



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

**MINUTES
Regular Meeting of Board of Directors
Thursday, December 13, 2018 at 1:00 p.m.***

The Board of Directors of the Port O'Connor Improvement District held a Regular meeting on Thursday, December 13, 2018, at 1:00 p.m. at the District Office, 39 Denman Drive, Port O'Connor, Texas.

- A. CALL TO ORDER – President McDonough called the meeting to order at 1:00 p.m. and announced that a quorum was present.

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| DIRECTORS PRESENT: | David Randolph, Maria Denney, Mike Clifton, Danny McGuire |
| DIRECTORS ABESNT: | None |
| OTHERS PRESENT: | Dorothy Palumbo, General Counsel, Bojorquez Law Firm Julia Houston, Orrick, Herrington, Sutcliffe, LLP John Mercer, District Engineer Wade Cheek, District Operator |
| PARTICPATING BY PHONE: | Andre Ayala, Hilltop Securities, Financial Advisor |

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 commented on the cost of Smart Meters, documents that he provided to the District Engineer, and notes that a Director had and whether documents had been removed.

Tony Prokop stated that he is building a house and needs water and sewer hookup.

Teddy Hass stated that he agrees with Allen Junek that smart meters will be a waste of money, sewer problems were fixed by an old employee getting the system working; Air Vac needs to tune up the system and the need to inform people.

C. Presentations

1. Guadalupe Blanco River Authority

- a. Budget and Rate Increase
- b. Status of the potential construction of a new water treatment plant

GBRA representatives provided a power point hand out and stated that the plant needs to be replaced because the plant has reached its useful life. Options and costs were presented.

2. Allied Waste Services of Texas//Republic Services of Corpus Christi

Mike Reeves, Republic representative stated that the CPI cost increase would be waived if the District extended the agreement for another two years. He would prepare the amendment for the next meeting.

D. 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 Special Meeting November 8, 2018.
- b. Minutes of Regular Meeting November 15, 2018
- c. Minutes of Special Meeting November 16, 2018
- d. Minutes of Special Meeting November 28, 2018

2. APPROVAL OF PAYABLES

- a. Port O'Connor Improvement District – Municipal Accounts & Consulting, LP, Bookkeeper Report
- b. Approval of Monthly Invoices for Credit Card payments, AT&T and Republic Services
- c. Defined Area 1

3. CONSENT AGENDA ITEMS

- a. Twenty-Third Amendment to the Interlocal Agreement for Water, Wastewater, Operation and Maintenance Services by and between Port O'Connor Municipal Improvement District, and La Salle Water Control and Improvement District No. 1A.

MOTION: Danny McGuire
SECOND: Maria Denney
To approve the Consent Agenda
APPROVED: 5-0

The Board took a five minute break at 4:33 p.m. and reconvened at 4:37 p.m.

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

1. Report of District Operator

- a. District Status
- b. Work in Progress
- c. Water Production Report
- d. Wastewater Treatment Plant Summary
- e. Mandatory Training
- f. Approval of repairs and/or inventory
- g. Approval of the employment of Mike Raby for water and wastewater operation.

DISCUSSION: District Operator presented his report.

Air Vac needs to check the system and do another assessment. He asked for approval for Brian Riley to take a class in El Campo and also to hire Mike Raby as a temporary employee at \$22.00 per hour.

MOTION: Maria Denney

SECOND: Danny McGuire

To approve Brian Riley to take the class at El Campo and receive reimbursement for expenses and the temporary employment of Mike Raby for water and wastewater operation at \$22.00 per hour

APPROVED: 5-0

2. Report of District Engineer

- a. TWDB Project 21750 Updates and Change Order No. 2.
- b. Outstanding Items – Outstanding water and sewer connections
- c. Status of Standard Details on the assembly of standard details and drawings for the District. (Follow up report on AirVac and FloVac assessment)
- d. Discussion of the Marina Del Mar Subdivision, Final Plat for “Bayview Subdivision”. Final plat for the “Replat of Outlot 1 in Outblock 12; Final Plat for Matagorda Bayview S/D Section 1 - FINAL PLAT
- e. Discussion of I&I status; new development impact; implementing proactive procedures

DISCUSSION:

District Engineer presented TWDB Project 21750 Updates and recommended an extension of time for and he would bring Change Order No. 2 to the next meeting.

2.d. Discussion of the Marina Del Mar Subdivision, Final Plat for "Bayview Subdivision". Final plat for the "Replat of Outlot 1 in Outblock 12; Final Plat for Matagorda Bayview S/D Section 1 - FINAL PLAT

MOTION: Danny McGuire

SECOND: David Randolph

To approve the final plat for "Bayview Subdivision": for the "Replat of Outlot 1 in Outblock 12; for Matagorda Bayview S/D Section 1

APPROVED: 5-0

2.e. Discussion of I&I status; new development impact; implementing proactive procedures.

Discussion. District Engineer presented the remaining connections, water capacity is good. Discharge permit for R.O. system has expired. He discussed the need for an Air Vac assessment.

F. CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING:

1. Resolution Authorizing the Issuance of Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018; Accepting the winning bid; levying an ad valorem tax for the payment of the Bonds; entering into a Paying Agent/Registrar Agreement; and Containing other matters related thereto; including but not limited to Financial Adviser's summary of the bids and recommendation to the Board

DISCUSSION: Financial Adviser's summary of the bids and recommendation to the Board. The item was deferred until after item F. 6.

MOTION: Danny McGuire

SECOND: Mike Clifton

To consider this item after item F. 6.

