

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

September 20, 2018

Present:

Scott Roberts, President
Don Walden, Vice President
Ray Whisenant, Secretary
Bill Goodwin, Assistant Secretary
Eileen Brzoska, Director

Staff and Consultants:

Robert Pugh, General Manager
Jennifer Riechers, Customer Service Manager
Jennifer Smith, Controller
Keli Kirkley, Accountant
Stefanie Albright (Lloyd Gosselink Rochelle & Townsend, P.C.), General Counsel
David Klein (Lloyd Gosselink Rochelle & Townsend, P.C.), General Counsel
Pierce Powers, Engineer
Reuben Ramirez, Engineering Technician
Trey Cantu, Operations Manager
Dennis Lozano (Murfee Engineering), District Engineer

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.

Director Walden arrived at 10:02 a.m.

III. PUBLIC COMMENT

Mr. Roger Hermann addressed the Board about the system used to monitor water usage and asked why the PUA doesn't use "smart" meters to watch consumption in real time. He stated that there are systems to delay irrigation in times of rain to not waste water. He also stated that the wastewater averaging system is during times that aren't typical for irrigation, but for other people that stay home during these time periods and have visitors, results can be skewed.

IV. CONSENT AGENDA

A. Approve minutes of August 16, 2018 regular Board Meeting.

- B. Approve payment of outstanding invoices and other related bookkeeping matters including:**
- 1. HydroPro Solutions, water meter inventory for maintenance replacements, \$172,704.**
 - 2. Municipal Valve and Equipment Co., Inc. control valves for Raw Water Pump Station Pump Nos. 4 and 5, \$116,000.**
- C. Approve Contractor Pay Requests including:**
- 1. Payton Construction, Inc. Pay Request No. 8, \$220,542.50, Raw Water Intake Pump Station Expansion and Rehabilitation.**
 - 2. SJ Louis Construction of Texas, Ltd. Pay Request No. 2, \$20,790, 1340 Transmission Main Project.**
 - 3. CFG Industries, LLC, Pay Request No. 7, \$33,630, Water Tank and Pump Stations Improvements Project.**
 - 4. Landmark Structures I, LP, Pay Request No. 5, \$58,543.75, 1340 Elevated Storage Tank Project.**
- D. Approve Contractor Change Orders including:**
- 1. SJ Construction of Texas, Ltd. Change Order No. 1, \$19,231.66, 1340 Transmission Main Project.**
 - 2. Payton Construction Inc. Change Order No. 3, \$12,200.000, Raw Water Intake Expansion and Rehabilitation.**
- E. Approve License for Limited Use of Easement and Right of Way between WTCPUA and SJWTX, Inc. d/b/a Canyon Lake Water Service Company.**
- F. Approve Service Extension Request for Spillman Tract, 88 Water and 88 Wastewater LUEs, 71 System, including location map.**
- G. Approve Standard WTCPUA Reclaimed Water Use Agreement between WTCPUA and Morningside Residential Condominiums.**
- H. Ratify Consent to Assignment and Assumption of Agreement from RW Trine, LLC to Wooddrift 967, LLC for Rutherford West.**

MOTION: A motion was made by Director Walden to approve the Consent Agenda Items, provided as **Exhibits A- H**. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

V. PUBLIC HEARINGS

A. Conduct a public hearing on amendments to the WTCPUA's land use assumptions, capital improvements plan, and water impact fees, 10:30 a.m.

Director Klein stated that this hearing was called for today at 10:30 a.m. and notice was published and all other legal prerequisites had been satisfied.

Director Roberts opened the public hearing at 10:31 am and stated that speakers had 5 minutes each.

Adrian Overstreet addressed the Board, stating that he is a member of the Impact Fee Advisory Committee ("IFAC"). He stated that the IFAC recommendation is that fees be set at 100%, as stated in the letter from the IFAC provided as **Exhibit I**, and that the recommendations are a decrease from the current rates. He commended the staff and General Manager for the operations savings achieved. Mr. Overstreet stated that the IFAC recommended that the Board review the LUE table. He also stated that the IFAC recommended that the Tariff Impact Fee Table be revised to reference only the Historical Impact Fees and the 2018 Impact Fees to eliminate the reference to fees in between these two amounts.

