



Meeting Minutes

November 26, 2012– 5:30 pm

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

Robert ViatorPresident
Billy PerkinsVice-President
Tim BeardSecretary
Percy Foreman..... Director
Frank Inzer Director

Orange County Water Control Staff Present:

Darlene Jackson General Manager
David LeJune Operations Manager
Chris Serres..... Financial Director

Others present: Larry Hunter, Provost Umphrey Law Firm; Toby Davis, Jeff Leavins, Jeff Scoggin and Norman Blackman of Carroll & Blackman Consulting Engineers, Inc.; Calvin Prosen, Arceneaux & Gates Consulting Engineers, Inc.; George Garza, Vidor Vidorian.

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

INVOCATION & PLEDGE OF ALLEGIANCE

The invocation was given by Frank Inzer and the Pledges were led by Tim Beard.

CITIZEN COMMENTS

1. Consideration of approval/amendments to the minutes of the October 15, 2012 regular meeting, and the October 25, 2012 special meeting.

1. Consideration of approval/amendments to the minutes of the October 15, 2012 regular meeting, and the October 25, 2012 special meeting.
A motion was made by Tim Beard and seconded by Frank Inzer to approve the minutes of the October 15, 2012 Regular Board of Directors' Meeting and to approve the minutes of the October 25, 2012 Special Board of Directors' Meeting. All Voted Aye.
2. Consideration of District Manager's monthly status and financial report.
President Viator called for the District Manager's monthly status and financial reports.

Larry Hunter, Attorney, asked that he may address the Board of Directors regarding a previous request from citizens to be released from the District's taxing jurisdiction due to the inability by the District to serve these citizens with water or sewer. Mr. Hunter stated that he has done some preliminary research and found some statues on the books that may apply. He reiterated "may apply" because the statues were written for lands that cannot be developed for agricultural purposes or cannot be reached for irrigation purposes. Mr. Hunter stated that he has not checked with Bond Counsel but, it made sense to him that, for the purpose of the District, and since the District cannot service these areas, this situation might be so similar that we could follow these statues. He then stated that there are no real cases to follow. Mr. Hunter affirmed that he will have a formal report for the Board of Directors at the next meeting in the form of a letter with the statues attached. He also affirmed that he will give Darlene Jackson, General Manager, extra copies of this letter so that she can mail copies to the individuals requesting to be released from the District. This would enable these citizens to understand the burden the law places on the District because bonds have already been passed based on the values of these properties in question. Larry went on to explain that once a District is organized and has an area that cannot be serviced, the owners of the land that cannot be serviced can apply to be excluded from that District. But, the owner of the land requesting to be removed from that District has to find another owner of land of like or greater value that is adjacent to the District that can be serviced and is willing to be petitioned in to the District and request that owner to be a substitute. So basically, the owner of the property that is requesting to be excluded from the District has to find another property owner of like or greater value that is willing to be petitioned into the District. Once there is a substitute, 95% of the bondholders have to approve the substitution, which in the case of this District would mean all of the District's bondholders. Mr. Hunter then stated that if the bondholders agreed, the Board of Directors would then have to hold a hearing. If elected to make the substitution, the substitution would have to be a simultaneous transaction. The Board of Directors would have to let the excluded landowner out of the District while at the same time include the substitute landowner into the District. Once the simultaneous transaction is complete, the Board of Directors would have to report the substitution to the Executive Director at the State Level as well as to the bondholders. Mr. Hunter then stated that it is a long process but it can be accomplished. He added that it is not going to be easy for anyone and suggested that "the only fly in the ointment" is if the bondholders say no to the proposal. Also adding that he doesn't know why the bondholders would say no because we are talking about such a small fraction of property value within the District.

Robert Viator asked if the District would have to hold an election to accomplish this task.

Larry Hunter replied that the District would not have to hold an election but would have to hold a hearing.

Larry then stated that the trickiest part of this process will be to find someone adjacent to the District with property of like or greater value willing to be petitioned in to the District. He stated that he supposed that if you can find one piece of property that has the same value as

all of the properties requesting to be released combined – you can substitute that piece of property – it does not have to be homestead for homestead.

Various questions/comments ensued regarding this matter. After a brief discussion, Robert Viator directed Larry Hunter to check with the bond counsel and report back to the Board of Directors.

Darlene Jackson, District Manager, briefed the Board of Directors on the billing for water/sewer usage during the month of October, 2012. Ms. Jackson pointed out that the billing was up slightly from the September, 2012 billing.

Chris Serres, Finance Director, gave an overview of the District Finances and asked for any questions or comments. (See attached reports for details).

Robert Viator asked if the District has reimbursed itself for the advance from the Contingency Account for expenses on Well #7.

Darlene Jackson responded that the District has been reimbursed for all expenses advanced for Well #7.

Robert Viator asked if the City of Rose City's payments were current with the District.

Darlene Jackson replied that the payments were caught up and that she had personally checked on the status last month.

Tim Beard inquired as to why Account #5141, Building and Shop Maintenance, is already over the budgeted amount.

Darlene Jackson and Chris Serres explained that there were some unbudgeted, but necessary, repairs made to the warehouse. Darlene explained that the doors to this building had to be replaced with overhead doors, a new roof was installed, some of the outside siding was replaced and some updates were made to the shop area.

Frank Inzer asked if the lights installed on the tower on south main is included in this overage and if we were required to, or did the District just choose to, install these lights on that tower.

Darlene Jackson responded that the District chose to install these lights.

Darlene Jackson, District Manager, presented the Field Report to the Board of Directors. She pointed out that the water pumped into the system was slightly higher this month as well as the percentage of unaccounted water. She also pointed out that there were 289 water work orders and 58 sewer work orders.

Robert Viator asked for an explanation as to why there are several calls to the same address for LPSS repairs. He stated that he knew David LeJune, Operations Manager, was not present but would like an answer to this question at a future date.

Darlene Jackson stated that she would address this matter with the Operations Manager.

A motion was made by Frank Inzer and seconded by Billy Perkins to accept the District Manager's Monthly Status Reports and Financial Reports as presented. All Voted Aye.

3. Consideration of payment of the District's monthly bills.

A motion was made by Billy Perkins and was seconded by Tim Beard to approve payment of the District's monthly invoices. All Voted Aye.

4. Consideration of District Employee Medical Insurance.

Darlene Jackson and Frank Inzer briefed the Board of Directors on proposals received for health insurance for District employees. Ms. Jackson stated that currently the District utilizes Texas Municipal League (TML) for its health insurance needs. The District accepted proposals for health insurance for the 2013 calendar year and received proposals from Texas Municipal League and Humana Health Care. Frank Inzer stated that the most outstanding difference in the two proposals was a savings of \$44,688.96 per year if the District was to accept the proposal from Humana Health Care. He stated that there are a few other differences but the savings is primarily the biggest difference to the committee. Mr. Inzer stated that TML currently pays 90% to inside network health care professionals and 60% to outside network health care professionals. However, the new proposal from TML would lower that amount to 80/50 which is the same percentage as quoted by Humana Health Care. Both companies propose a \$1000 deductible in network. TML proposed a \$1250 deductible for out of network providers compared to a \$3000 deductible for out of network providers proposed by Humana. He then stated that it appears that inside Humana's network there are enough doctors who accept Humana Insurance that the employees will not have to change doctors due to the change in the health care provider.

Robert Viator asked for a recommendation from the Insurance Committee.

The Insurance Committee and Darlene Jackson recommended that the District accept the proposal for health insurance as provided by Humana Health Care.

A motion was made by Frank Inzer and was seconded by Tim Beard to award the health insurance needs of the District to Humana Health Care. All Voted Aye.

5. Consideration of approving the 2012 Assessed Tax Roll for the Orange County Water Control and Improvement District No. 1, as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector.

Chris Serres informed the Board of Directors that Lynda Gunstream, Tax Assessor-Collector for Orange County, Texas has presented the District with the 2012 Assessed Tax Roll outlining a current net taxable value of \$407,457,784. This value will net a total tax levy of \$1,835,875.72 when the \$.45 tax rate is applied and the late rendition penalty is added.

A motion was made by Tim Beard and was seconded by Billy Perkins to accept the 2012 Current Tax Roll as presented by Lynda Gunstream, Tax Assessor-Collector of Orange County, Texas. All Voted Aye.

6. Consideration of approving the 2012 Delinquent Tax Roll for the Orange County Water Control and Improvement District No. 1, as certified and submitted by Lynda Gunstream, Orange County Tax Assessor/Collector.

Chris Serres then briefed the Board on the 2012 Delinquent Tax Roll as presented by Lynda Gunstream, Tax Assessor-Collector of Orange County. She stated that the current delinquent taxes total \$321,074.83 for all delinquent years.

A motion was made by Frank Inzer and was seconded by Billy Perkins to approve the 2012 Delinquent Tax Roll in the amount of \$321,074.83 as presented by Lynda Gunstream, Tax Assessor-Collector for Orange County, Texas. All Voted Aye.

7. Consideration of a proposal to sell the Tax Trust Property located at 340 W Davis Loop, Vidor, Texas, Tax account #3-28401.

Darlene Jackson informed the Board of Directors that an offer has been made regarding the purchase of Tax Trust Property located at 340 West Davis Loop in Vidor, Texas. She informed the Board that this offer does come with stipulations as there are underground storage tanks on this property which will need to be removed. The proposed offer is that the bidder would pay the cost of removal of the underground tanks at an estimated cost of \$15,000. This amount includes soil testing from underneath the tanks. If the test comes back clean, the taxing jurisdictions would convey the property to him. If the test comes back showing contamination, the taxing jurisdictions would reimburse him \$7,500 (shared proportionally) and the property would not be conveyed. The District's share of that possible reimbursement would be \$775.50.

A motion was made by Billy Perkins and seconded by Frank Inzer to accept the bid as offered with all stipulations on the Tax Trust Property, Tax Account #3-28401 located at 340 W Davis Loop, Vidor, Texas.

All Voted Aye.

8. Consideration of Carroll & Blackman, Inc.'s monthly status report concerning ongoing District projects.

Norman Blackman presented a portion of the status report from Carroll & Blackman Engineering, Inc. concerning ongoing District projects. He stated that the Wastewater Treatment Plant project has had more activity during the month of October than in the last several months. Mr. Blackman presented the Board with pictures depicting the progress of the construction at the treatment plant and after giving an overview of the progress, he invited the Board to come to the plant for a tour. He then informed the Board that, although there has been a lot of progress made during the last month, there is still some slippage in the scheduling. He reminded the Board that they have granted the contractor additional time on the project which pushed the contract expiration date toward the end of the year or possibly January. However, even with the time extension, Mr. Blackman stated that he does not foresee this deadline being met as there is still a lot to be done and construction is going slower than expected. Mr. Blackman added that although it is going slow, it is going well and he is proud of the work being done. He then outlined the invoice as presented by Allco. A detail of the status report is attached.

Robert Viator interjected that sometimes one can be better off going slower and getting a better job.

Jeff Scogin with Carroll & Blackman briefed the Board on the progress of Contract B – Cloverleaf and Tiger Lake Lift Stations and Force Main Project. He supplied a copy of a construction progress map to aid in visualizing the progress made thus far. He reported that construction started at the Cloverleaf Lift Station and 620' of pipe had been installed by the end of October. They have installed approximately 4600' to date. Jeff explained that the red sections on the map indicate pipe that has been installed and the black sections are bores that have not been installed. He then stated that the subcontractor has begun mobilizing and will begin making bores this week and eventually will be connecting the force main that has already been installed.

Robert Viator stated that he thought that work was to begin with two crews – one crew at Tiger Lake Lift Station and another crew at Cloverleaf Lift Station - working towards each other.

Jeff Scogin replied that currently there is only one crew working.

Toby Davis with Carroll & Blackman Engineers interjected that the plan has always been to begin construction at the Cloverleaf Lift Station in order to get this plant shut down.

Tim Beard stated that there had been some discussion about starting with two crews but he doesn't think there was any commitment made to having two crews.

Toby stated that construction is progressing faster than anticipated.

Billy Perkins inquired as to when the bores would be made underneath the railroad.

Jeff Scogin replied that the contractor has submitted insurance requirements but has not submitted all documents required by the Railroad Company. He further stated that, at this time, he does not know the exact date the boring will begin but is waiting on final approval. He added, in response to a question from Billy Perkins, that tentative approval has already been received from both Railroad Companies (Union Pacific and Kansas City Southern).

Comments followed regarding the construction progress along with commendations regarding the neatness of the construction site.

Jeff Scogin then briefed the Board of Directors on Contract C – Sanitary Sewer Collections System Rehabilitation. He stated that design activities are continuing and that various meetings have taken place with David LeJune, Operations Manager, and David Carpenter, Field Supervisor, regarding existing lines. He added that meetings have also taken place with TxDOT to discuss Hwy. 105 and the plans for evaluating the lines along that highway. He stated that the documentation will have to be submitted to TxDOT for approval before finalizing the design can take place. Mr. Scogin then added that assistance from Orange County Water Control & Improvement District No. 1's employees will be required in order to figure out where the services lines are located along Highway 105.

Jeff Leavins, Engineer with Carroll & Blackman, Inc., presented the Board with an overview of the ground storage tank project @ Well #4. He stated that the contractor, Placo, mobilized on the project site immediately after receiving the Notice to Proceed. Mr. Leavins stated that the contractor has constructed the foundation and has prepped the site for the tank, adding that the next step is the construction of the ground storage tank. He then informed the Board that the tank has been ready for pickup from the fabrication shop since October, however, there was a delay due to scheduling on the contractors part. He stated that deliveries of the bottom section and the first two riser sections on the tank were received last Monday, November 19, 2012 and installation will begin Wednesday, November 28, 2012, on the sections that have been delivered. The rest of the shipment is scheduled to be delivered next Monday and construction will continue as deliveries are made. Jeff then added that the construction is still within contract time and, assuming good weather, the project will be completed within the allotted contract (75 working days). The other items necessary to complete this project are to make the diversion over with piping to the new tank and to make the connections. Placo has already excavated where the two connection points are on site, inspected those connections, and temporarily back-filled the site where the connections have been located. Once the water has been shifted into the new tank, the old tank will be demolished and hauled off. The new tank is scheduled to be on line December 12, 2012. This project will come to a close with the demolition January 2, 2012. The actual contract time ends January 3rd.

Frank Inzer asked for pictures of this project site.

Jeff Leavins stated that he will have pictures available at the next meeting.

There being no further questions/comments, Robert Viator called for a motion concerning the monthly status report as presented by engineers from Carroll & Blackman, Inc.

A motion was made by Frank Inzer and was seconded by Billy Perkins to accept the monthly status report from Carroll & Blackman, Inc. regarding ongoing District projects as presented. (Detailed reports are attached). All Voted Aye.

9. Consideration of approval of Carroll and Blackman, Inc., monthly invoices for District projects as listed:

Invoice #19531 for Wastewater Treatment Plant in the amount of \$7,478.00; Invoice # 19532 for Cloverleaf/Tigerlake Lift station, force main, in the amount of \$14,325.00; Invoice #19533 for Sanitary sewer collection system rehabilitation, in the amount of \$52,026.00; for a **SUBTOTAL OF \$73,829.00** Invoice #19526 for Well #4 repair, in the amount of \$1,263.50; for a **GRAND TOTAL of \$75,092.50.**

A motion was made by Billy Perkins and was seconded by Tim Beard to approve payment of the monthly invoices in the amount of \$75,092.50 as submitted by Carroll & Blackman, Inc. All Voted Aye

10. Consideration of request for payment on Estimate # 24 from Allco, Ltd., in the amount of \$949,338.65, for Construction Contract TWDB No. 72129-SRF-3358-02 – Waste Water Treatment Plant.

A motion was made by Tim Beard and was seconded by Frank Inzer to approve payment of Estimate #24 in the amount of \$949,338.65 as presented by Allco, Ltd. for Construction Contract A - TWDB No. 72129-SRF-3358-02 - Wastewater Treatment Plant. All Voted Aye.

11. Consideration of request for payment on Estimate # 1 from Allco, Ltd., in the amount of \$606,022.73, for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract B, Cloverleaf & Tiger Lake Lift Stations and Force Mains.

A motion was made by Frank Inzer and was seconded by Billy Perkins to approve payment of Estimate #1 in the amount of \$545,420.46 as presented by Allco, Ltd. for Construction Contract B – TWDB No. 72129-SRF-3358-02 – Cloverleaf & Tiger Lake Lift Stations and Force Mains. All Voted Aye.

12. Consideration of Arceneaux & Gates Consulting Engineers, Inc. monthly status Report on water well project

Calvin Prosen with Arceneaux & Gates Engineers, Inc. presented the monthly status report regarding the Well #7 project. He informed the Board that the main topic items are on the design phase. He then stated that two contracts are set to go out for bid. Notice to Bidders for Contract 2, which is the water well and production facility, and for Contract 3, which is the elevated storage tank, advertised on November 15, November 22, and will advertise for the third time on November 29, 2012. A mandatory pre-bid meeting will be held on December 4, 2012 for both Contracts and bids will be received and opened on December 11, 2012. Calvin stated that, in addition to the advertising for bids, he has also emailed the notice to all water well drillers on his plan-holder's list. He further stated that there are two to three well drillers here in Vidor, Texas that has received the email as well as J & S Well Drillers, Russell, and Layne, Texas. Regarding the elevated storage tank, Calvin reported that there are five tank manufacturers that have been sent the notice to bidders. He concluded by stating that he will also call all contractors that he anticipates will submit bids.

Norman Blackman asked Calvin if he is suspecting that a general contractor will submit the bid and a subcontractor will be the water well driller.

Calvin Responded that is what he anticipates will happen.

Robert Viator then asked if, it turns out that this new well is not productive, does the District still plan to erect an elevated storage tank.

Calvin Prosen responded that an elevated storage tank is a necessity as the District is deficient in elevated storage tank capacity.

Norman Blackman inquired as to whether or not the Board would be taking action at the December 17, 2012 meeting regarding the bids scheduled to be received on December 11, 2012.

Calvin Prosen stated that the above scenario was correct.

Calvin then asked the General Manager if she has had the opportunity to review the plans on Contract No. 5 that he had submitted. He stated that these plans need to be submitted to TCEQ for approval and the District's review of the plans is the only delay in the submittal. Calvin also stated that he has spoken with Jose Castillo of TCEQ regarding an expedited review of the plans. He was informed by Mr. Castillo that an expedited review should be no problem.

Norman Blackman responded that these plans have not been reviewed but a review will be made as soon as possible.

Mr. Prosen then reported that Contract 4, Water Line Extension Project, is 55% complete including this pay request with only 32% of the contract time used. He then stated that these contractors have been making great progress.

Robert Viator commended the contractor regarding the neatest in which they are keeping the construction site.

Frank Inzer asked Calvin if he could provide the Board with a map of the water line construction project.

Calvin responded that he would have a map for the Board's review.

Mr. Prosen then summed up the status report on Contract No. 4 by informing the Board that approximately 10,360 linear feet has been installed as of Tuesday, November 22, 2012.

There being no further comments/questions, Robert Viator called for a motion regarding Arceneaux & Gates Consulting Engineers, Inc. status report.

A motion was made by Tim Beard and was seconded by Frank Inzer to accept Arceneaux and Gates Consulting Engineers, Inc. monthly status report as presented by Calvin Prosen. All Voted Aye.

13. Consideration of Arceneaux & Gates Consulting Engineers, Inc. monthly invoices: Invoice #13702, in the amount of \$14,575.00, and Invoice #13703, in the amount of \$22,250.00, for Water Well #7 Project, for a total of \$36,825.00.

A motion was made by Billy Perkins and was seconded by Frank Inzer to approve payment of the monthly invoices in the amount of \$36,825.00. All Voted Aye.

14. Consideration of Pay Estimate No.3 for Water Line Extension, Contract 4, in the amount of \$147,299.69, to Placo, Ltd.

A motion was made by Frank Inzer and was seconded by Billy Perkins to approve pay Estimate No. 3 to Placo, Ltd. in the amount of \$147,299.69 for Contract 4 - Water Line Extension Project. All Voted Aye.

15. Consideration of authorizing the General Manager's completion and filing of a form and letter with the Comptroller of Public Accounts detailing and claiming the Water District's legal authority to exercise the power of eminent domain to retain such statutory power and authority.

A motion was made by Frank Inzer and was seconded by Tim Beard to authorize the General Manager to complete and file the form and letter as prescribed by the Comptroller of Public Accounts detailing and claiming Orange County Water Control & Improvement District No. 1's legal authority to exercise the power of eminent domain and to retain such statutory power and authority. All Voted Aye.

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

- a. Troy McLeod and wife, Denise McLeod, concerning the South 29.7 feet of Lot 11 and the North 61.3 feet of Lot 12, Block No. 2, Brook Hollow Subdivision, Section One, at 4540 Meadowbrook Drive, Vidor, Texas.
- b. Llewellyn Emma LeDoux, a feme sole, concerning Lot 2, Block 1, Brook Hollow Section One, at 4565 Brookhollow Street, Vidor, Texas.
- c. Albert Alan Martin and wife, Susan E. Martin, concerning Lot 4 and a portion of Lot 5, Block 2, Colonial Lane Estates, at 590 Concord, Vidor, Texas.
- d. Richard Woodard, not joined by his wife because the property is not their homestead and is titled in his name only, being a portion of Lots 5, 6, and 7, Block 2, Colonial Lane Estates Units #1, described by metes and bounds in three tracts, at 570 Concord, Vidor, Texas.

Larry Hunter, Attorney, briefed the Board on petitions received from landowners requesting to be petitioned into the boundaries of Orange County Water Control & Improvement District No. 1.

A motion was made by Tim Beard and was seconded by Frank Inzer to approve petitions and orders to add land to Orange County Water Control & Improvement District No. 1 as follows:

1. Troy McLeod and wife, Denise McLeod, concerning the South 29.7 feet of Lot 11 and the North 61.3 feet of Lot 12, Block No. 2, Brook Hollow Subdivision, Section One, at 4540 Meadowbrook Drive, Vidor, Texas.
2. Llewellyn Emma LeDoux, a feme sole, concerning Lot 2, Block 1, Brook Hollow Subdivision, Section One, at 4565 Brookhollow Street, Vidor, Texas.
3. Albert Alan Martin and wife, Susan E. Martin, concerning Lot 4 and a portion of Lot 5, Block 2, Colonial Lane Estates, at 590 Concord, Vidor, Texas.

- Richard Woodard, not joined by his wife because the property is not their homestead and is titled in his name only, being a portion of Lots 5, 6, and 7, Block 2, Colonial Lane Estates Unit #1, described by metes and bounds in three tracts, at 570 Concord, Vidor, Texas.

All Voted Aye.

17. Adjournment

A motion was made by Billy Perkins and was seconded by Tim Beard to adjourn the Board meeting at 7:30 p.m.



Robert Viator, President



Tim Beard, Secretary