

Regular Meeting Minutes

November 14, 2016– 5:30 pm

Orange County Water Control & Improvement District No. 1 Board Room
460 E Bolivar Street, Vidor, Texas

Robert Viator.....President
Frank Inzer.....Vice President
Tim Beard.....Secretary
Trey Haney.....Director
Guy Groves.....Director
Norman Blackman.....General Manager
David LeJune.....Operations Manager

In accordance with Section 551.042 of the Texas Government Code, this agenda has been posted in the lobby and on the front door of the Orange County Water Control & Improvement District No. 1 Administrative office for the time required by law. The President requests that all cell phones and pagers be turned off or set to vibrate.

Members of the audience are requested to step outside the Board Room to respond to a page or to conduct a phone conversation.

The O.C.W.C & I.D #1 Administrative office is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the General Manager's Office at 409.769.2669.

CALL TO ORDER

President Robert Viator announced a quorum present and called the meeting to order at 5:30 p.m.

INVOCATION & PLEDGE OF ALLEGIANCE

Secretary Tim Beard offered the invocation and Director Guy Groves led in the Pledge of Allegiance and the Texas Pledge.

MEMBERS PRESENT

President Robert Viator, Secretary Tim Beard, Director Trey Haney, and Director Guy Groves were present.

MEMBERS ABSENT

None.

STAFF PRESENT

Norman Blackman, General Manager, Larry Hunter, Attorney, David LeJune, Operations Manager, and Chris Serres, Director of Finance and Office Administration.

OTHERS PRESENT

Jeff Scogin of LJA Engineering, Inc.; Jeremy Triska of Wathen, DeShong, Juncker, LLP Certified Public Accountants; and George F. Garza, Jr. of The Vidorian.

REGULAR MEETING

1. Citizen comments.

President Viator called for any comments from Citizens.

There were no comments.

2. Consideration and possible action approving the 2015/2016 Audit as prepared and presented by Wathen, DeShong, Juncker, LLP, Certified Public Accountants.

Director Beard reported that all the audit reports offered very positive feedback that the Auditors were very complimentary of the Staff stating that all staff members cooperated with all requests.

The Audit report was presented by Jeremy Triska. Mr. Triska reported on the opinion letter about the management of the financial statements. He stated that the financial statement presented fairly.

Mr. Triska reported that the general fund total revenues for the year were \$4.26 million and the total expenditures were \$3.7 million with a net change in the fund balance of \$353,000 at year end. There is a total of \$3.8 in General Fund and a total Governmental Fund balance at the end of the year of \$13,289,000.00.

Lastly, Mr. Triska reported on the internal controls regarding financial reporting and compliance. He stated that tests disclosed no instances of non-compliance. He then stated he would be happy to answer any questions of the Board or Staff.

There being no questions, President Viator called for a motion.

A motion was made by Secretary Beard and was seconded by Director Groves to approve the Audit for Fiscal Year End 2016 as presented. All Voted Aye.

3. Consideration and possible action regarding the presentation by SAMCO Capital Markets, Financial Advisors, to discuss refunding a portion of the District's outstanding bonds for interest rate savings and authorizing the Staff of Financial Advisors to proceed with the refunding if sufficient savings are reached.

Mr. Blackman reported that Mark McLiney, Financial Advisor, approached him a while back about an opportunity to refinance some of the bonds at a lower interest rate. At that time, Mr. McLiney calculated a net savings of \$850,000.00. He then stated that, however, since the time Mr. McLiney approached the District regarding the initial review of the refinancing of the bonds, interest rates took a jump bringing the potential savings down to approximately \$250,000.00. The consensus is that refinancing should not be pursued at this time. He added that, if the situation changes and the interest rate drop, he will once again advise the District regarding refinancing of bonds.

After a brief discussion, President Viator entertained a motion to take no action on the item.

A motion was made by Director Groves and a second by Secretary Beard to take no action regarding refunding of bonds. All Voted Aye.

4. Consideration and possible action regarding LJA Engineering, Inc. Monthly Status Report concerning ongoing District projects.

The monthly Engineering Status Report on ongoing projects was presented by Mr. Jeff Scogin. Mr. Scogin reported on the 6200A Sanitary Sewer Improvement Program. He stated that there are no updates on these projects as those projects are closed out with the exception of the O&M Manual for the Wastewater Treatment Plant. The status remains the same as was reported last month. He then reported on Project 6560C – Surplus Funds Water Systems Improvements Projects – Contract 1 – Cast Iron Water Line Replacement Project stating that, for the month of October, the contractor had installed 2,845 LF of 6” water line and 745 LF of 3” water line for a combined total of 3,590 feet of water line.

