSION: This resolution authorizes the District Operator to approve certain expenditures, providing for the disbursement of district funds, and containing other matters relating to the safekeeping of the District Funds. This is the POCID Board policy for purchasing and emergency repairs. A draft policy was passed out for the Board to review.

No action

8. Authorize the waiver of fees for the Victoria Advocate Public Information Act request of August 6, 2018.

DISCUSSION: In the Victoria Advocate Public Information Act request of August 6, 2018, the requestor asked for a waiver of fees.

MOTION: Leon Brown

SECOND: Marshall Bradford.

To approve the wavier of fees for the Victoria Advocate.

APPROVED: 5-0

9. Discuss Rules and Regulations Section 1.3 – Penalties for Violations and Section 4.3 – Discontinuation of Service.

DISCUSSION: The Board discussed the problem of the lack of backflow preventers by the customers of the POCID. The rules and regulations require the backflow preventer. General Counsel to draft a letter to notify customers of the requirement for the District Operator to send.

10. Review POCID Personnel Policies; consider amendments; including overtime provisions and provide for supervision by the District Operator.

DISCUSSION: An update of the use of overtime policy was presented along with recommendation to update POCID personnel policies by General Counsel. Supervision of POCID employees will be provided by the District Operator. Other updates to the Personnel Policies need to be include. General Counsel to bring back at the next meeting.

11. Discuss FY 2018-2019 Budget planning calendar and budget process and set meetings.

DISCUSSION: Board to schedule a meeting next week.

12. Authorize the President to sign the Agreement for Maintenance and Operation for the Port O'Connor Defined Area No. 1 Facilities between Port O'Connor Improvement District and Caracol Community Association, Inc.

No action. HOA president requested additional time to review.

F. EXECUTIVE SESSION. The Port O'Connor Improvement District convened into Executive Session at 2:41 p.m. under the following exceptions:

Texas Government Code Ann. § 551.071: Consultation with Attorney

Texas Government Code Ann. § 551.072: Real Property

Texas Government Code Ann. § 551.074: Personnel Matters

Texas Government Code Ann § 551.076 Security Personnel, Devices or Audit

Consultation with General Counsel pursuant to Texas Government Code Section 551.071, Consultation with Attorney, on pending or contemplated litigation; or a settlement offer; or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 for the purpose of receiving legal advice concerning status of pending projects, including but not limited to:

1. *USW Utility Group v Port O'Connor Improvement District*: Cause No. 2018-CV-3268-DC, pending in the 24th Judicial District Court, Calhoun County, Texas.
2. Defined Area 1 Agreement for Maintenance and Operation for Port O'Connor Defined Area 1 between Port O'Connor Municipality Utility District and Caracol Community Association dated January 1, 2011 and past due amounts owed.
3. Interlocal Agreement between the Port O'Connor Improvement District and LaSalle Water Control and Improvement District No. 1A for Operations and Maintenance Services dated June 14, 2006, as amended and past due amounts owed to POCID.
4. TCEQ Notices of Alleged Violations and POCID legal remedies
5. CP&Y, Inc. District Engineer Contract, Letter of June 20, 2018 and POCID legal remedies
6. Security Devices –ADT Agreement

G. TAKE ANY ACTION AS A RESULT OF EXECUTIVE SESSION. The Executive Session was adjourned at 3:33 p.m. and the Board reconvened the Open Meeting. No action was taken in executive session.

1. *USW Utility Group v Port O'Connor Improvement District*: Cause No. 2018-CV-3268-DC, pending in the 24th Judicial District Court, Calhoun County, Texas.
2. Defined Area 1 Agreement for Maintenance and Operation for Port O'Connor Defined Area 1 between Port O'Connor Municipality Utility District and Caracol Community Association dated January 1, 2011 and past due amounts owed.
3. Interlocal Agreement between the Port O'Connor Improvement District and LaSalle Water Control and Improvement District No. 1A for Operations and Maintenance Services dated June 14, 2006, as amended and past due amounts owed to POCID.
4. TCEQ Notices of Alleged Violations and POCID legal remedies
5. CP&Y, Inc. District Engineer Contract, Letter of June 20, 2018 and POCID legal remedies

6. Security Devices –ADT Agreement

Consent agenda items, C.3.f., authorize the President to review TML Rerate with the Texas Municipal League Intergovernmental Risk Pool and g., authorize a RFQ for Bond Counsel was considered.

MOTION. Leon Brown

SECOND. Marshall Bradford

To approve consent agenda items C.3.f. and C.3.g.

APPROVED: 5-0

H. ITEMS FROM BOARD MEMBERS (Note: Board members may request specific factual information, recitation of existing policy, or placement of items on the Agenda for discussion at a later meeting.)

I. ACTION AS A RESULT OF EXECUTIVE SESSION

J. ITEMS FROM BOARD MEMBERS (Note: Board members may request specific factual information, recitation of existing policy, or placement of items on the Agenda for discussion at a later meeting.)

K. ADJOURN

MOTION:

SECOND:

To adjourn the meeting.

Motion Approved: 5-0

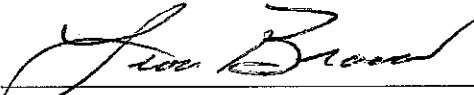
The meeting adjourned at 3:35 p.m.

Minutes APPROVED by the Board of Directors on the 6th day of September, 2018.

ATTEST:



Maria Denney, Secretary



President, Leon Brown