APPROVED: 5-0

2. Task Order pursuant to District Engineer Agreement for District Engineer to prepare plans and specifications necessary for water and wastewater improvements required by TCEQ bonds

No Action – will bring back as a separate District Engineering Agreement

3. Disclosure and waiver of District Engineer Conflict of Interest for Mercer Controls, Inc. Agreement for Generators with the Port O'Connor Improvement District.

DISCUSSION: General Counsel explained memo in Board Packet that Texas Engineering Rules require disclosure by District Engineer of conflict of interest

with the Mercer Controls Generator agreement because Sherill Mercer is his brother.

MOTION: Danny McGuire

SECOND: Maria Denney

To waive the of District Engineer Conflict of Interest for Mercer Controls, Inc. Agreement for Generators with the Port O'Connor Improvement District.

APPROVED: 5-0

4. Task Order pursuant to District Engineer Agreement for District Engineer to prepare plans and specifications necessary for Mercer Controls, Inc. Agreement for Generators with the Port O'Connor Improvement District.

No Action

5. Mercer Controls, Inc. Agreement for Generators with the Port O'Connor Improvement District.

No Action – Agreement under review.

6. Authorize President McDonough to execute the Master Services Agreement with HydroPro Solutions for advanced metering infrastructure, including the Master Meter agreement with Harmony for End User Licenses and the Allegro Network Infrastructure Maintenance agreement after review by General Counsel and subject to funding with TCEQ Bond proceeds.

DISCUSSION: The Board considered that this project should be revisited after the water and sewer project designs were submitted.

MOTION: Danny McGuire

SECOND: Maria Denney

To table until after District Engineer water and sewer project design.

- F.1. Resolution Authorizing the Issuance of Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018; Accepting the winning bid; levying an ad valorem tax for the payment of the Bonds; entering into a Paying Agent/Registrar Agreement; and Containing other matters related thereto; including but not limited to Financial Adviser's summary of the bids and recommendation to the Board.

Discussion. The Board considered item F. 1.

MOTION: Danny McGuire

SECOND: Maria Denney

To authorize the Issuance of Port O'Connor Improvement District Unlimited Tax Bonds, Series 2018; Accepting the winning bid; levying an ad valorem tax for the payment of the Bonds; entering into a Paying Agent/Registrar Agreement; and Containing other matters related thereto

APPROVED: 5-0

Item approved at 4:01 central time zone.

7. Request of Marilyn Giessel, 3055 W. Harrison, Port O'Connor, Texas for waiver of two months sewer service

DISCUSSION: Sewer service is fixed. There is no authority to waive.

MOTION: Mike Clifton

SECOND: Maria Denney

To not waive 2 months of sewer due to sewer being disconnected by tenant.

APPROVED: 5-0

8. Reconsider request of J.R. Lange for reduction in billing for three months. (Director McGuire).

DISCUSSION

MOTION: Maria Denney

SECOND: David Randolph

To allow for the three months reduction in billing.

APPROVED: 5-0

9. Discuss Prokop issues with installation of water and sewer tap on front beach and at Caracol. (Director McGuire)

DISCUSSION: District Engineer to review and bring back to the Board.

No action taken.

G. RULES, REGULATIONS AND POLICY STATEMENTS **

1. Discuss and possible action on reviews and revisions and updates to existing Rules and Regulations, including but not limited to boring required for customer connections.

No Action

H. EXECUTIVE SESSION ** The Board convened into Executive Session at 6:02 p.m. under the following provisions:

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. *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. Consultation with General Counsel pursuant to Texas Government Code 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 past or pending projects, including but not limited to Past due amounts owed by La Salle Water Control and Improvement District No. 1; employment matters; PIA procedures, Rules of Procedure and legal requests.

SUPPLEMENTAL AGENDA ITEM A.1.

1. TCEQ Enforcement Actions and TCEQ proposed Agreed Order of December 5, 2018.

SECOND SUPPLEMENTAL AGENDA ITEM A.1.

1. Texas Government Code Ann. § 551.074: Personnel Matters – deliberate the employment and duties of the following Port O'Connor Improvement District employees: Operator Valle, Operator Lilley, Field Operator Riley, Field Tech Martin, Assistant Office Manager Castillo and Office Manager Trevino.

I. TAKE ANY ACTION AS A RESULT OF EXECUTIVE SESSION. The Board reconvened from executive session at 7:03 p.m. 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. 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 past or pending projects, including but not limited to Past due amounts owed by La Salle Water Control and Improvement District No. 1; employment matters; PIA Procedures, Rules of Procedure and legal requests.

SUPPLEMENTAL AGENDA ITEM B.1.

1. TCEQ Enforcement Actions and TCEQ proposed Agreed Order of December 5, 2018.

SECOND SUPPLEMENTAL AGENDA ITEM B.1.

1. Texas Government Code Ann. § 551.074: Personnel Matters – deliberate the employment and duties of the following Port O'Connor Improvement District employees: Operator Valle, Operator Lilley, Field Operator Riley, Field Tech Martin, Assistant Office Manager Castillo and Office Manager Trevino.


No action taken on all.

- 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.)

Republic Waste Amendment to waive CPI and extent 2 years, AT&T Phone bill – allow Office Manager to cancel iPads, Change Order No. 2, Air Vac quotes for assessment and Well Status report.

- K. ADJOURN: 7:20 p.m.

Respectfully submitted,


Erny McDonough, President


Maria Denney, Secretary

Signed this 15th day of January 2019.

These minutes were approved on January 15th, 2019.