

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF THE
WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

March 16, 2017

Present:

Ray Whisenant, Secretary
Fred Goff, Vice President
Bill Goodwin, Assistant Secretary
Don Walden, Assistant Secretary

Staff and Consultants:

Robert Pugh, General Manager
Curtis Wilson, District Engineer
Jennifer Riechers, Agency Program Manager
Keith Parkan, Senior Engineer
Jennifer Smith, Agency Controller
Stefanie Albright (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
George Murfee, (Murfee Engineering Company, Inc.) Agency Engineer
Dennis Lozano (Murfee Engineering Company, Inc.), Agency Engineer
Autumn Phillips (Municipal Accounts & Consulting), Agency Bookkeeper

I. CALL TO ORDER

Director Goff called the meeting to order at 10:03 a.m.

II. ESTABLISH QUORUM

A quorum was established. Director Roberts was absent. Also present were the above-referenced staff and consultants.

III. PUBLIC COMMENT

David Glass addressed the Board. He lives in Spanish Oaks and stated that at one point in time his house had lost water pressure when there were few houses in the neighborhood, and it was recommended that a filter be installed to keep out sand and other debris. Several years ago he decided to use a charcoal filter, but six months ago the filter stopped working 2 weeks after replacement due to sediment. He stated his concern that filters that are supposed to last for months are only lasting for weeks. He stated that he has contacted the PUA with pictures, but there is no clear idea what the cause is and he is looking for a solution.

Scott Ela addressed the Board regarding a request for an agenda item to declare property in Sawyer Ranch as surplus for him to purchase the property. He requested that this be a future agenda item.

Robert Jahne addressed the Board and asked that the PUA look at the accounts receivable policy as bill-pay users with institutions mail checks that can be received after the due date by the PUA. He stated that he had scheduled his bill to be paid on the due date, but he was told the payment was processed by the date it is received and not the postmark. He believes this policy should be changed.

Mike Murphy addressed the Board on his behalf as a former PUA Board member and conveying the Mayor of Bee Cave's comments regarding the General Manager and operations in the last six months of operations. He stated that the Mayor has received no complaints in the last six months, in comparison to the many complaints received before then. He congratulated Mr. Pugh and his staff for bringing operations in-house. He stated that his conversations with developers have shown that relationships with the PUA have improved and the PUA operations are improving as well. He stated that he led the search team for the General Manager and Rob Pugh has his support today as he did when hired, and Mr. Pugh knows how to run a utility. Mr. Murphy requested that the Board let the General Manager run the utility and take a bird's eye view on issues except when necessary.

Carl Lehtonen addressed the Board, stating that he also has a concern with receipt of checks by the PUA. He stated that he just received a bill where the sewer is higher than the water cost, which he does not understand. He would like his account to be looked into. He also stated that he also has a concern about the taste of the water and thinks that the PUA should have better filtration.

IV. CONSENT AGENDA

- A. Approve minutes of February 16, 2017 Board Meeting.**
- B. Approve bookkeepers report, payment of outstanding invoices and other related bookkeeping matters.**
- C. Approve 70% Developer Reimbursement Payment to CCNG in the amount of \$653,263.77 for Spanish Oaks, Section XI, including:**
 - 1. Approve Reimbursement Audit; and**
 - 2. Authorize WTCPUA representative to close on conveyance of utility infrastructure and reimbursement payment, including, a Bill of Sale and other related matters.**
- D. Approve Contractor Pay Requests including:**
 - 1. Pay Application No. 7 for Spillman Pond Liner Project;**
 - 2. Pay Application No. 1 for SH71 1280 Elevated Storage Tank Project;**
 - 3. Pay Application No. 4 for Shops Parkways Utility Relocation Project;**

4. Pay Application No. 5 & Final for Shops Parkway Utility Relocation Project.
- E. Approve Award of Contract for Bohl's-CCNG 12" Gravity Effluent Line Project to Austin Engineering Company, Inc.
- F. Approve Change Order No. 1 for SH 71 1280 Elevated Storage Tank Project.
- G. Approve Change Order Nos. 4, 5, 6 for the Spillman Pond Liner Project.
- H. Approve Service Extension Requests (SERs) for:
 1. Juniper Trace Office Project (Water and Wastewater-4 LUEs)
- I. Approve First Amendment to Non-Standard Service Agreement for Retail Water Service for Lakes Edge.
- J. Approve Annual Reimbursement to Nash Sweetwater, LLC for Lazy Nine MUD 1A.

