

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

January 18, 2018

Present:

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

Staff and Consultants:

Robert Pugh, General Manager
Jennifer Riechers, Program Manager
Jennifer Smith, Agency Controller
Keli Kirkley, Agency Accountant
Stefanie Albright, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
David Klein, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
Garry Kimball (Specialized Public Finance), Agency Financial Advisor
Dennis Lozano (Murfee Engineering Company, Inc.), Engineer Consultant
Judith Coker, Agency Engineer
Trey Cantu, Agency Operations Manager

I. CALL TO ORDER

Director Roberts called the meeting to order at 10:00 a.m.

II. ESTABLISH QUORUM

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

III. PUBLIC COMMENT

No public comments were received.

IV. CONSENT AGENDA

A. Approve minutes of December 18, 2017 regular Board Meeting.

- B. Approve payment of outstanding invoices and other related bookkeeping matters.**

Director Walden clarified that of the \$47,000 check for Lloyd Gosselink, \$13,000 is for SER review.

- C. Approve Contractor Pay Requests including:**

- 1. Raw Water Intake Expansion & Rehabilitation Project, Payton Construction, Inc., \$25,926.00.**

- D. Approve Service Extension Requests (SERs) including location maps for:**

- 1. Anthem at Ledgestone Apartments, 67 Water LUEs, 290 System.**

- E. Approve 70% developer reimbursement for Highpointe Section 5.3, \$438,600.04.**

- F. Authorize General Manager up to \$200,000 to expedite purchase and replacement of two pressure control valves for Raw Water Pump Nos. 4 and 5.**

Director Goff asked if this item was already budgeted for and stated that the wording wasn't clear. Mr. Cantu stated that this item needs to be expedited due to necessary replacements and lead time in ordering and it is a budgeted item.

MOTION: A motion was made by Director Roberts to approve F of the Consent Agenda, provided as **Exhibit A**. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

- G. Approve Consent to Assignment of the Wholesale Water Service Agreement with Deer Creek Ranch Water Co., LLC to SJWTX, Inc.**

Director Goodwin asked if this was a true purchase and transfer or a name change, to which Ms. Albright stated that this is a new company purchasing the system. The Board discussed the payment history of Deer Creek and asked PUA staff to convey to SJWTX the concern that the customer's account be current through the process of approval at the PUC.

MOTION: A motion was made by Director Roberts to approve, item G of the Consent Agenda, provided as **Exhibit B**. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

Item IV E was pulled and will not be considered.

MOTION: A motion was made by Director Roberts to approve items A,B,C, and D of the Consent Agenda, provided as Exhibits C-F. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

V. STAFF REPORTS

A. General Manager's Report.

Mr. Pugh presented on this item, provided as Exhibit G. He stated that the TLAP amendment was filed with TCEQ on December 15, 2017.

Mr. Pugh stated that a tank painting program is in place, and one of the ground storage tanks was found with deterioration and will need to be demolished. He stated that Mr. Lozano had been consulted to include this as a component of the Capital Improvements Plan (CIP). Discussion ensued regarding maintenance of the tanks, and Mr. Lozano stated that the tank at issue had some direct plumbing of the supply line planned, but it's not clear if that was actually done. He stated that the maintenance was deferred for some time, including with the previous operator.

Director Walden asked for an elaboration relating to the manhole repair program, to which Mr. Pugh stated that several manholes in Lake Pointe seem to be deteriorating. CP&Y has determined that structural repair is needed for several manholes, and that currently they are looking at a structural liner to minimize cost and disturbance. He stated this process is set to begin in the summer.

Director Goodwin confirmed that the LCRA is considering increasing firm water rates, and asked whether LCRA had given any indication of whether the available water supply was being sold quickly. He asked Mr. Pugh to inquire on this issue at the next meeting with LCRA as the PUA will likely need to purchase more water in the future.

Director Goodwin stated that the PUA receives a lot of high volume complaints and that he does look into some of these complaints. He stated that there had been issues retrieving data logs for some customers, and he had worked with Mr. Pugh and Ms. Riechers to contact local utilities as

to whether they had similar issues. Director Goodwin stated that Lakeway MUD has meters that are all less than 5 years old, whereas the PUA has up to 15-year old meters and the data log retrieval may be an issue with battery power. He stated that Mr. Pugh is putting together a plan to address this issue. Director Goff stated that the meters in his neighborhood are in manholes and it is not always practical for the customer to read the meters.

Mr. Pugh stated that staff is looking at the potential for new office space to incorporate both the Administrative office with the Customer Service office. Director Whisenant stated that the PUA may also want to look into the option of ownership of facilities. Director Roberts asked if any locations had been looked at in Hays County to which Mr. Pugh answered that they had not. Mr. Pugh stated that the leasing price is approximately \$20-\$26 per square foot in Bee Cave. He confirmed that he would be looking for direction from the Board in the coming months, and that approximately 5,000 square feet would be needed, with parking considerations for both staff and for customers.

B. Controller's Report.

Ms. Smith presented this item, provided as Exhibit H, stating that the PUA is on-track with revenue. She stated that there are some items paid early, but all were expected and budgeted expenses.

C. Engineer's Report.

1. Capital Improvements Plan Update.

The engineer's report was provided as Exhibit I. Mr. Lozano gave an update on the permitting process for the Southwest Parkway Pump Station expansion project.

Director Whisenant asked if the ground storage tank can't be built, what other option would be possible? Mr. Lozano stated that this ground storage needs to be built to provide reliable capacity. He stated that if Chapter 245 status was denied by the City of Austin, the PUA will have to go through the full permitting process with the City that may involve more political issues. Director Walden stated that if they get to that process the PUA may want to look for legal assistance.

Director Goff asked for an update regarding Raw Waterline No. 2. Mr. Lozano stated that the clearing won't be able to happen in February before the nesting season as the PUA still needs to get a site development permit from the City of Bee Cave. He stated that there is anticipation of an October 1 construction start date when the warbler nesting season is closed.

Director Goodwin asked about the intermingling of the Backyard and Terrace review, and Ms. Coker stated that those plans had been submitted together. Director Goodwin asked that these be considered as two independent projects as this is how Bee Cave is looking at these projects.

D. Operations Report.

This report was provided by Mr. Cantu, and provided as Exhibit J.

Mr. Cantu stated that the effluent ponds had reached a 75% level and that the golf courses would be notified. He stated that the golf courses had been very cooperative with these requests.

VI. OLD BUSINESS

At 11:06 a.m., Director Roberts announced that the Board would convene in executive session to consult with its attorney under Texas Government Code 551.071 regarding Item VI.A.

At 11:33 a.m., Director Roberts announced that the Board would convene in open session and that no action had been taken in executive session.

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

- 1. *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.

- 2. *William R. Holms v. West Travis County Public Utility Agency; in Travis County Court of Law #2; C-1-CV-17-003601.***

This item was discussed in executive session.

B. Discuss, consider and take action regarding the Series 2013 Bonds refinancing and related matters.

Mr. Kimball presented a summary of the refunding bond issuance and stated that the deal had already closed. He reminded the Board that federal tax legislation would close the window for advanced refunding bonds, and the Board quickly authorized the consultants to proceed with the refunding if it fell within certain parameters. He stated that Standard & Poor gave the PUA an upgraded rating and a positive outlook which will bode well for future issuances. Mr. Kimball stated that when the bonds went to market there was a lot of issuances, but as an A offering with a higher return, the PUA issuance was more than ten times oversold with \$1.5 billion in orders. Originally the savings was estimated at \$9.25 million in debt service reduction, when \$17.4 million was actually realized, with over \$600,000 per year in savings seen over a 30-year period.

Director Roberts thanked staff and Mr. Kimball for the work on this issuance.

C. Discuss, consider and take action on easement for John Carrell Property for 1340 Transmission Main Project.

Mr. Klein presented on this item stating that there has been some progress and a line of communication opened, but no action is needed.

VII. NEW BUSINESS

- A. **Discuss, consider and take action regarding amendment to PUA water service policy to include additional water service area (CCN) to serve the Preserve at Oak Hill.**

Mr. Klein stated that there is a proposal, provided as **Exhibit K**, to slightly expand the service area of the PUA. He stated that the tract at issue is in both the City of Austin and PUA CCN, and the City has agreed to transfer the CCN to the PUA. However, this portion of the land to be transferred is outside of the PUA's designated service area. He stated that the amendment requested is that the water service area include the PUA's CCN, as amended.

Director Goodwin asked if it's necessary to amend the CCN. Mr. Klein stated that this amendment is needed by law as the area at issue is in Austin's CCN, and the PUA can't serve in their CCN.

MOTION: A motion was made by Director Goodwin to approve the amendments to the PUA water service policy, provided as **Exhibit K**. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

VIII. ADJOURNMENT


MOTION: A motion was made by Director Whisenant to adjourn. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

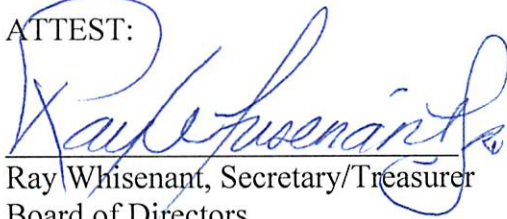
The meeting adjourned at 11:33 a.m.

PASSED AND APPROVED this 15th day of February 2018.

A handwritten signature in black ink, appearing to read "Scott Roberts", written over a horizontal line.

Scott Roberts, President
Board of Directors

ATTEST:

A handwritten signature in blue ink, appearing to read "Ray Whisenant", written over a horizontal line.

Ray Whisenant, Secretary/Treasurer
Board of Directors