

**MINUTES OF
MEETING**

Regular Meeting Minutes

February 18, 2019 – 5:30 pm

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

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| 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 MEETING TO ORDER

President Viator called the meeting to order at 5:30 p.m.

ANNOUNCE THE PRESENCE OF A QUORUM

President Viator announced the presence of a quorum. Secretary Tim Beard was absent.

STAFF PRESENT

Norman Blackman, General Manager, Chris Serres, Finance Director, and Larry Hunter, Attorney.

OTHERS PRESENT

Mark McLiney, SAMCO Capital Markets, Toby Davis, LJA Engineering, Inc., and Jared DeFrancis, LJA Engineering, Inc.

INVOCATION AND PLEDGES

Vice President Inzer gave the invocation and Director Groves led in the pledges.

MEETING AGENDA

1. Citizen comments.

None

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

Mark McLiney, Financial Advisory with SAMCO Capital Markets, spoke to the Board about the possibility of refinancing the Series 2007 and Series 2009 Bonds for a substantial savings. Mr. McLiney presented two scenarios for refinancing with both yielding a savings to the District and both projecting a tax rate that would yield minimal changes in tax rates over the course of several years.

A motion was made by Director Groves and seconded by Director Haney to authorize Mark McLiney to proceed with refunding bonds using the Targeted Refunding Tax Rate as presented. All Voted Aye.

3. Consideration and possible approval of Resolution No. 02-2019 approving the Principal Forgiveness Agreement from the Clean Water State Revolving Fund in the amount of \$500,000.00 and an Escrow Agreement relating thereto; authorizing the President of the Board of Directors, the Secretary of the Board of Directors; and/or the General Manager, or their designees, to execute any and all documents related thereto; and other matters in connection therewith.

Larry Hunter stated that he and Jeffrey Kuhn had worked together on the Documents necessary to secure the TWDB Grant.

Mark McLiney explained that the District made application with the Texas Water Development Board for a \$500,000.00 grant. This resolution approves the District's agreement with the Texas Water Development Board and allows the District to begin the negotiation with First Financial Bank, Abilene, as the escrow agent and depository.

Larry Hunter stated that the final escrow agreement is not fully prepared and that he and Jeffrey Kuhn are still working on the agreement but that this resolution is all encompassing and includes approval of the Escrow Agreement.

A motion was made by Vice President Inzer and seconded by Director Haney to approve Resolution 02-2019 authorizing the Principal Forgiveness Agreement from the Clean Water State Revolving Fund in the amount of \$500,000.00. All Voted Aye.

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

Toby Davis presented LJA Engineering, Inc. Monthly Status Report for the period from January 1, 2019 to January 25, 2019 as follows:

6560C – SURPLUS FUNDS WATER SYSTEM IMPROVEMENT PROJECT (Contract No. 1 – Cast Iron Water Line Replacement and Contract No. 2 – Water Well Sites Improvements)

Contract No. 1:

This project has been completed.

Contract No. 2:

This contract has been completed.

6560D – SURPLUS FUNDS SANITARY SEWER SYSTEM IMPROVEMENT PROJECT (Contract No. 4 – Sanitary Sewer Lift Station Rehabilitation Project)

No work was completed during this period. There is a little bit of work left on the lift stations, they are going to get back on this and get those things knocked out and get those projects completed.

6560E – SURPLUS FUNDS WATER AND SEWER SERVICE EXTENSIONS PROJECT (Contract No. 3 – Water and Sanitary Sewer Service Extensions Project)

No work was completed during this period. There is still some work left on this project like some easements. Norman Blackman stated we have not gotten far enough along to know what they want to do in some of the locations, some of the right of ways are pretty tight.

ORANGE COUNTY WCID #1 CWSRF – Sanitary Sewer Restoration Project

Services through this month include developing and submitting the Clean Water State Revolving Fund application to the Texas Water Development Board. Services also include TWDB technical review coordination and the development of the Categorical Exclusion. LJA has coordinated with the District, the TWDB, and the City's consultants.

