

**PORT O'CONNOR IMPROVEMENT DISTRICT**  
**P.O. BOX 375**  
**PORT O'CONNOR, TX 77982**

Pursuant to notice duly posted on September 4, 2015, a Regular meeting of the Port O'Connor Improvement District was called to order on Thursday, September 10, 2015, at 7:00 p.m. in the District's office located at 39 Denman Drive, Port O'Connor, Texas.

**CALL TO ORDER**

President Allen Junek called the meeting to order and established that a quorum was present and welcomed everyone.

**DIRECTORS PRESENT:** Allen Junek, Joe Newsome, Bryan Redding, Leon Brown and Marshall Bradford

**DIRECTORS ABSENT:** None

**ALSO PRESENT:** Victor Leach, District Manager  
Kelli Schmidt, District Personnel  
Donna Grafe-Tucker, General Counsel  
Matt Froehlich, Brown & Gay Engineers  
Jody Weaver, G&W Engineers  
Sherrel Mercer, Mercer Controls  
Terry Ruddick, Urban Surveying

**MEMBERS OF THE PUBLIC PRESENT:**

Dennis Thomas	Donna Thomas
Karl Rosenboom	Marilyn Miller
Mary Hirschhauser	Larry Weaver
Bobby Raybon	Kayla Meyer
Daniel Seitz	

**PUBLIC COMMENTS:**

None

**APPROVAL OF MINUTES:**

Minutes of Regular Meeting August 13, 2015

**MOTION:** Bryan Redding

**SECOND:** Leon Brown

To accept the minutes from the August 13, 2015 Regular meeting.

Motion approved: 5-0

**APPROVAL OF MINUTES:**

Minutes of Special Meeting August 25, 2015

**MOTION:** Bryan Redding

**SECOND:** Joe Newsome

To accept the minutes from the August 25, 2015 Special meeting.

Motion approved: 5-0

**APPROVAL OF MINUTES:**

Minutes of Special Meeting September 1, 2015

**MOTION:** Joe Newsome

**SECOND:** Bryan Redding

To accept the minutes from the September 1, 2015 Special meeting.

Motion approved: 5-0

**APPROVAL OF PAYABLES:**

The payables were reviewed. There was discussion among the Board regarding the Walker Keeling Invoices and the error in the Check Detail report.

**MOTION:** Leon Brown

**SECOND:** Marshall Bradford

To table the payment of the current billing charges on Walker Keeling Invoice No. 24632 and 24633 until the Board reviews the detail billing.

Motion Approved: 5-0

**MOTION:** Joe Newsome

**SECOND:** Leon Brown

To approve the remaining payables.

Motion Approved: 5-0

**REPORTS AND RELATED ITEMS FOR CONSIDERATION**

**DISTRICT STATUS**

Victor Leach presented the District Manager Report and updated the Board on the district status, work in progress, water production reports, coliform samples, wastewater treatment plant summary, and effluent monitoring samples.

**REPORT OF G&W ENGINEERS**

Jody Weaver with G&W Engineers presented the District Engineer's Report and updated the Board on the water supply status, daily flow from GBRA, 2015 Water Systems Improvement Project (10<sup>th</sup> Street line upgrade), vacuum line in old RR ROW North of Blk. 208, and proposed utility easement along Butler Lane.

Jody Weaver suggested to the Board to add a "Subdivision Plat Review Fee" to the District Rules and Regulations. This item is to be placed on the next regular meeting Agenda.

**MOTION:** Leon Brown

**SECOND:** Marshall Bradford

To pay Request No. (2) in the amount of \$14,737.50 and Request No. (3)(Final) in the amount of \$2,267.60 for the 10<sup>th</sup> Street line upgrade and the District to receive the Final Release of Lien and Contractor's Guarantee.

Motion Approved: 5-0

### **REPORT OF BROWN & GAY ENGINEERS**

Matt Froehlich with Brown & Gay Engineers presented progress reports and updated the Board on the 16<sup>th</sup> Street RO System, water distribution upgrades, chloramines disinfection system at the Denman Rd. water plant, and TWDB loan application.

### **ITEMS FOR CONSIDERATION**

1. DISCUSSION WITH SHERREL MERCER WITH MERCER CONTROLS  
(REGARDING CONTINUOUS PROBLEMS WITH SYSTEM)

Sherrel Mercer addressed the Board regarding the Mercer Control System and the lighting protection at the Denman water plant. There was discussion among the Board. No action taken.

2. REVIEW, DISCUSS AND TAKE ANY NECESSARY ACTION ON ADOPTING THE  
2015-2016 BUDGET

There was discussion among the Board regarding scheduling a special meeting to discuss the proposed budget.

**MOTION:** Joe Newsome

**SECOND:** Leon Brown

To table this item until further information is received.

Motion Approved: 5-0

3. DISCUSS AND TAKE ANY NECESSARY ACTION ON ADOPTING THE BUDGET  
FOR DEFINED AREA NO. 1

There was discussion among the Board regarding scheduling a special meeting to discuss the proposed budget.