Mr. Scogin was asked if the patchwork on the roads was a temporary fix. He stated that he was not aware of any patchwork being done, adding that the streets were to be repaired and asphalted when finished.

Mr. Scogin then reported on Contract No. 2 – Water Well Sites Improvements, stating that LJA Engineering, Inc. received the performance and payment bonds and the insurance certificates from the contractors. He then reported that Larry Hunter had reviewed these documents and that a pre-construction meeting was to be scheduled to the contracts executed. Mr. Scogin added that he will be contacting Norman Blackman and David LeJune to schedule a meeting to discuss moving forward on this project.

Mr. Scogin then presented a report for Project 6560D – Surplus Funds Sanitary Sewer System Improvements Project – Contract No. 4 – Sanitary Sewer Lift Station Rehabilitation Project. He stated that they have continued working on the plans for the lift station but there has not been a tremendous amount of progress made in October.

Concluding his report with Project 6560E – Surplus Funds Sanitary Water and Sewer Service Extensions – Contract No. 3 – Water and Sanitary Sewer Service Extensions Project, Mr. Scogin reported that more surveying has been done and work on the plans is ongoing. He stated that they are still waiting on locates. Mr. Scogin stated that he is waiting on a return telephone call from another locating service adding that he will continue doing whatever he can to get the locates.

President Viator asked Mr. Scogin if he had any idea when Projects D & E would be ready for bids. Mr. Scogin stated that he did not have anything he would comfortable reporting and that a projected target date was by year end. He also stated that on Contract E there may be some potential easement issues that may prolong the schedule.

Norman Blackman interjected that there are some problem areas along N 105 @ Caney Creek Road. It is in this area that we are going to have to make some decisions about whether or not right of ways will need to be obtained.

President Viator called for any questions regarding the monthly status report as presented.

There being no questions, President Viator then entertained a motion to accept LJA monthly status report.

A motion was made by Secretary Beard and was seconded by Director Groves to accept monthly status report as presented by Jeff Scogin. All Voted Aye.

5. Consideration and possible action regarding approval of LJA Engineering, Inc. monthly invoices for District projects as listed:

Invoice No. 201611611 in the amount of \$10,036.00 for 6560C – Surplus Funds Water System Improvements Project; Invoice No. 201611610 in the amount of \$2,822.00 for 6560D – Surplus Funds Sanitary Sewer System Improvements Project; Invoice No. 201611612 in the amount of \$3,583.00 for 6560E – Surplus Funds Water and Sewer Service Extensions Project; Invoice No. 201611613 in the amount of \$1,000.00 for 6200A-Contract A – Wastewater Treatment Plant; for a Grand Total of \$17,441.00.

A motion was made by Director Groves and was seconded by Secretary Beard to approve payment of monthly invoices to LJA Engineering, Inc. as presented. All Voted Aye.

6. Consideration and possible action regarding approval of McInnis Construction, Inc. Monthly Estimate No. 2 in the amount of \$187,770.82 for Contract 1 – Water Line Replacement Project.

Jeff Scogin briefed the Board on Pay Estimate No. 2 to McInnis Construction, Inc. Mr. Scogin reported that this invoice includes the remaining 50% of the mobilization cost, 745 feet of 3" water line, 2,845 feet of 6" water line, connections made to an existing 8" water line, a connection made to an existing 6" water line, a connection made to an existing 2" water line, three fire hydrants, one 3" gate valve, two 6" gate valves, 33 short side water service connections, one dual short side water service connection, and added materials on hand for a total invoice amount to \$187,770.82.

Mr. Scogin asked for questions/comments concerning Pay Estimate #2

A brief discussion ensued regarding the Materials on Hand as presented on the invoice. The discussion was concluded with President Viator asking that a detailed spreadsheet regarding materials on hand be presented each month with the monthly invoices.

A motion was made by Secretary Beard and was seconded by Director Groves to approve payment of Estimate No. 2 to McInnis Construction, Inc. in the amount of \$187,770.82 as presented. All Voted Aye.

7. Consideration and possible action regarding the acquisition of a utility easement for the relocation of an existing District water line at the northeasterly corner of the intersection of FM105 South (South Main) and Schoolhouse Ditch.

Norman Blackman presented the Board with a drawing of Schoolhouse Ditch/Apodaca tract outlining the easement the District is requesting to acquire from Mr. and Mrs. Apodaca for water line relocation. He explained the necessity of acquiring the easement and the need for the relocation of the water line in that area. Mr. Blackman then stated that he had already contacted the landowner and has executed a letter of agreement that would allow the District to be laying the line while the formal easement is being drawn up and executed. Due to the lack of the easement, the contractor was not able to continue work. With the agreement in place, construction can resume. Mr. Blackman added that the cost of the easement will be \$1,500.00.

A motion was made by Director Groves and was seconded by Secretary Beard to approve the acquisition of a utility easement for the relocation of an existing District water line at the northeasterly corner of the intersection of FM105 South (South Main) and Schoolhouse Ditch and the payment of \$1,500.00 for the easement to Mr. and Mrs. Apodaca. All Voted Aye.

8. Consideration and possible action regarding approval/amendments for the minutes of the October 17, 2016 Regular Board Meeting.

A motion was made by Secretary Beard and was seconded by Director Groves to approve the minutes of October 17, 2016. All Voted Aye.

9. Board Member comments.

There were no Board Member comments.

10. Consideration and possible action regarding General Manager's monthly status and financial report.

Norman Blackman's reported that there he had no highly important issues to report and that we would move on to the financial reports. He then added that he did want to inform the Board that the District's Thanksgiving luncheon is scheduled for Thursday, November 17, 2016 at Noon.

Chris Serres, Financial Officer, reported that the monthly billing was down slightly this month but the overall billing is still approximately \$10,000.00 higher than our projected billing for this budget year. She then reported on the bank statement balances stating that all accounts were balanced and that interest rates were up slightly. Mrs. Serres then reported on the Special Projects Account and Water/Sewer Major Maintenance Account stating that the only activities in these accounts were the budgeted monthly transfers and our interest earned. She then reported on the Budget Comparison Report outlining revenues and expenses for the month. She reported that Revenues for the month were \$346,587.00 and expenses were \$301,580.00. Norman Blackman added that the year-to-date income has exceeded our expenses by \$204,762.00. He then stated that the year-to-date column is the column that tracks the budget at a certain point into the year and so far we are doing well and are under budget. He added that he looks at those figures closer than he does the month-to-date amount.

Mrs. Serres then reported that the interest earned for the month is \$2,448.54.

There were no questions regarding the financial report.

David LeJune presented the Field Report to the Board of Directors.

President Viator asked if there were any questions on the Manager's Report, Financial Report or Field Report. There were no questions.

A motion was made by Director Groves and was seconded by Secretary Beard to accept the General Manager's report as presented. All Voted Aye.

11. Consideration and possible action regarding payment of the District's monthly bills.

Motion was made by Secretary Beard and was seconded by Director Groves that the monthly bills be paid as presented. All voted aye.

12. Consideration of approval of petitions and orders to add land to the Water District from the following landowners to-wit:

- a. Christopher Shawn Martin, 540 Concord, Vidor, Texas; and,
- b. Billy Ray Whiddon and wife, Helen M. Whiddon, 1665 Orange St., Vidor, TX.

A motion was made by Director Groves and seconded by Secretary Beard to approve the petitions and orders to add land to Orange County Water Control & Improvement District No. 1 as presented. All Voted Aye.

13. Consideration and possible action to approve the 2016 Current Tax Roll in the amount of \$1,801,368.49 for the Orange County Water Control and Improvement District No. 1 as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector.

A motion was made by Secretary Beard and seconded by Director Groves to approve the 2016 Current Tax Roll in the amount of \$1,801,368.49 for the Orange County Water Control & Improvement District No. 1 as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector. All Voted Aye.

14. Consideration and possible action to approve the 2016 Delinquent Tax Roll in the amount of \$413,003.52 for the Orange County Water Control & Improvement District No. 1 as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector.

A motion was made by Director Groves and seconded by Secretary Beard to approve the 2016 Delinquent Tax Roll in the amount of \$413,003.52 for the Orange County Water Control and Improvement District No. 1 as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector. All Voted Aye.

15. Consideration of and possible action regarding the selection of a health insurance policy for Orange County Water Control & Improvement District No. 1 employees.

Guy Groves reported that, after careful consideration of options provided to the District regarding health care providers, it is the consensus of the Insurance Committee, the

General Manger, and the Finance Director to remain with United Health Care. He then stated that United Health Care did have a 12.6% increase in the premiums which computes to \$17,331.12 per month.

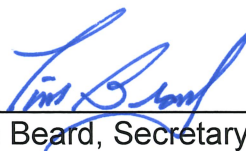
A motion was made by Director Groves and seconded by Secretary Beard to approve United Health Care to provide health care coverage for 2016-2017 at a cost of \$17,331.12 (a 12.6% increase from 2015-2016 coverage year). All Voted Aye.

16. Adjournment.

A motion was made by Secretary Beard and seconded by Director Groves to adjourn the meeting at 6:55 p.m. All Voted Aye.



Robert Viator, President



Tim Beard, Secretary