City of Vidor, Texas Sanitary Sewer Line Replacement Project – CDBG Project No. 7217480 – Period through February 13, 2019

The construction is in progress. Nine (9) service line connections have been replaced from January 14th thru February 13th. Chris Serres stated that we had 89 applicants, 68 have been smoke tested. Out of the 68 tested only 35 have failed. Of the 35 that failed, there have been 9 replaced.

A motion was made by Director Haney and seconded by Vice President Inzer to accept LJA Engineering, Inc. Monthly Status Report as presented. All Voted Aye.

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

Invoice No. 201900342 in the amount of **\$358.00** for Project No. B877-6282 – General Services; **Invoice No. 201900970** in the amount of **\$8,964.63** for Project No. B877-1005 – TWDB Grant Project; and **Invoice No. 201900389** in the amount of **\$186.00** for Project No. B877-1004 – Sanitary Sewer Overflow Plan; for a **Grand Total** of **\$9,508.63**.

A motion was made by Director Haney and seconded by Director Groves to authorize payment to LJA Engineering, Inc. All Voted Aye.

6. Consideration and possible action regarding approval of the General Engineering Services Rates as submitted by LJA Engineering.

President Viator stated that the engineers have not had a rate increase in three years and is requesting consideration of an increase in engineering fees.

Norman Blackman stated that he has gone over the request and does approve of the rate increase request as submitted.

A motion was made by Director Groves and seconded by Director Haney to approve the General Engineering Services Rates submitted by LJA Engineering. All Voted Aye.

7. Consideration and possible action regarding approval/amendments for the minutes of the January 21, 2018 Regular Board Meeting.

A motion was made by Director Haney and seconded by Director Groves to approve the minutes of the January 21, 2019 Regular Board Meeting. All Voted Aye.

8. Board Member comments.

Vice President Inzer asked about number of customers lost from Harvey. Chris Serres responded approximately 120 customers were lost from Harvey. The initial loss was about 248 customers.

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

Norman Blackman presented the Manager's Monthly Report as follows:

On-Going Topics

- **Harbor Clinic** – The water service has been hooked up and the sewer is to be connected this week. The line was bored under the Highway. This was a Surplus Funds Project for W/S Line Extensions. Harbor paid \$12,000.00 in tap fees, \$10,000 for sewer and \$2,000 for water, half was hard costs for parts and half was our cost for labor and equipment, so total cost would amount to less than \$18,000.00. It is taking longer than anticipated due to rains, etc.
- **Enforcement Order – T.C.E.Q.** - We have been sent an enforcement order by T.C.E.Q. We are working up a rebuttal or objection to. We have a number of different parameters we have to meet, occasionally some of these will be out of whack. TCEQ looks back two years and if they see enough violations they will set an enforcement order. They sent an enforcement letter for two or three violations in the months of November and December 2017. Then in the summer of 2018, there were two or three more violations that occurred in July and August 2018. The ones in 2018 we can't argue with, we know what happened that caused us to go over the parameters and we will take the spanking for that. In 2017, we were not even recovered from the flood yet. We went from a covered treatment plant to a working treatment plant very quickly. Norman Blackman stated it was very irritating to be cited now for both 2017 and 2018 violations. The total for both years is about \$12,000. We are going to argue with T.C.E.Q. over the November and December 2017 violations because we didn't even have all of our equipment back on line. We didn't have all of the aeration back on line and when we did get the blowers in, we didn't have the control panels to effectively operate them with automatic controls.

President Viator asked what the violations were. Norman Blackman stated ammonia nitrogen and the other was E coli.

- **Wastewater Treatment Plant** – We have taken temporary measures to get the blowers up and running. TML Insurance paid for all new blowers (4), two came in this past week and in about a couple of weeks we will be installing the other two (2). We are keeping some parts (at least one motor) and may try to find a market for the other 3.
- **2017 City of Vidor Grant** – This was talked about during LJA Engineering monthly status report. There is nothing else to report on this project.
- **Entrance to Driveway** – There has been no new progress. Looking at March for timeframe.
- **Stevenson Estates** – The owners have submitted a plat will begin building two houses immediately. The owners have requested a meeting with District Personnel regarding another possible development.

Vice President Inzer asked if the District is fully staffed.

Norman Blackman responded that the District is now operating with four crews.

Chris Serres presented the financial report as follows:

The billing for the month of January appears to be low but when the billings for December of \$130,951.61 for water and \$136,298.93 for sewer is averaged with the billing for January of \$86,180.62 for water and \$91,246.37 for sewer, the averaged billing is a normal billing cycle. The high usage for December was a result of two large water leaks where adjustments were then made in January resulting in the appearance of a lower billing in January.

Regarding all District bank accounts, all accounts are balanced. Director Haney asked about collections in the Tax Account. Chris Serres responded that collections are being made as expected. She also stated that we did have to borrow \$8,000.00 from General Operating to help with bond payments but were able to repay the tax account the following week.

Budget Comparison Report for the month of February reveals revenues of \$403,055.00 collected/billed. She then directed attention to Account Number 4109 highlighting a deposit of \$107,568.00. These funds were from FEMA for cost reimbursement with regards to expenditures during the Harvey Rain Event. This reimbursement shows the revenues to be very high for this month. The expenditures were \$389,092.15. The revenues exceeded the expenditures by \$13,962.85 for the month.

Interest earned for the month of February is \$17,064.93.

Chris Serres, Director of Finance presented the Field Report as follows:

We pumped 31,010,000 gallons from the wells and accounted for 27,624,950 gallons. The percentage unaccounted for was 10.92%. We treated 62,435,000 gallons of wastewater. We performed a total of 271 water jobs and 76 sewer jobs for a total of 347 jobs. We had 27 LPSS service calls for the month.

A motion was made by Director Haney and seconded by Vice President Inzer to accept the General Manager's monthly report and financials. All Voted Aye.

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

Director Haney asked about the costs to MCCI. Chris Serres explained the cost to MCCI was to license two employees for the use of the Laserfiche program which is the program we use to scan documents for electronic viewing purposes.

A motion was made by Director Groves and seconded by Vice President Inzer to approve payment of the District's monthly bills. All Voted Aye.

11. Consideration and possible action regarding **appointment** of **Budget, Audit, and Insurance Committee members**.

A motion was made by Director Haney and seconded by Director Groves to keep the Budget, Audit, and Insurance Committee Members the same as last year, being:

Budget Committee: President Robert Viator and Vice President Frank Inzer

Audit Committee: Secretary Tim Beard and Vice President Frank Inzer

Insurance Committee: Director Guy Groves and Director Trey Haney

All Voted Aye.

12. **Executive Session** pursuant to Section 551.074(a)(1) of the Texas Government Code to deliberate the employment, appointment and/or reassignment of certain public employees of the Water District.

A motion was made by Director Groves and seconded by Vice President Inzer to adjourn the regular session at 7:25 p.m. and to go into Executive Session.

7:30 p.m. Executive Session convened.

8:23 p.m. Executive Session concluded.

A motion was made by Director Groves and seconded by Vice President Inzer to reconvene in open session at 8:23 p.m. All Voted Aye.

13. **General Open Session**, if necessary, for the consideration of any action necessary following the deliberation in executive session concerning the employment, appointment and/or reassignment of certain public employees of the Water District.

A motion was made by Director Groves and seconded by Vice President Inzer to appoint Chris Serres as Assistant General Manager and Chief Financial Officer. All Voted Aye.

14. **Adjournment**.

A motion was made by Vice President Inzer and seconded by Director Groves that meeting be adjourned at 8:25 p.m.



Robert L. Viator, Sr., President



Frank Inzer, Vice President