**MOTION:** Leon Brown

**SECOND:** Marshall Bradford

To table this item until further information is received.

Motion Approved: 5-0

4. DISCUSS REVENUE BOND FINANCING AND AUTHORIZE APPROPRIATE ACTION TO PROCEED, INCLUDING BUT NOT LIMITED TO:
  - A.) SCHEDULE FOR CLOSING OF THE LOAN FROM THE TEXAS WATER DEVELOPMENT BOARD
  - B.) APPROVE BOND COUNSEL AND FINANCIAL ADVISOR TO PREPARE REVENUE BOND FINANCING DOCUMENTS SUCH AS BOND ORDER, NO LITIGATION CERTIFICATE, NO ARBITRAGE CERTIFICATE, ESCROW AGREEMENT, PAYING AGENT AGREEMENT; AND
  - C.) SCHEDULE SPECIAL MEETING TO APPROVE BOND SALE DOCUMENTS

Donna Grafe-Tucker informed the Board that no closing date had been scheduled.

**MOTION:** Joe Newsome

**SECOND:** Bryan Redding

To approve bond counsel and financial advisor to prepare revenue bond financing documents.

Motion Approved: 5-0

5. AMENDMENT TO THE INTERLOCAL AGREEMENT WITH LASALLE WCID 1A

Donna Grafe-Tucker presented the Nineteenth Amendment to the Board amending the gallons per minute (gpm) language through March 17, 2016.

**MOTION:** Allen Junek

**SECOND:** Joe Newsome

To accept the Nineteenth Amendment to the Interlocal Agreement.

Motion Approved: 3-2

Abstained: Leon Brown and Marshall Bradford

6. REVIEW AND CONSIDER FEE SCHEDULE TO LASALLE WCID 1A OPERATION AND MAINTENANCE AGREEMENT

Victor Leach presented the proposed increases to the fee schedule to the LaSalle Operation and Maintenance Agreement. There was discussion among the Board.

**MOTION:** Allen Junek

**SECOND:** Joe Newsome

To accept the changes to the Operations Services Contract on Exhibits B, C, and E.

Motion Approved: 4-1

Abstained: Leon Brown

7. DISCUSS AND TAKE ANY ACTION ON DEPOSITORY CONTRACT WITH FIRST NATIONAL BANK

The Board was informed that no other proposals were received by the District.

**MOTION:** Leon Brown

**SECOND:** Joe Newsome

To accept the depository contract with First National Bank.

Motion Approved: 5-0

8. REVIEW BIDS RECEIVED FOR THE 2015 WATER SYSTEM IMPROVEMENTS: JACKSON, JOY, FOISY, DRUSCILLA, SCARLETT & CASSIE STREETS AND CONSIDER AWARDDING ONE OR TWO CONSTRUCTION CONTRACTS FOR THE WORK OF BASE BID A AND BASE BID B, WITH OR WITHOUT THE OWNER'S OPTIONS AND DEDUCTIVE ALTERNATIVE

Jody Weaver presented bids received for the 2015 water system improvements. There was discussion among the Board.

**MOTION:** Allen Junek

**SECOND:** Joe Newsome

To accept the bid proposal from Lester Contracting.

Motion Approved: 5-0

9. APPROVE THE PRELIMINARY PLAT AND FINAL PLAT OF COASTAL OAKS ADDITION RESUBDIVISION NO. 1

Jody Weaver presented discussion to the Board regarding the plat of Coastal Oaks Addition Resubdivision No. 1 at the request of Urban Surveying in order to improve the drainage at the location. There was discussion among the Board.

**MOTION:** Bryan Redding

**SECOND:** Leon Brown

To approve the final plat of Coastal Oaks Addition Resubdivision No. 1.

Motion Approved: 5-0

10. RESOLUTION FOR DISTRICT MEETING PLACES

Donna Grafe-Tucker presented the Resolution allowing the District to have additional meeting places.

**MOTION:** Leon Brown

**SECOND:** Marshall Bradford

To accept the Resolution for District Meeting Places.

Motion Approved: 5-0

11. DISTRICT FACILITY SECURITY QUOTES

It was reported to the Board that no further information was received from the security company.

**MOTION:** Leon Brown

**SECOND:** Joe Newsome

To table this item.

Motion Approved: 5-0

12. DISCUSS AND TAKE ANY NECESSARY ACTION ON THE TEXAS PUBLIC INFORMATION ACT REQUEST COSTS, COSTS WAIVER, AND POLICY

**EXECUTIVE SESSION.**

Board members Junek, Newsome, Redding, Brown and Bradford entered into a Closed Session for consultation with the District's attorney under §551.071, §551.072, and §551.074 of the Texas Government Code. The Board entered into the session at 8:47 p.m. The meeting reconvened at 9:10 p.m.

**MOTION:** Allen Junek

**SECOND:** Bryan Redding

To approve the voluntary public release, under Texas Government Code Section §552.007, of the 2014 Rate Study and the audit working papers requested under the Public Information Act by Andrea Ball with Austin American-Statesman despite the fact the requested information is likely excepted from public disclosure under §552.111 and §552.106.

Motion Approved: 5-0

13. ROLE AND SCOPE OF GENERAL COUNSEL REPRESENTATION

Donna Grafe-Tucker addressed the Board regarding her role as general counsel for the District and recommended that some of the role responsibility be given back to the District's office

manager. She recommended creating an annual calendar of events. There was discussion among the Board regarding the role and scope of general counsel. No action taken.

14. DISCUSS WATER AND SEWER RATES

Leon Brown made a request for the Board to consider a revenue reduction and consider lowering water and sewer rates. There was discussion among the Board.

**MOTION:** Leon Brown

**SECOND:** Joe Newsome

To look into reducing the revenue of the water and sewer rates at the budget workshop.

Motion Approved: 5-0

15. DISCUSSION OF THE AGREEMENT FOR MAINTENANCE AND OPERATION BETWEEN THE DISTRICT AND CARACOL

Leon Brown requested clarification of the Caracol contract. There was discussion among the Board. General Counsel will review the contract terms and report back to the Board. This item was tabled.

16. HIRING OF NEW EMPLOYEES

Leon Brown requested that the Board be informed when the District Manager hires and fires an employee and the disciplinary steps taken when an employee is terminated. There was discussion among the Board.

**MOTION:** Leon Brown

**SECOND:** Joe Newsome

The District Manager must receive Board approval before making a full-time hire and before terminating an employee, unless it is an immediate termination within the first 90 days of employment.

Motion Approved: 4-1

Opposed: Allen Junek

17. NEWSLETTERS TO CUSTOMERS/RATE APPEAL STATUS

Allen Junek requested suggestions from the Board on ways to inform the public of items such as the status of the rate appeal. There was discussion among the Board. Costs of the newsletters were presented to the Board. This item was tabled.

18. DISCUSS AND TAKE APPROPRIATE ACTION ON REQUESTING PROPOSALS FOR CONTRACTED OPERATION SERVICES

Allen Junek suggested that the Board consider getting proposals from outside operating companies to take over the day to day operations to help with savings and simplification.

**MOTION:** Allen Junek

**SECOND:** Joe Newsome

To request proposals for contracted operation services.

Motion Approved: 3-2

Opposed: Leon Brown and Marshall Bradford

19. PLUMBING POLICY, BUILDING PERMITS, RIGHT-OF-WAYS, AND EASEMENTS

This item was tabled.

20. RV PARK POLICY AND ADOPT REVISIONS

Jody Weaver and Victor Leach presented the revised RV Park Policy to the Board. There was discussion among the Board.

**MOTION:** Leon Brown

**SECOND:** Bryan Redding

To accept the adopted revisions to the RV Park Policy.

Motion Approved: 5-0

21. MOWING AGREEMENT WITH SAN HUBERTO LAND SERVICES

**MOTION:** Bryan Redding

**SECOND:** Joe Newsome

To continue the quarterly mowing agreement with San Huberto Land Services.

Motion Approved: 5-0

22. CHERRILYN R. HENNEKE PROFESSIONAL SERVICES PROPOSALS

**MOTION:** Leon Brown

**SECOND:** Allen Junek

To table this item and authorize district personnel to get a proposal from Municipal Accounts to perform bookkeeping services for the remainder of the District.

Motion Approved: 5-0



23. CUSTOMER ACCOUNT - MARTIN ENERGY SERVICES, LLC  
(REIMBURSEMENT)

**MOTION:** Leon Brown

**SECOND:** Marshall Bradford

To reimburse Martin Energy Services, LLC in the amount of \$38,428.24.

Motion Approved: 5-0

24. DISCUSS 2014 RATE STUDY

This item was discussed under No. 12.

**RULES, REGULATIONS AND POLICY STATEMENTS**

No action was taken. This item was passed.

**EXECUTIVE SESSION.**

Board members Junek, Newsome, Redding, Brown and Bradford entered into a Closed Session for consultation with the District's attorneys under Section 551.071 of the Texas Government Code. The Board entered into the session at 8:47 p.m. The meeting reconvened at 9:10 p.m.

**ITEMS FROM BOARD MEMBERS**

No items were presented.

**ADJOURNMENT**

**MOTION:** Allen Junek

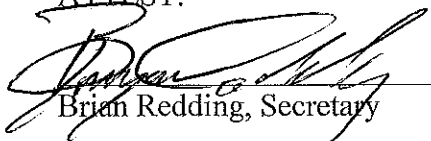
**SECOND:** Leon Brown


To adjourn the meeting.

The meeting adjourned at 10:10 p.m.

Minutes APPROVED by the Board of Directors on the 8 day of October, 2015.

ATTEST:

  
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Brian Redding, Secretary

  
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Allen Junek, President