

Port O'Connor Improvement District
P.O. Box 375
Port O'Connor, Texas 77982

Pursuant to notice duly posted on November 13, 2017, a Regular meeting of the Port O'Connor Improvement District was called to order on Thursday, November 16, 2017 at 1:00 p.m. in the District's office located at 39 Denman Drive, Port O'Connor, Texas.

A. CALL TO ORDER

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

DIRECTORS PRESENT: Leon Brown, Marshall Bradford, Nathan O'Neill and Bobby Raybon

DIRECTORS ABSENT: James Martin

ALSO PRESENT: Dottie Palumbo, Bojourquez Law Firm, LLC, General Counsel
Ronald Ketteman, USW Utility Group, Personnel
Callie Stafford, USW Utility Group, Personnel
Corey Bostick, USW Utility Group, Personnel
Ree Emberg, USW Utility Group, Personnel
Joel Valdez, CP&Y, Inc., District Engineer
Don Raushchuber, DGRA Associates
Ken Lester, Lester Contracting

B. CONSENT AGENDA:

1. APPROVAL OF MINUTES

A.) September 28, 2017 Special meeting minutes

B.) October 19, 2017 Regular meeting minutes

C.) October 30, 2017 Special meeting minutes

2. APPROVAL OF PAYABLES

A.) Port O'Connor Improvement District

B.) Defined Area No. 1

C.) Reimburse LaSalle for credit cards payments

3. APPROVAL OF PLATS

A.) Consider and review preliminary and final plat for Oyster Point Subdivision Re-subdivision No.1

The Board discussed that the Hurricane Harvey Work Authorization amount was in the payables for USW Utility Group even though it was an item for discussion and requested to pull the check.

MOTION: Bobby Raybon

SECOND: Marshall Bradford

To approve all meeting minutes, the final plat for Oyster Point subdivision and payables except pulled check number 9331 for USW Utility Group.

Motion approved: 3-0

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

1. Report of US Water District Project Manager
 - A.) District Status
 - B.) Work in Progress
 - C.) Water Production Report
 - D.) Wastewater Treatment Plant Summary
 - E.) Approval of repairs and/or inventory

Corey Bostick gave the Operations Report, the new generator has been installed at the water plant, currently searching for quotes for a new generator at Vacuum Station #2. Bacteriological samples for LaSalle and Port O' Connor Improvement District were in compliance with TCEQ. Corey presented the Work Order Summary pulled from the new AVR billing system for Port O' Connor Improvement District and LaSalle.

2. Report of Engineers
 - A.) Water Supply Status
 - B.) Wastewater System Status
 - C.) Other Updates

Joel Valdez gave the Engineers Report, all plant upgrades he will need to get with USW Utility Group on. Joel spoke with Brian from G&W Engineers has viewed all files that have been provided to him, he does not believe all files were given. The Board of Directors does not want to pay for file requests.

D. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING

1. Consider and discuss Texas Parks and Wildlife request for a 2 inch meter to be installed at entrance to Powder horn Ranch on east side of Highway 1289 about 0.5 miles north of Hwy 185.

The District Engineer and General Counsel are working on a water service agreement with Texas Parks and Wildlife.

2. Review and possibly take action on Access Agreement for secure record retention services.

Access has not been able to agree on a destruction only agreement, Access will bring equipment to shred documents at the District office and pick up when documents are destroyed. The District will need to keep record of all boxes that are destroyed. Dottie recommends to authorize General Counsel to sign Destruction Agreement at no more than five dollars a box.

MOTION: Leon Brown

SECOND: Marshall Bradford

To authorize General Counsel to bring back a Destruction Agreement at no more than five dollars a box.

Motion approved: 4-0

3. Consider and review emergency storm repairs and services work authorization request USW Utility Group.

President Brown asked USW Utility Group where in the contract it says that "Tech Support" pays for lodging and food. There were also concerns that the work authorization had 40% for "Tech Support" with an 18% markup equaling a total of 58% markup. On the 40% over head for "Tech Support" there is a dollar amount of \$2885.19, the contract says that USW can get 40% on

"Tech Support" and that it needs to be approved by POCID and that there is an 18% markup which would make it 58%. Asked for someone to get a calculator, supposedly the amount should be \$13899.53 and at 18% should come out to \$3512.00. President Brown asked for a \$70.00 shrimp dinner from Cathy's Restaurant to be removed from the work authorization. President Brown would like to look at the hotel rooms receipts, USW had lost a receipt and trying to make Port O' Connor Improvement District pay and charge a mark up for it. Hotel rooms looks like Hallettsville, Cuero, San Antonio and back to Port O' Connor. First Holiday Inn Express goes to Ron in San Antonio, next page billing of \$118.86 8-29-2017 shows a hotel room for Joe, why being charged a hotel room for an employee, gets worse than that in the other for \$237.72 on 8-27-17- 8-28-17 Joe Sartuche and Ron Kettelman charge in San Antonio for the same dates, hotel rooms for family members at The Super 8 motel. President Brown voiced his concerns for hotel rooms and meals being purchased during the Hurricane for an employee and their family. President Brown would like record to make note, to go to the backup it starts after all the documentation to USW credit card receipts, starts with Gene Chisum a receipt for \$78.35 for lunch, record show how I don't understand how POCID buys lunch and hotels for "Tech Support" I can't find it in the contract. President Brown would like USW to review receipts, just like Gene Chisum turned in lunch for one, but the ticket shows for two. President Brown let USW know he could go through each one of the receipts and show you USW that there is a discrepancy. President Brown requested that the Work Authorization receipts have more detail, and disputes the entire work authorization. USW Utility Group agreed to bring back a corrected bill and work authorization.

MOTION: Leon Brown

SECOND: Marshall Bradford

To dispute the entire work authorization and request that USW Utility Group provide more detailed backup.

Motion approved: 4-0

4. Review of Port O' Connor Improvement District Facilities Assessment

The Facility Assessment was provided to the District, the water treatment plant motor that had failure had been approved for being fixed by Texas Municipal League. Port O' Connor ground storage tanks have corrosion due to salt water, needs recoated. The manual bar screen is corroded in several areas. General Counsel would like page ten of the Facilities Assessment corrected as it has nothing about Bobby Raybon and Nathan O'Neill instructing USW Utility Group during the Hurricane.

MOTION: Leon Brown

SECOND: Bobby Raybon

To have USW Utility Group correct page ten inaccuracies.

Motion approved: 4-0

5. Review of Port O' Connor truck logos

Director Brown requested that Port O' Connor magnets be put back on all Port O' Connor trucks and that all USW Utility Group logos be taken off.

MOTION: Bobby Raybon

SECOND: Marshall Bradford

To put all Port O' Connor logos back on trucks and to remove all USW Logos from vehicles.

Motion approved: 4-0

6. Renewal proposal for Windstorm insurance by Victor O. Schinnerer & Company, Inc.

General Counsel recommends the Board President sign the document in order to not have any lapse in coverage and make changes later as they come.

MOTION: Leon Brown

SECOND: Bobby Raybon

To sign renewal proposal for Windstorm Insurance.

Motion approved: 4-0

7. Review proposal for generators at Vacuum Station 1, Vacuum Station 2, Waste Water and Wastewater Treatment Plant.

The board of Directors asked USW Utility Group to forward information regarding generators to District engineer.

8. Customer billing review and conversion of billing system

Corey Bostick let the board know that the conversion had been complete. The Board requested that the bills have USW Utility Group logos be removed and replaced with Port O' Connor Improvement Districts logos. There is a 3% fee for customers to make a payment online with their credit card, the district can cover the cost which will help with customers paying on time. The board would like to review how many customers pay with credit cards each month and with checks each month before they make a decision on whether to cover such costs for customers.

9. Munoz Construction quote for installation of new steel front door

The board reviewed quote for installation of new steel front door.

MOTION: Bobby Raybon

SECOND: Marshall Bradford

To approve quote from Munoz Construction to be installed by December 1, 2017.

Motion approved: 4-0

10. Discuss and consider the final advertisement for the District Manager/Operator and authorize the placement of the advertisement with the Texas Municipal League, First Texas Group and Strategic Government Resources.

No action was taken on this item.

E. EXECUTIVE SESSION ***

The Port O' Connor Improvement District may consider in Executive Session any of the identified items posted on the agenda pursuant to 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

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. October 2, 2017 Notices and Demands Letter from Port O' Connor Improvement District ("POCID") to Lester Contracting Inc. ("LCI") under a certain contract between POCID and LCI dated June 22, 2016 for Construction of Water Distribution Improvements for POCID under Texas Water Development board Project No. 21750; POCID legal remedies including but not limited to a Change Order.

2. Operation, Maintenance & Customer Service Agreement between Port O' Connor Improvement District and USW Utility Group dated March 23, 2016; USW Utility Group Notice of Default letter and POCID legal remedies.

The Board of Directors went into Executive Session at 1:01 P.M. Director Nathan O'Neill came into Executive Session at 1:09 P.M. The Board of Directors came out of Executive Session at 1:57 P.M. with no action taken. A Recess was taken and Director Brown called the meeting to order at 2:08 P.M.

F. ACTION AS A RESULT OF EXECUTIVE SESSION

1. October 2, 2017 Notices and Demands Letter from Port O' Connor Improvement District ("POCID") to Lester Contracting Inc. ("LCI") under a certain contract between POCID and LCI dated June 22, 2016 for Construction of Water Distribution Improvements for POCID under Texas Water Development board Project No. 21750; POCID legal remedies including but not limited to a Change Order.

Port O' Connor Improvement Districts Engineer and Attorney have been working with Lester Contracting to come up with an agreed recommendation to resolve the items that they have had in response to the demand letter. General Counsel recommends TWDB Project 21750 District Engineer Joel Valdez and Director Brown to sign an agreed change order with the assistance of general counsel to include the following terms; for compensation due to the district for work that's already in the ground in the amount of \$101,967.00. Also, due to the district for an emergency pair that have been submitted to Lester Contracting in the amount of \$2,402.82 the total compensation due to the district in the amount of \$104,369.82 to be deducted from their pay request number nine. Materials will be changed to diamond plastic pipe, Lester has submitted information on their restraints to the Board. Epoxy coating will be provided and there will be no thrust locking required except for fire hydrants reflected in the plans. The time to complete the project will be extended, Lester Contracting can start on or before December 1, 2017 in the contract will be extended through the additional 180-day request.

MOTION: Leon Brown

SECOND: Marshall Bradford

To approve signing an agreed change order.

Motion approved: 4-0

2. Operation, Maintenance & Customer Service Agreement between Port O' Connor Improvement District and USW Utility Group dated March 23, 2016; USW Utility Group Notice of Default letter and POCID legal remedies.

MOTION: Leon Brown

SECOND: Marshall Bradford

To authorize General Counsel to send a letter in response to USW Utility Groups letter of default.

Motion approved: 4-0

G. 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.)

The Board discussed receiving a resignation letter from James Martin, Director Brown would like to move the December 21, 2017 regular meeting to December 14, 2017 and have the Port O' Connor reconciliation meeting December 13, 2017.

MOTION: Leon Brown

SECOND: Bobby Raybon

To approve having a special meeting with a presentation by USW Utility Group for the Port O' Connor Reconciliation on December 13, 2017 and move the regular meeting from being on December 21, 2017 to December 14, 2017

Motion approved: 4-0

H. ADJOURN

MOTION: Bobby Raybon

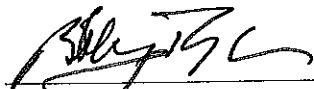
SECOND: Marshall Bradford

To adjourn the meeting at 3:43 p.m.

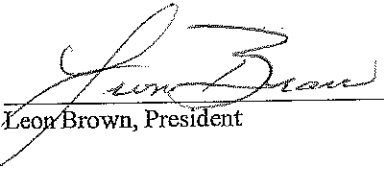
Motion approved: 4-0

Minutes approved by the Board of Directors on the 14 day of December, 2017

ATTEST:



Bobby Raybon, Secretary



Leon Brown, President