MOTION: A motion was made by Director Goodwin and seconded by Director Whisenant to approve the consent agenda items as presented, attached as Exhibits A - J.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden
Voting Nay: None
Absent: Director Roberts

MOTION: A motion was made by Director Walden and seconded by Director Whisenant to amend the previous vote to clarify that the 70% reimbursement to CCNG is being paid from existing bond funds.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden
Voting Nay: None
Absent: Director Roberts

Director Walden asked staff if the reimbursements could be paid from existing bond funds, to which Ms. Smith stated that the funds from the 2015 Bond Series are available and will be used to pay the referenced reimbursements. Director Whisenant asked for the justification for payment of these reimbursements, and Ms. Smith stated that she confirmed with the Agency's financial advisor that the PUA could re-prioritize projects and pay from the existing funds.

Director Goodwin asked that Item VII. A. 1 be moved up and taken at the beginning of the meeting.

MOTION: A motion was made by Director Goodwin and seconded by Director Walden to take Item VII. A. I out of order.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: Director Roberts

V. STAFF REPORTS

A. General Manager's Report.

Mr. Pugh presented on this item, provided as **Exhibit K**.

He stated that Trinidad "Trey" Cantu is the new Operations Manager. Staff has continued to work on resolving the AVR transition punch list, and staff should be commended for these efforts. Meetings are continuing with developers to coordinate payment of reimbursements.

Mr. Pugh is working with David Klein on an interconnect agreement with the City of Austin. Director Walden stated that he would like to have this by summer, and Mr. Pugh stated he would like to get this agreement as quickly as possible. Discussion ensued regarding the physical aspects of the interconnect, and Director Walden recommended that plans be prepared and provided to the City of Austin for review and reaching a conclusion. Mr. Murfee addressed the Board stating that the place for the interconnect would be at the old Hill Country Water System facilities. He stated that this interconnect will necessitate that this pump station be used with some frequency to enable the interconnect to be ready to go, which details additional negotiation. He stated that there are some concerns from the City of Austin that need to be worked out. Director Walden stated that it might be beneficial for PUA engineers to meet with Austin engineering staff to determine how the interconnect will work once the legal issues are worked out. Mr. Wilson stated that the City of Austin was one of the best partners in the raw waterline break situation and even sent crews to the pump station to activate the interconnect. Director Whisenant stated that he would volunteer to work on a committee as a Board member to bring this interconnect to fruition. Director Goodwin asked that this be an agenda item at the next meeting.

Mr. Pugh stated that an employment agreement was signed with Lloyd Gosselink to provide services relating to the 85th Legislative Session legislation that could impact the PUA.

Mr. Pugh stated that an inquiry had been received regarding turbidity, and stated that iron and manganese tests showed that the PUA's water is well within the applicable standard. He stated that today staff is taking a sample from the customer, and will do the same test on the other

complaints and results are expected in two weeks. Mr. Wilson stated that while this testing is going on, staff is putting together a more formal flushing program.

Mr. Pugh stated that the Severn Trent litigation settlement agreement had been signed and the escrowed amounts of approximately \$597,000 would be released.

Mr. Pugh stated that for the first four months of the fiscal year, legal fees are \$42,000 below budget for litigation and \$18,000 below budget for general counsel services.

Mr. Pugh stated that the Spillman pond liner was beginning to be replaced and it was anticipated that it would be completed by March. He commended staff and the relationships with the golf courses for ensuring this project was successful so far.

B. Controller's Report.

Ms. Smith presented on this item, provided as Exhibit L.

Director Walden asked if Ms. Smith could make notation in future reports on amounts that are being held in escrow, as well as money that is expected to be coming in.

Director Walden asked about the schedule for transitioning bookkeeping services in-house. Ms. Smith stated that the revenue side of accounting has been taken in-house at this point. The next step is payables, which will occur very soon.

Ms. Smith confirmed that bookkeeping was over-budget, but this is because it was anticipated that these services would be brought in-house at this point.

Ms. Smith stated that a new system had been rolled out March 1, 2017 to work with banks to eliminate paper checks from customer's who utilize bill pay through online banking.

C. Engineer's Report

1. Capital Improvements Plan Update.

Mr. Wilson presented on this item, provided as Exhibit M.

2. Operations Report.

Mr. Wilson presented on this item, provided as Exhibit N. He stated that Mr. Cantu is taking over operations as Operations Manager. Mr. Cantu addressed the Board and stated that the facilities are well-maintained and staff is very knowledgeable. He gave a background on his experience in operations and the utility industry. Mr. Cantu stated that he put together the operations report in the packet, and stated that there are some programs being initiated to assist with inventory and operations.