MOTION: A motion was made by Director Whisenant to close the public hearing at 10:39 a.m. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

B. Conduct a public hearing on amendments to the WTCPUA's land use assumptions, capital improvements plan, and wastewater impact fees, 11:00 a.m.

Director Klein stated that this hearing has been properly noticed and is set to address wastewater impact fees.

Director Roberts opened the public hearing at 11:00 am.

Adrian Overstreet addressed the Board on behalf of the IFAC. He stated that the Board has been provided a copy of the recommendations, provided as **Exhibit I**. He stated that there had been approximately seven meetings throughout the year that were well-attended despite the last meeting having some absences. He stated that the reference to operational efficiencies were to commend staff.

MOTION: A motion was made by Director Roberts to close the public hearing at 11:04 a.m. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

VI. STAFF REPORTS

A. General Manager's Report.

Mr. Pugh presented this item, provided as Exhibit J. He highlighted that the 10a USFWS permit had been granted for the Raw Waterline No. 2 project. Mr. Pugh further stated that the Lake Pointe manhole rehabilitation project had been completed with minimal disruptions for the area. He stated that he personally inspected the Vapex odor control system in Lake Pointe and walked through the area near the wastewater treatment plant and did not detect any odors.

Mr. Pugh commended water staff for their work during the high demands during the summer.

Director Brzoska asked about the Raw Waterline No. 2 project and the HOA. Ms. Albright stated that she, Mr. Pugh and Mr. Lozano had been working with Lake Pointe HOA board members and consultants to provide requested information, and Mr. Lozano had walked the property with the Lake Pointe HOA Board representative.

Director Brzoska asked that staff consider monitoring at a lower level than ppm in Lake Pointe for odor detection, as there can be more human sensitivity than the current level.

Director Walden asked when mitigation credit payments would be due to which Mr. Pugh stated that he anticipated this would be on the October agenda. Director Walden asked about the benefit of pursuing LCRA mitigation credits, to which Director Roberts stated that the plan was to pursue these credits, and then if obtained, the PUA could sell purchased credits.

B. Controller's Report.

Ms. Smith presented this item, provided as Exhibit K. She stated that through August there is an excess of revenue over expenditures and the PUA has met its goal, and there are no significant deviations from the budget.

C. Engineer's Report, including: 1. Capital Improvements Plan Update.

This item was presented as **Exhibit L**. Director Goodwin asked about Raw Waterline No. 2 and confirmed that with this additional line there would be available water to expand water treatment plant capacity.

Director Roberts asked about the Darden Hill Storage Facilities, and Mr. Pugh confirmed that this SER was still in process and the applicant was seeking TCEQ certification for OEMs. In response to a question from Director Roberts, Mr. Pugh stated that an NSSA has to be approved within three months of the service availability letter, and there are other benchmarks through the process that could render an SER as stale.

2. Discussion and possible action regarding Bohl's Floating Solar Array Project.

Mr. Lozano presented this item, provided as **Exhibit M**. He stated that he needs additional guidance regarding the financial input from the PUA. However, the project is feasible. Director Roberts stated that he has looked into this project as well and that because of the evolving technology this would be pursued at a later time.

D. Operations Report.

Mr. Cantu presented this item, provided as **Exhibit N**. Director Walden asked Mr. Cantu to provide a summary of the permit limits for the wastewater treatment plant and how they are actually performing. Mr. Cantu provided an overview of this information and stated that both plants are performing well and under their permit limits.

Director Goodwin flagged a 12 inch waterline break in the Homestead area and asked about the cause. He stated that the cause was unknown, but the repair was made and asphalt applied to the repair site.

Director Goodwin asked about the two open technician positions, to which Mr. Cantu stated that there had been many applicants, but few with the qualifications necessary for the position.

VII. OLD BUSINESS

At 12:28 p.m., Director Roberts announced that the Board would convene in executive session to consult with its attorney under Texas Government Code § 551.071 regarding Items VII A/D/E and under Texas Government Code § 551.074 regarding Items VIII/I VII/F.

At 1:30 p.m., Director Roberts announced that the Board would convene in open session and that no action had been taken in closed session.

Director Whisenant left the meeting at 1:30 pm.

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. **Cause No. D-1-GN-16-0005368; 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.

3. **Second Petition of Travis County Municipal Utility District No. 12 Appealing Drought Surcharge Implemented by West Travis County Public Utility Agency, City of Bee Cave, Texas, Hays County, Texas, and West Travis County Municipal Utility District No. 5.**

This item was discussed in Executive Session.

4. **Williams 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.

5. **John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency; in the 201st Judicial District Court, Travis County, Texas; Cause No. D-1-GN-18-001654.**

This item was discussed in Executive Session.

- B. Discuss, consider and take action on updates to WTCPUA Nonstandard Service Agreement template.**

Ms. Albright presented this item, provided as Exhibit O.

MOTION: A motion was made by Director Walden to approve the updated Nonstandard Service Agreement template. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

C. Discuss, consider and take action on customer late bill payment fees.

Director Walden proposed that monthly water and wastewater bills be due 25 days versus 20 days to encompass mail delays.

MOTION: A motion was made by Director Walden to move the due date to 25 days and to move the disconnect date from 10 days to 15 days. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

D. Discuss, consider and take action on WTCPUA Ethics Policy and Personnel Manual regarding Acceptance of Gifts.

Ms. Albright presented this item, provided as Exhibit P. Director Walden stated that he was unaware that consultants and vendors could purchase gifts or meals for staff in certain circumstances. Director Walden stated that, as referenced in the memo, the proposed policy is more restrictive than current statute, but is not out of sync with the policies other governmental entities are implementing.

MOTION: A motion was made by Director Goodwin to approve the updates to the WTCPUA Ethics Policy and Personnel Manual regarding acceptance of gifts. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

E. Discuss, consider and take action on request from Cypress Ranch Water Control and Improvement District No. 1 for approval to submit a Service Extension Request (SER) for an emergency interconnect to WTCPUA system.

After discussion, the Board authorized initiating conversations to prepare an emergency interconnect agreement with West Cypress Hills, provided that continuous service was not a component of any negotiations. Director Walden recommended engineering and legal consultants to explore the feasibility of an interconnect agreement based on City of Austin interconnect agreement draft, and that staff confirm that the developer would pay for these efforts.

Hank Smith, Engineer for Cypress Ranch WCID No. 1, stated that at this point the district is looking only to exploring the feasibility of an emergency interconnect agreement. Director Goodwin referenced statements from the draft minutes of a Board meeting of Cypress Ranch WCID No. 1 indicating that the District is looking into obtaining additional and continual water source from the PUA. Director Goodwin stated the PUA would not consider an emergency interconnect to be an avenue to provide continual service. Mr. Smith stated that the district system is small, and that the minutes provided by Director Goodwin were in draft form.

MOTION: A motion was made by Director Goodwin to direct staff to explore the legal and engineering feasibility of an emergency interconnect with Cypress Ranch WCID No. 1, provided that this interconnect be consistent with the draft interconnect with the City of Austin, and that legal fees be paid by the developer. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

F. Discuss, consider and take action on annual review of General Manager.

This item was discussed in Executive Session.

VIII. NEW BUSINESS

A. Discuss, consider and take action on order approving amendments to the WTCPUA's Land Use Assumptions and Capital Improvements Plan, and Imposition of Water Impact Fees.

This item was taken up with the public hearings.

Director Walden stated that when he sat on the IFAC, the information provided from 2012-2014 was based on projections, and the PUA was not in a position at that time to direct-fund projects, and had to instead fund projects with debt. The proposed impact fees relate to the PUA's current ability to direct fund projects.

Director Roberts asked why a developer would be required to pay the old rate. Mr. Klein stated that the PUA's policy is clear that impact fee amounts apply based on the time the property at issue is platted. Director Roberts asked in the future if the new impact fee could apply to previously platted projects. Mr. Klein stated that developers could replat lots to pay a lower rate. Director Roberts stated his concerns that someone who platted yesterday could pay the higher rates, whereas someone platting tomorrow would pay the newly adopted impact fee. Mr. Klein stated that Chapter 395 sets out the payment of impact fees based on the timing of platting.

Director Walden stated that the alternative is also true, where a developer could plat the day before higher impact fees are adopted, and then will be paying the lower impact fee, so the platting requirement can work as a benefit as well.

Director Whisenant stated that the PUA has to operate under the same set of rules and that the PUA is following state law in determining how impact fees are set, and that these state laws are also in part based on federal law. Director Whisenant stated that the different committees that have set these rates did so based on the financial capabilities of the utility and out of responsibility to the utility – and not with a profit-based motive.

Director Roberts stated that if the impact fees are lowered, that a copy of Chapter 395 of the Texas Local Government Code be provided to staff should there be any complaints.

In response to a question from Director Roberts, Mr. Klein stated that he is aware of entities that collect 100% impact fees, and that Ms. Heddin had taken necessary information into consideration in her analysis required by Chapter 395.

Director Whisenant stated that if the PUA is lowering impact fees and setting them at 100%, the PUA's rate payers are not funding any costs of growth.

Director Goodwin stated that it was his understanding, in concurrence with Director Roberts' recollection, that it is safer to charge less than 100% of an impact fee. He concurred with Director Whisenant that there is less of a chance of a contest because the fees are proposed to be reduced.

Director Goodwin stated that there are mistakes in the IFAC minutes that need to be corrected. He stated that there is a reference to 2014 that needs to state 2024. He stated that he noticed that only four of the seven members were present at the IFAC meeting and asked how many meetings were held. He stated that the minutes provide an overview of operation improvements and operations cost efficiencies, but the only item in the list that would apply to impact fees would be the bond refunding, and the remaining items would not be applicable to the setting of the impact fees.

Director Klein stated that legally the Board has 30 days from the date of the hearing to make a decision on the impact fees without holding another hearing.

Ms. Heddin provided a presentation, provided as **Exhibit Q** and was available for questions. Director Walden confirmed that growth projections were over a 10 year period. He stated that growth had not met the 2014 projections, and Director Walden confirmed that these were based on the demographic study. Discussion ensued about the growth projections and taking into account SERs and wholesale growth.

Director Goodwin confirmed that lower wastewater use is being observed, and Mr. Lozano confirmed that it is his opinion that this unit usage is lower based on conservation methods.

Director Goodwin asked if Mr. Lozano would in the future recommend dropping the gallons per day allocation to a wastewater LUE, and Mr. Lozano stated that there is a downward trend evidenced, and that in the future he may recommend a change. However, he is not recommending one at this time.

Director Goodwin asked about risks regarding the 100% impact fee, to which Mr. Lozano stated that 100% carries with it a risk in a 10 year planning period and longer growth cycle as these numbers are based on forecasting. He stated that his opinion is that 100% assessments are risky for that reason, and the utility could be required to bear the costs of legal challenges that may impact rates. He recommended that the Board set some amount that is lower than 100% due to this potential risk. In response to a question from Director Goodwin, Ms. Heddin stated that she shares Mr. Lozano's opinion, but that even with a fee lower than 100% there could still be a legal challenge. Ms. Heddin stated that the calculation of impact fees are standard, but the assumptions could vary from different consultants.

Director Walden asked Ms. Smith about the projections related to cash funding, and Ms. Smith stated that there was a maximum of \$20 million per year allowed in the Impact Fee Fund Policy for cash-funding of projects, but there was not a requirement for the percentage of impact fees to be assessed.

Ms. Heddin stated that all future projects are projected to be 100% cash-funded, and that different considerations are made for existing projects.

B. Discuss, consider and take action on order approving amendments to the WTCPUA's Land Use Assumptions and Capital Improvements Plan, and Imposition of Wastewater Impact Fees

Director Roberts asked about the concerns with the LUE table, to which Mr. Overstreet stated that actual use could be different than the projected use. Discussion ensued regarding actual use versus the impact fee table, and Mr. Overstreet stated that for his hotel there was a reduction in impact fees based on actual use. He stated, however, that the table does not reflect the reality of building use. Director Goodwin stated that he didn't believe that Mr. Overstreet is proving the table itself to be wrong, but that it did not accurately apply to his project.

Mr. Lozano addressed the Board, stating that there was a period when the PUA took over the system that large businesses were paying incorrect impact fees. He stated that there was a study and comparisons done to produce the LUE table used. He stated that what he sees go through his water meter is not the same as what needs to go through the wastewater plant and the costs associated with the treatment process that need to be accounted for. He stated that he believed the usage table is a good tool and that he looks at the table regularly from a growth perspective.

Director Whisenant stated that he appreciated the service of anyone serving on a committee like the IFAC. He stated that Mr. Overstreet has brought to the Board opinions that the Board is not familiar with, but the purpose of the IFAC is to represent a cross section of the entities the utility serves, and that Mr. Overstreet represents well the opinion of the commercial developer.

Mr. Lozano provided a summary table of the numbers in the impact fee study and his report, provided as Exhibit S.

MOTION: **(withdrawn)**A motion was made by Director Roberts to adopt impact fees at total allocated to growth, as detailed in the attached Exhibit R, rounded to the nearest dollar. The motion was seconded by Director Whisenant **(withdrawn)**.

After discussion, Director Roberts withdrew his motion and Director Whisenant withdrew his second, as referenced in the original motion.

MOTION: A motion was made by Director Roberts to approve the orders setting water and wastewater impact fees at 90% of the impact fees recommended by Nelisa Heddin Consulting, as provided in Exhibits T and U. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

MOTION: A motion was made by Director Roberts to have the rate effective as September 20, 2018. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

Director Goodwin confirmed that there is no modification made to the historical impact fees.

C. Discuss, consider and take action on Non-Standard Service Agreement with LTISD Middle School No. 3, 20 Wastewater LUEs.

MOTION: A motion was made by Director Goodwin to approve the Non-Standard Service Agreement with LTISD Middle School No, 3 for 20 wastewater LUEs, provided as Exhibit U. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

Rick Wheeler with Malone Wheeler Engineering addressed the Board on this item. He stated that the SER was submitted some time ago and is unplatted property that has not been constructed. LTISD has requested whether there was a methodology available that would allow the new impact fee schedule be used to determine the amount of the surcharge assessed in the NSSA. Director Whisenant stated that the PUA needs to be cautious to avoid setting precedence.

MOTION: A motion was made by Director Goodwin to address the previous approval, withdraw approval of the NSSA and direct Staff to review at a later meeting. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

D. Discuss, consider and take action on Acknowledgement and Release of Reservation Fees and Reimbursement Payments between LSM Ranch, LTD and WTCPUA for Rimrock Development.

MOTION: A motion was made by Director Goodwin to approve the Acknowledgement and Release of Reservation Fees and Reimbursement Payments between LSM Ranch, LTD and WTCPUA for Rimrock Development, provided as **Exhibit V**. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

E. Discuss, consider and take action on Conveyance Agreements to convey facilities to the WTCPUA from the following:

- 1. Headwaters MUD;**
- 2. CND-Sawyer Ranch, LLC for Burba Property; and**
- 3. Sunset Canyon Baptist Church.**

MOTION: A motion was made by Director Whisenant to approve the Conveyance Agreements from Headwaters MUD, CND-Sawyer Ranch, LLC, and Sunset Canyon Baptist Church, provided as Exhibits W-Y. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

F. Discuss, consider and take action on proposal from Dedicated Controls, LLC for general SCADA maintenance and repair services (T. Cantu).

MOTION: A motion was made by Director Goodwin to approve the proposal from Dedicated Controls, LLC for general SCADA maintenance and repair services, provided as Exhibit Z. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

G. Discuss, consider and take action on recommended contract award to RTS Water Solutions, LLC in the amount of \$148,943.06 for Manual Meter Replacement Project.

Director Goodwin confirmed that this is to replace approximately 3,000 (half) of the existing meters with automatic read meters. He stated that this would address the comments made in public comment, and that meter changes all relate to cost.

Mr. Roger Hermann asked if there was any cost comparison made relating to smart meter systems that allows citizens to monitor usage. Director Walden stated that the PUA did review the costs, and Mr. Pugh stated that to have real-time meters, the PUA would have to change not only the meters but would necessitate software acquisition that could impact rates. Director Goodwin stated that homeowners could also add meters downstream of the PUA's meter for data acquisition. Mr. Herman stated that this could have been put out to customers to determine whether they would be willing to pay for this technology. Director Whisenant stated that the meter upgrades are being conducted to provide enhanced readings.

MOTION: A motion was made by Director Goodwin to approve the recommended contract award to RTS Water Solutions, LLC in the amount of \$148,943.06 for Manual Meter Replacement Project. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

- H. Discuss, consider and take action on recommended contract award for the budgeted Uplands Water Treatment Plant/Office Building and High Service Pump Station Renovations and Painting Improvement Project.**
1. Travis Industries, \$449,900 tank and piping improvements.

Scott Wetzel presented on this item, provided as Exhibit AA. Director Walden asked about more detail relating to the rejected bid.

He stated that during the advertising and bidding process, the painting contractors could not conduct the architectural aspect. He stated that he had checked the references provided in the qualification package for the recommended bidder.

Mr. Wetzel stated that the other portion of the project only had one bidder, and that information requested to confirm qualifications had never been provided. He stated that he could not recommend an award for a company that he could not confirm had done the scope of work that the PUA was requesting. Mr. Wetzel stated that this portion of the project would be re-bid and is not as time-critical as the painting portion.

MOTION: A motion was made by Director Walden to recommended contract award for the budgeted Uplands Water Treatment Plant/Office Building and High Service Pump Station Renovations and Painting Improvement Project. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

- I. Discuss, consider and take action on employee annual reviews.**

This item was discussed in Executive Session.

The Board called a special meeting October 2, 2018 at 10:00 a.m. at PUA office to complete staff evaluations.

J. Discuss, consider and take action on FY19 Budget.

Ms. Smith presented on this item, provided as **Exhibit BB**. Discussion ensued regarding growth, and the different assumptions that should be used in the budgeting process versus CIP/LUA. Ms. Smith stated that although there is a general 3.5% increase recommended for the general fund, there are still operational efficiencies in individual line items.

Ms. Smith stated that it is anticipated that there will be a \$15.5 million bond issuance for the final installment payment in 2019 that is taken into account in the Facilities Fund.

Director Walden asked about the Capital Projects Fund and the impact from setting the impact fees at 90%. Ms. Smith stated that \$16.5 million in projects would be cash-funded based on the adopted impact fee.

Regarding the Impact Fee Fund, Ms. Smith stated that revenue for water will go from \$6.8 million to \$6.1 million, wastewater will go from \$3.5 million to \$3.1 million, and the total revenue for this fund will be \$9.7 million. She stated that \$2.3 million will go to the Debt Service Fund, and a transfer of \$16.5 million will be sent to the Capital Projects Fund.

Mr. Pugh confirmed that the last installment payment for LCRA is planned in May 2019, and that this is the only debt anticipated for the next 5 years.

MOTION: A motion was made by Director Goodwin to approve the FY2019 budget with the adjustments to reflect 90% impact fees. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

IX. ADJOURNMENT

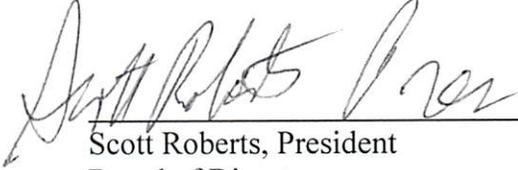
MOTION: A motion was made by Director Roberts to adjourn. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

The meeting adjourned at 1:50 p.m.

PASSED AND APPROVED this ^{10th}0 day of October, 2018.



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors