



Meeting Minutes

May 19, 2014– 5:30 pm

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

Robert ViatorPresident
Frank Inzer..... Vice-President
Tim Beard Secretary
Percy Foreman..... Director
Trey Haney Director

Norman Blackman General Manager
David LeJune Operations Manager
Karen Sampson..... Office Manager
Chris Serres..... Financial Director

Others present: Billy Perkins, Outgoing Board Member, Larry Hunter, Provost Umphrey Law Firm; Toby Davis & Jeff Scogin, Carroll & Blackman Consulting Engineers, Inc.; Calvin Prosen Arceneaux & Gates Consulting Engineers, Inc.

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

Robert Viator called the meeting to order with a quorum present at 5:45 P.M.

INVOCATION & PLEDGE OF ALLEGIANCE

Mr. Beard offered the invocation and Mr. Perkins led the pledges.

MEETING AGENDA

- 1. Execution and filing of Statement of Elected Officers by unopposed Directors elected to office.**

Mr. Viator read the agenda item.

The newly Elected Officers by unopposed Directors elected to office, signed the Statement of Elected Officers by unopposed Directors.

**A motion was made by Mr. Perkins and seconded by Mr. Inzer to approve this filing. Motion carried.
See attachment.**

- 2. Oath of Office by Robert Viator, Don Timothy Beard and Trey Daniel Haney as unopposed elected Directors of the District.**

Mr. Viator read the agenda item.

Mr. Hunter administered the oaths of office, to the newly elected Directors, Robert Viator, Don Timothy Beard and Trey Daniel Haney. See attachments.

- 3. Approval and presentation of Certificates of Election to Robert Viator, Don Timothy Beard and Trey Daniel Haney.**

Mr. Viator read the agenda item.

Motion by Mr. Inzer and seconded by Mr. Foreman to approve presentation of Certificates of Election to Robert Viator, Don Timothy Beard and Trey Daniel Haney. Motion carried. See attachment.

- 4. Election of officers of the Board of Directors of Orange County Water Control & Improvement District No. 1.**

Mr. Viator read the agenda item.

A motion was made by Mr. Beard and seconded by Mr. Inzer to nominate Mr. Viator for President, Mr. Inzer for Vice-President and Mr. Beard for Secretary.

Mr. Viator asked of Mr. Haney and Mr. Foreman if there was any opposition to the motion on the floor, both answered "no opposition".

Motion carried.

- 5. Citizens comment.
Mr. Viator read the agenda item.
No citizens attending.**

- 6. Consideration and possible action regarding Carroll & Blackman, Inc.'s Monthly Status Report concerning ongoing District projects.**

Mr. Viator read the agenda item.

Jeff Scogin presented the report regarding Contract A, the contractor is working on punch list items, the entrance road and the entrance sign. Contract B, Contractors have started demolish at the Tiger Lake Treatment Plant, they have continued to work on the electrical at both Cloverleaf and Texas Street lift stations. Progress maps, regarding Contract C, were presented to the Board. Mr. Scogin asked for questions of the Board. He commented that Wexford Park was almost completed. Mr. Viator asked for a status report regarding the pipeline encountered at N. Tannahill Street. Mr. Scogin reported that the contractor is still negotiating with the pipeline representatives as to what alternatives can be considered. Our sewer line is too close to the pipeline to effectively pipe burst the existing sewer line. Mr. Viator insisted that Mr. Scogin give him an answer as to what will be done at this site. Mr. Scogin expects that the answer will be to open cut at the pipeline site, which will incur an unexpected cost to the project.

Mr. Viator asked the Board for any further questions, there were none. Mr. Viator stated that he would entertain a motion.

A motion was made by Mr. Inzer and seconded by Mr. Beard to approve Carroll & Blackman, Inc.'s Monthly Status Report concerning ongoing District projects, as presented. Motion carried. See attachment.

7. Consideration and possible action regarding approval of Carroll and Blackman, Inc., monthly invoices for District projects as listed:

Invoice No. 20741 for Contract B – Cloverleaf and Tiger Lake Lift Station/Force Main in the amount of \$2,865.00; Invoice No. 20742 Contract C – Sanitary Sewer Collection System Rehabilitation in the amount of \$26,148.00; Invoice No. 20743 for General Services in the amount of \$1,503.00. This is a Grand Total of \$30,516.00.

Mr. Viator read the agenda item.

Mr. Blackman reported all the work associated with these invoices had been completed.

Mr. Viator called for a motion.

A motion was made by Mr. Inzer and seconded by Mr. Beard to approve the Carroll and Blackman, Inc., monthly invoices, in the amount of \$30,516.00 for District projects, as presented. Motion carried. See attachments.

8. Consideration and possible action on request for payment on Estimate No. 43 from Allco, Ltd., in the amount of \$14,283.10 for

Construction Contract TWDB No. 72129-SRF-3358-02 – Contract A Wastewater Treatment Plant.

Mr. Viator read the agenda item.

Mr. Davis presented the invoices.

Mr. Viator asked the Board to consider agenda items 8 & 9 together in the motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve payment on Estimate No. 43 from Allco, Ltd., in the amount of \$14,283.10 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract A Wastewater Treatment Plant and payment on Estimate No. 19 from Allco, Ltd., in the amount of \$75,635.09 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract B - Cloverleaf & Tiger Lake Lift Stations and Force Mains, as presented. Motion carried. See attachments.

- 9. Consideration of and possible action regarding request for payment on Estimate No. 19 from Allco, Ltd., in the amount of \$75,635.09 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract B - Cloverleaf & Tiger Lake Lift Stations and Force Mains.**

Mr. Viator read the agenda item.

Mr. Scogin presented this invoice.

See Agenda item 8 for motion.

- 10. Consideration of and possible action regarding Change Order No. 1 for Contract C – Sanitary Sewer Rehabilitation Project in the amount of an \$8,200.00 to provide an additional pay item for unanticipated elements of work. This change, will likely result in a reduction of the overall contract cost.**

Mr. Viator read the agenda item.

Mr. Scogin presented the change order. Some of the long side services in Wexford Park were connected with a wye to serve two houses. The savings will be seen on the end of the project, when the quantity of long side services will be less. This scenario was not foreseen, so we needed a pay item to address the long side wye.

Mr. Viator called for a motion.

A motion was made by Mr. Haney and seconded by Mr. Inzer to approve the Change Order No. 1 for Contract C – Sanitary Sewer Rehabilitation Project in the amount of an \$8,200.00 to provide an additional pay item for unanticipated elements of work, as presented. Motion carried. See attachment.

- 11. Consideration of and possible action regarding request for payment on Estimate No. 8 from T. Construction LLC. in the amount of \$233,919.40 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract C – Sanitary Sewer Rehabilitation Project.**

Mr. Viator read the agenda item.

Mr. Scogin presented the invoice. Mr. Haney asked for clarification on the line item for mobilization. Mr. Scogin explained that this is for the moving of equipment, along with bonding and insurance costs to the contractor.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator asked for a motion.

A motion was made by Mr. Inzer and seconded by Mr. Haney to approve payment on Estimate No. 8 from T. Construction LLC. in the amount of \$233,919.40 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract C – Sanitary Sewer Rehabilitation Project, as presented. Motion carried. See attachment.

- 12. Consideration of and possible action regarding Arceneaux & Gates Consulting Engineers, Inc. Monthly Status Report on Water Well, Elevated Tank, and Transmission Lines Projects.**

Mr. Viator read the agenda item.

Mr. Prosen presented the report.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve Arceneaux & Gates Consulting Engineers, Inc. Monthly Status Report on Water Well, Elevated Tank, and Transmission Lines Projects, as presented. Motion carried. See attachment.

- 13. Consideration and possible action regarding Arceneaux & Gates Consulting Engineers, Inc. monthly invoices: Invoice No. 14295 in the amount of \$11,140.00 for Water Well No. 7 Project.**

Mr. Viator read the agenda item.

Mr. Blackman recommended payment of invoice. Mr. Haney asked for clarification of O & M manual. Mr. Blackman explained this is an Operations and Maintenance Manual required for all construction.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Inzer and seconded by Mr. Haney to approve Arceneaux & Gates Consulting Engineers, Inc. monthly

invoices: Invoice No. 14295 in the amount of \$11,140.00 for Water Well No. 7 Project, as presented . Motion carried. See attachment.

- 14. Consideration and possible action on Change Order No. 3 for Contract No. 2 - Water Well No. 7 and Production Facilities, in the amount of a \$2,852.28 increase.**

Mr. Viator read the agenda item.

Mr. Prosen presented the change order. There is a change in the pipe supports to a different location, as Mr. LeJune requested. There was a modification to relocate. The other cost includes the boxes required for draining the well site location. Mr. Blackman approved and recommended the change order.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Haney and seconded by Mr. Beard to approve Change Order No. 3 for Contract No. 2 - Water Well No. 7 and Production Facilities, in the amount of a \$2,852.28 increase, as presented. Motion carried. See attachment.

- 15. Consideration and possible action on request for payment of Estimate No. 13 for Contract No. 2 - Water Well No. 7 in the amount of \$109,533.73 to T. Johnson Industries, Inc.**

Mr. Viator read the agenda item.

Mr. Prosen presented this invoice. This is for work completed on the project.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve the request for payment of Estimate No. 13 for Contract No. 2 - Water Well No. 7 in the amount of \$109,533.73 to T. Johnson Industries, Inc., as presented. Motion carried. See attachment.

- 16. Consideration and possible action on project close out documents, project acceptance, and release of retainage for Contract No. 2 - Water Well No. 7 including approval of Payment Request 14 and Final to T. Johnson Industries, Inc. in the amount of \$163,625.00.**

Mr. Viator read the agenda item.

Mr. Prosen

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve project close out documents, project acceptance. The Board has agreed to reduce the retainage amount from 10% to 5% for Contract No. 2 – Water Well No. 7, which will change the amount of Payment Request 14 and Final to \$81,812.50. Motion carried. See attachment.

17. Consideration and possible action on request for payment of Estimate No. 10 for Contract No. 3 – 500,000 gallon Elevated Storage Tank in the amount of \$16,199.10 to Landmark Structures LLP.

Mr. Viator read the agenda item.

Mr. Prosen presented the invoice, this represents the work completed.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion. A motion was made by Mr. Inzer and seconded by Mr. Haney to approve payment of Estimate No. 10 for Contract No. 3 – 500,000 gallon Elevated Storage Tank in the amount of \$16,199.10 to Landmark Structures LLP, as presented. Motion carried. See attachment.

18. Consideration and possible action on request for payment of Estimate No. 11 to reduce retainage to 1% for Contract 3 – 500,000 Gallon Elevated Tank in the amount of \$131,804.91 to Landmark Structures LLP.

Mr. Viator read the agenda item.

Mr. Prosen stated there is still some grade work left to do on the site. The tank has been operational for over since March 28, 2014.

Mr. Hunter recommends reducing the retainage from 10% to 5%.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Haney and seconded by Mr. Beard to approve reducing the retainage from 10% to 5%. Motion carried. See attachment.

19. Consideration and possible action on Change Order No. 1 for Contract No. 5 –Water Line Extensions (FM 1132/Hwy 12), in the amount of (-) \$57,406.05 for the deletion of two bores under pipelines and addition of open-cut pipe laying.

Mr. Viator read the agenda item.

Mr. Viator explained the extenuating circumstances of getting the easements to open cut the water line. Mr. Viator recommended that we approve the change order.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve Change Order No. 1 for Contract No. 5 – Water Line Extensions (FM 1132/Hwy 12), in the amount of (-) \$57,406.05 for the deletion of two bores under pipelines and addition of open-cut pipe laying. Motion carried. See attachment.

20. Consideration and possible action on request for payment of Estimate No. 7 for Contract No. 5 – Water Line Extensions (FM 1132/Hwy 12) in the amount of \$7,839.26 to McInnis Construction.

Mr. Viator read the agenda item.

Mr. Prosen presented this invoice. Mr. Beard asked if the project was on track for the completion date of June 10, 2014. Mr. Prosen's opinion was that it would be very close to that date.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Haney and seconded by Mr. Inzer to approve payment of Estimate No. 7 for Contract No. 5 – Water Line Extensions (FM 1132/Hwy 12) in the amount of \$7,839.26 to McInnis Construction, as presented. Motion carried. See attachment.

21. Consideration and possible action regarding approval/amendments to the minutes of the April 21, 2014 regular meeting.

Mr. Viator read the agenda item.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Inzer and seconded by Mr. Beard to approve the minutes of the April 21, 2014 regular meeting, as presented. Motion carried.

22. Board Members comments.

Mr. Viator read the agenda item.

Mr. Viator polled the Director's, there were no comments.

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

Mr. Viator read the agenda item.

Mr. Blackman reported that he and Mr. Davis at gone to Austin on May 12, 2014 to meet with TCEQ to discuss the enforcement action regarding the effluent discharge violations at the new Oaklane treatment plant facility. He states there is good news and bad news. TCEQ considered not seeking enforcement. We asked for a year's probation. The TCEQ considered this request, but in the end came to the conclusion of a fine was in order. TCEQ's feeling was if they chose not to issue an action, the EPA may take a different view when reviewing the way the situation was handled. It is in the District's best interest to have this matter resolved on the state level, because of the possibility of the EPA possibly invoking a larger fine and the possibility of more EPA stipulations. TCEQ is overlooked by the federal EPA. If TCEQ issues the fine, this will close the book on this enforcement and EPA will not have a reason to explore the matter further.

In completing the larger wastewater facility we have moved from a minor facility to a major facility and the fines increase with that change in status. TCEQ is basing the fine on the status of the District still being considered a minor facility, because the status has not officially been changed with them deeming the District a major facility. They have invoked a fine of \$25,000 compared to the \$75,000 it would have been, had we been categorized as a major facility. The District could do an SEP in lieu of paying the State directly. Mr. Hunter recommended that the Board pay the fine based on the fact that the facility in question has a history with the EPA and we do not want to give the EPA a chance to bring any litigation concerning this matter. Mr. Viator stated that he feels that AEROMOD has some culpability in this matter, by instructing the District to operate the whole plant. When the letter comes in from TCEQ stating the official terms of the enforcement, the Board authorizes Mr. Blackman to pay the fine and have it ratified at the next Board meeting.

Mr. Blackman reported on the status of the GIS project. The District is in the process of processing all the paper data that will integrate with the GIS.

New topics on the General Manager's include a surplus auction.

Purchase of a new mini excavator. The 2 we have currently are both in for repairs. Mr. Blackman would like to have the Board approve purchase of a new mini excavator.

There was an extended discussion of sewer only accounts that are not being paid. Mr. Hunter suggested the office and legal counsel work together to form a policy regarding the sewer only accounts, and have it for the Board's review at the workshop. Mr. Blackman informed the Board that the office staff is currently making payment arrangement with our customers. Mr. Hunter suggested

putting what is being done be written up in policy form and submitted for the Board's review. The Board discussed how to use unspent bond funds. This subject will be added to the workshop agenda. A date and time will be set for a work shop regarding several agenda items.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

Ms. Serres presented the financial reports.

Mr. LeJune presented the field reports.

A motion was made by Mr. Inzer and seconded by Mr. Haney to approve the General Manager's monthly status and financial report, as presented. Motion carried. See attachment.

24. Consideration of approval of the 2014-2015 operating budget.

Mr. Viator read the agenda item.

Mr. Viator complimented Mr. Blackman and Ms. Serres on the presentation of the budget. He stated the budget was easily understood and well done. He and Mr. Beard were very pleased to recommend it to the other Board members.

Mr. Blackman briefly presented the budget brochure for the whole Board pointing out that the total amount of the budget is \$4,090,800.00.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Inzer to approve the 2014-2015 operating budget, in the amount of \$4,090,800.00, as recommended by the budget committee. Motion carried. See attachment.

25. Consideration of Charles E. Reed & Associates, P.C. Initial Communication with Engagement Letter.

Mr. Viator read the agenda item.

Mr. Viator asked for a clarification on the cost of the audit. Ms. Serres pointed out the annual cost of auditing the District's financials.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion

A motion was made by Mr. Haney and seconded by Mr. Beard to approve Charles E. Reed & Associates, P.C. Initial Communication with Engagement Letter, as presented. Motion carried. See attachment.

26. Consideration of Resolution adopting the District's Long Term Water Conservation Plan and Drought Contingency Plan.

Mr. Viator read the agenda item.

Ms. Serres stated that this has to be adopted every five years.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

A motion was made by Mr. Inzer and seconded by Mr. Haney to approve the Resolution adopting the District's Long Term Water Conservation Plan and Drought Contingency Plan, as presented. Motion carried. See attachment.

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

Mr. Viator read the agenda item.

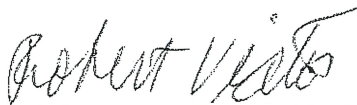
Mr. Inzer asked if the bills were accurate and do we have money to pay them, Ms. Serres assured the Board they were.

Mr. Viator asked for any further questions, the Board had no more questions. Mr. Viator stated he would entertain a motion.

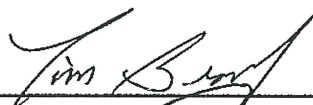
A motion was made by Mr. Inzer and seconded by Mr. Beard to approve payment of the District's monthly bills, as presented. Motion carried. See attachment.

28. Adjournment.

Mr. Viator called for a motion. A motion was made by Mr. Inzer and seconded by Mr. Beard to adjourn the meeting. Motion carried. Meeting adjourned at 8:30 P.M.



Robert Viator, President



Tim Beard, Secretary