Mr. Wilson stated that Mr. Parkan has been working on upgrading the SCADA system. Mr. Parkan stated that five of the lift stations are operational with the new system and 30% of the pump stations are on the new system.

D. Legislative Update, including:

- 1. Special Utility District (SUD) bill and map overlay of PUA service/CIP area.**
- 2. Groundwater Conservation District bill.**

Ms. Albright provided a report on this item, stating that House Bill 1523 and House Bill 922, as proposed by Representative Workman has been filed in the current legislative session. Mr. Lozano provided a map showing the overlay of the PUA's service area and the potential SUD and groundwater district. Discussion ensued about the potential impact to current and future PUA customers. Ms. Albright stated that her firm would continue to track these bills and would notify the PUA if any significant action occurs.

VI. OLD BUSINESS

Executive Session:

Director Goff announced that the Board would go into executive session at 1:32 p.m. pursuant to Texas Government Code § 551.071 – Consultation with Attorney to address the following matters:

Item VI. A (1-3) and E

And under Texas Government Code § 551.074 – Personnel Matters to address the following item:

Item VI. E

Director Goff announced that the Board would go back into open session at 4:37 p.m. and that no action was taken in executive session.

A. Discuss, consider and take action regarding pending and/or anticipated litigation, including:

- 1. Cause No. D-1-GN-16-000538; *Travis County Municipal Utility District No. 12 vs. Public Utility Commission of Texas* in the 250th District Court of Travis County, Texas**

This item was discussed in Executive Session.

2. *Travis County Municipal Utility District No. 12 v. West Travis County Public Utility Agency; in the 201st Judicial District Court, Travis County, Texas; Cause No. D-1-GN-16-002274*

This item was discussed in Executive Session.

3. *CCNG Development Co., L.P. v West Travis County Public Utility Agency and Lower Colorado River Authority; in the 345th Judicial District Court, Travis County, Texas; Cause No. D-1-GN-14-000163*

This item was discussed in Executive Session.

MOTION: A motion was made by Director Goodwin and seconded by Director Walden to authorize the General Manager and consultants to finalize and execute all documents relating to the payment to CCNG for Section XI.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: Director Roberts

B. Discuss, consider and take action on maintenance, repair and expansion of raw water pump station.

Mr. Lozano presented on this item, provided as Exhibit O. He stated that staff and consultants are working with Smith Pump in executing the previously approved work order to give the PUA three new pumps at the raw water intake.

MOTION: A motion was made by Director Whisenant and seconded by Director Walden to approve a work order from Smith Pump for \$60,000 to repair Raw Water Pump 1.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: Director Roberts

Mr. Wilson stated that staff is investigating and implementing an external seal on each pump that can be bolted to the pump and move the wear service in order to assist in leakage on the pumps.

C. Discuss, consider and take action on order appointing one new member to the Impact Fee Advisory Committee.

No action was taken on this item. Director Whisenant stated that he did not have anyone to propose at this time.

D. Discuss, consider and take action on pre-treatment surcharges for McDonalds, Inc.

Mr. Parkan requested that the item be postponed to April. Director Whisenant asked that this item be moved up on the April agenda.

E. Discuss, consider and take action on six-month performance review of General Manager.

This item was discussed in executive session. No action was taken on this item. Directors Goff and Goodwin stated that the Board supports the General Manager and expects the General Manager and staff to continue to work together to make PUA operations smooth and efficient.

VII. NEW BUSINESS

**A. Discuss, consider and take action on Service Extension Requests for:
1. Travis County MUD No. 22 (Hatchett Tract) (1137 LUEs).**

This item was taken out of order following the consent agenda.

Director Goff stated that public comments would be taken before staff presentations.

Carol Killebrew addressed the Board and stated that he had spoken regarding this development in 2013. He stated that he opposed this development originally and didn't think that the PUA should spend its capacity on this development, and he is still of this opinion. He thinks the PUA should be using its capacity for existing customer commitments. Originally, the Hatchett Tract was not in the PUA's planning service area, and asked why the PUA has a legal obligation to provide service to this subdivision. He stated that the City of Bee Cave passed a resolution in 2013 opposing this development as well. Mr. Killebrew stated that the Board has a responsibility to take the position of the City into account. He asked that the Board members represent the citizens and not a developer.

Director Goodwin stated that because this is an agenda item, directors can engage in discussions on the item. Director Goodwin clarified a statement of fact that this project has always been within the service area boundaries of the PUA, although it is not in the CCN. Mr. Wilson confirmed that this project is included in the impact fee and retail planning area boundaries.

Director Walden confirmed that this development is in the service area of the PUA, but there are no projects in the CIP to serve this property.

Jim Koerner next addressed the Board, stating he lives in Belvedere and is a member of Hamilton Pool Road Matters. He stated that the community is opposed to this development and the impact it will have on the area, but also concerned about the impact this development will have on existing ratepayers. He stated that on several occasions this developer has come back to the Board with reasons why they should not have to pay contractual obligations, and asked that the Board reconsider additional commitments to this developer. He is concerned that the current ratepayers are going to be left paying off this development, and asked that the Board disapprove the request. Director Goodwin thanked Mr. Koerner for his previous correspondence and stated that he appreciated that it was factually correct.

Hugh Winkler stated that he is not a resident of the utility, but lives on Hamilton Pool Road and will be affected by the development. He stated that his concerns are related to traffic and the environment, and asked that the Board deny the application.

Gene Lowenthal next addressed the Board. He stated that he is speaking for Hamilton Pool Road Matters and is asking that the Board not grant any additional LUEs to this development. This development is outside of the PUA's CCN and the PUA is not obligated to serve this development. He stated that additional service will cost \$8 million dollars of facilities, of which only \$2 million are in the current CIP. He asked that the Board determine that this development is not the best use of PUA resources, and focus resources on development in the CCN. There are many residents who continue to be opposed to the size and density of this project, which he believes is double of any other development on Hamilton Pool Road. He stated that the first phase threatens Little Barton Creek, and he does not want this impact to be doubled. He stated his concern that the Developer objected to including the PUA's water quality measures in the plat.

Peter Golde next addressed the Board and stated that he lives in Belvedere and has been attending the PUA meetings for the last 3 years. He stated that he has been observing how the PUA has surmounted many problems, many inherited from the LCRA. Mr. Golde stated that the Board is not obligated to serve this development, and he does not understand why this request is being considered when the PUA may not be able to serve current commitments. He asked that this application be denied.

Christy Muse addressed the Board, stating that she works for the Shield Ranch which is a large conservation area downstream from the development. She stated that 95% of this land is in permanent conservation, and she is concerned about the environmental and other impacts of this development. She stated that the property drains to Little Barton Creek which runs to Shield Ranch, and that she has significant concerns about the impact of this development.

Jodie Youngblood addressed the Board stating that she lives in Rocky Creek. She stated that as a Rocky Creek resident she pays one of the highest connection fees, and that this subdivision would be the most at risk from this new development if there are any problems with service. She asks that a full risk analysis be conducted within the system, and asks that any costs be borne by the Developer to make any risk management improvements. She also stated that there have been boil water notices in the last two Julys relating to water pressure, and that the Board should consider the impact of this project on the water system.

Mike Murphy addressed this item, stating that he cannot speak in favor of this project. He stated that years have been spent on this project and that the current commitment caps the Hamilton Pool Road Line. He stated that he is unsure that the developer will be able to meet the financial requirements of the first 700 LUEs, and the developer has balked on the existing financial requirements. He recommended that the Board make a firm statement in denying this request for additional capacity.

Curtis Wilson addressed the Board regarding the SER. This request was submitted in September 2016, but has taken time to get back to the Board because of modeling that needed to be done and that staff is currently looking for the Board's direction. He stated that he had provided a memo to the Board detailing the history of the project, as well as what needed to be done for any future capacity commitments. He stated that the Board previously established a 32.5 MGD cap on water capacity, and stated that given current commitments the PUA will be at approximately 29 MGD. He stated that the PUA has the ability to provide additional service in the retail service area, but this development will require a wholesale rebuild of infrastructure to provide water to this development. Mr. Wilson stated that the water quality requirements are a huge commitment by the developer, as well as for staff in review. He also stated that there would be a great deal of staff time in reviewing plans and negotiating a nonstandard service agreement. He asked that Mr. Lozano provide additional information regarding the impact to the system.

Director Walden asked what drove the original design and capacity of the existing Hamilton Pool Road waterline. Mr. Lozano stated primarily the original developer participants who funded the waterline. Director Walden asked whether all residents on Hamilton Pool Road had the opportunity to participate in the cost and obtain capacity in the line, to which Mr. Murfee responded yes. Mr. Murfee also confirmed that the developer of the project at issue declined to participate in this cost-sharing.

Mr. Lozano stated that his task was to determine how it would be possible to serve the development at the capacity requested. He stated that the PUA is still facing the core issue of moving water from the West Bee Cave Pump Station, and the only solution was a new Hamilton Pool Road transmission line. He stated that an additional \$8 million of new capital projects would be the engineering avenue to allow the PUA to provide service in the amount requested to this developer.

Director Goodwin confirmed that the previous 700 LUEs were for 478 acres of land. He asked how many acres the 1,137 LUEs would serve, which staff confirmed is approximately 440 acres. He stated this new request is denser than the previous request. Mr. Wilson confirmed that it was difficult for the developer to meet water quality requirements in the first phase of the development, which is 20% impervious cover. Director Goodwin stated that the PUA environmental requirements were included by Travis County on the developer's plat, and Mr. Wilson stated that this represents coordination with the County and he was pleased to see these provisions included on the plat. Director Goodwin stated that even though Mr. Wilson feels confident that the water quality measures would be enforced, he wondered why the developer would fight including these provisions on the plat.

Director Goodwin confirmed that there would be a great deal of staff and consultant time spent addressing this request. Mr. Wilson stated that the difficulty of the negotiations is staging the costs and the timing of the improvements. He stated that the PUA needs to be in control of the timing of building this infrastructure, and that the timing of securing easements and placing the line could mean that infrastructure projects like the ones needed would have to be commenced years before it is needed. This was where the difficulty was observed with the current capacity allocation to this development, in that the timing that the infrastructure needs to be commenced is well ahead of when the developer may anticipate absorption.

Director Goodwin asked whether staff was currently stretched thin to which Mr. Wilson replied in the affirmative.

Director Whisenant asked whether the parameters of the current request to the previous request for capacity are similar, to which Mr. Lozano stated that the density is different, but this didn't affect the hydraulic modeling. Director Whisenant confirmed that density and water quality impacts were taken into account in the previous request.

Director Goodwin stated that he is an appointee of the City of Bee Cave and the City is strongly opposed to this project. He stated that he cannot support this request, and stated that he approved the service availability letter because in his opinion that was just the starting point and the PUA did have that capacity available. His recommendation to staff is that the PUA stop efforts on this service extension request.

MOTION: A motion was made by Director Goodwin and seconded by Director Walden to deny the service extension request submitted for 1,137 LUEs for Travis County Municipal Utility District No. 22 and ask that PUA Staff cease continued consideration of this project.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goodwin, Goff, and Walden
Voting Nay: None
Absent: Director Roberts

Director Whisenant asked whether the existing request goes beyond the density of the original request, to which Mr. Wilson stated that cannot be determined at this point because additional engineering and information from the developer would be necessary.

Ms. Smith stated that there were concerns last year in collecting reservation fees, but this year reservation fees have been paid as of March 15.

2. LTISD Middle School No. 3 (20 LUEs wastewater).

Director Goodwin left the meeting at 1:04 pm. He returned at 1:07.

MOTION: A motion was made by Director Walden and seconded by Director Whisenant to approve the SER for LTISD Middle School No. 3 for 20 LUEs.

The vote was taken with the following result:

Voting Aye: Directors, Whisenant, Goff, and Walden

Voting Nay: None

Absent: Director Roberts and Goodwin

Rick Wheeler stated his appreciation that the SER was approved. He was concerned with a surcharge of \$230,000 that was included related to capital improvements. He stated that the school district has a large upcoming bond issuance which can be accomplished without a tax increase by the school district. He stated that actions the school district is taking may reduce the need for the surcharge amount, and there had been a proposed counter proposal of \$100,000 for the surcharge. Mr. Wilson stated that the only other SER that had been processed with a school district was with Dripping Springs ISD, and there were no impact fees assessed and no surcharge. However, this LTISD project is in Sweetwater and is not in the PUA's retail service area. He stated that DSISD was in the PUA's impact fee service area. No additional action was taken by the Board.

B. Discuss, consider and take action on proposed date and time for March, 2017 Special Board Meeting to approve WTCPUA Annual Financial Audit by Maxwell, Locke and Ritter, LLP.

Ms. Smith stated that the audit was not ready for this meeting and requested that one be held at 10:00 am on March 29, 2017 at the PUA offices.

VIII. ADJOURNMENT

MOTION: A motion was made by Director Goodwin to adjourn. The motion was seconded by Director Walden.

The vote was taken with the following result:

Voting Aye: Directors Whisenant, Goodwin, Goff and Walden

Voting Nay: None

Absent: Directors Roberts

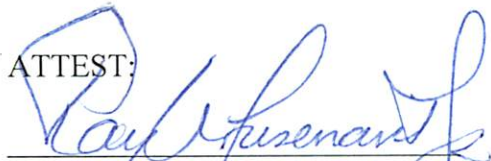
The meeting adjourned at 4:39 p.m.

PASSED AND APPROVED this 20th day of April, 2017.



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors