

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

June 15, 2017

Present:

Scott Roberts, President
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, Program Manager
Keith Parkan, Senior Engineer
Jennifer Smith, Agency Controller
Stefanie Albright, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
David Klein, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
George Murfee (Murfee Engineering Company, Inc.), Agency Engineer
Keli Kirkley (Municipal Accounts & Consulting), Agency Bookkeeper

I. CALL TO ORDER

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

II. ESTABLISH QUORUM

A quorum was established. All Directors were present except for Director Whisenant. Also present were the above-referenced staff and consultants.

III. PUBLIC COMMENT

No public comment was provided.

IV. CONSENT AGENDA

A. Approve minutes of May 11, 2017 Board Meeting.

Director Walden identified a point on page 3 regarding looping of the systems and stated that the comment that the system would be looped at sometime is speculative at best. Director Roberts stated that the comment should be struck.

MOTION: A motion was made by Director Goff and seconded by Director Roberts to approve the May 11, 2017 Special Board Meeting Minutes, as amended, provided as **Exhibit A.**

The vote was taken with the following result:

Voting Aye: Directors Roberts, Goff, and Walden

Voting Nay: Director Goodwin

Absent: Director Whisenant

B. Approve minutes of May 18, 2017 Board Meeting.

MOTION: A motion was made by Director Goodwin and seconded by Director Goff to approve the May 18, 2017 Board Meeting Minutes, provided as **Exhibit B.**

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

C. Approve bookkeepers report, payment of outstanding invoices and other related bookkeeping matters.

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the bookkeeper's report, provided as **Exhibit C.**

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

D. Approve Contractor Pay Requests including:

1. Pay Application No. 14 for SH71 1280 Elevated Storage Tank Project.
2. Pay Application No. 1 for Crystal Mountain EST Service Area Control Valve.
3. Pay Application No. 10 and Final for SH 71 West 20" Transmission Main
4. Pay Application No. 10 for Spillman Pond Liner Project.

Director Goodwin confirmed that Pay Application No. 10 for the 20" transmission line was the final payment, and acknowledged that SJ Louis did a great job with the project as confirmed by staff.

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the Contractor Pay Requests Items D.1-4, provided as Exhibit D.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

E. Approve Contractor Change Order Request including:

1. Change Order No 1 for SH71 1280 Elevated Storage Tank Project.

MOTION: A motion was made by Director Roberts and seconded by Director Goodwin to approve Change Order No 1 for SH71 1280 Elevated Storage Tank Project, provided as Exhibit E.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

F. Approve Murfee Engineering Work Authorizations for:

1. Raw Water Line Air Release Valve Vent Detail (\$2,507.00).

2. Raw Water Line No. 2 Design, Permitting & Construction Administration (Approved CIP Project, \$350,708.00).

Director Goodwin asked about the air release valve and confirmed that this is near where the previous break occurred. Director Walden stated that he liked how the Raw Water Line No. 2 design proposal was broken down by task and asked that the invoices be submitted the same.

Director Goodwin also addressed Item 2 and stated that to date there has been spent almost \$500,000 on the project, most of which has gone to procuring a permit from USFWS.

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve Murfee Engineering Work Authorization for the Raw Water Line Air Release Valve Vent Detail, provided as Exhibit F.

The vote was taken with the following result:

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

Director Roberts stated that Item IV. F. 2 would be taken up on another agenda item.

G. Approve Service Extension Request (SER) for:
1. City of Dripping Springs, 50 LUEs (water only).

Mr. Wilson stated that the Board previously approved an SER for 300 LUEs, and the City of Dripping Springs is now asking for additional service for a total amount of 350 LUEs related to this previously submitted SER.

MOTION: A motion was made by Director Goodwin and seconded by Director Walden to approve the service extension request for City of Dripping Springs for an additional 50 LUEs, provided as **Exhibit G.**

The vote was taken with the following result:

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

H. Approve Developer Reimbursement to:
1. Reunion Ranch/Taylor Morrison (\$197,076).

MOTION: A motion was made by Director Walden and seconded by Director Roberts to approve developer reimbursement to Reunion Ranch/Taylor Morrison in the amount of \$197,076, as provided in **Exhibit H.**

The vote was taken with the following result:

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

I. Approve Amendment No. 1 to Parten Ranch Non-Standard Service Agreement.

MOTION: A motion was made by Director Goff and seconded by Director Goodwin to approve Amendment No. 1 to Parten Ranch Non-Standard Service Agreement, provided as **Exhibit I.**

The vote was taken with the following result:

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

J. Approve Amendment No. 3 to Wholesale Water Services Agreement for Hays County WCID No. 1.

Director Goodwin asked for clarification on this amendment, to which Mr. Wilson stated that the District has requested an additional point of delivery, and he had recommended that this be included as a contract amendment to ensure that the PUA was keeping track of delivery points through the contract. Mr. Wilson stated that there would be a meter at the delivery point owned by the PUA.

MOTION: A motion was made by Director Goodwin and seconded by Director Walden to approve Amendment No. 3 to Wholesale Water Services Agreement for Hays County WCID No. 1, provided as Exhibit J.

The vote was taken with the following result:

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

K. Approve Amendment No. 2 to Wholesale Water Services Agreement for Lazy Nine Municipal Utility District 1A.

Mr. Wilson stated that this amendment also addressed adding a delivery point to the service contract.

MOTION: A motion was made by Director Walden and seconded by Director Roberts to approve Amendment No. 2 to Wholesale Water Services Agreement for Lazy Nine Municipal Utility District 1A, provided as Exhibit K.

The vote was taken with the following result:

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

L. Approve purchase of replacement vehicles for PUA Operations Fleet through Buy Board approved vendor Caldwell Country and declare replaced vehicles surplus property:

1. **Replace PUA Unit 002, 2000 Ford F450, ¾ ton pickup, 197,300 miles, with 2017 Chevrolet Silverado ¾ Ton Pick-up with utility bed, \$31,975.**
2. **Replace PUA Unit 004, 2002 Chevy 1500 ½ ton pickup, 121,037 miles, with 2017 Chevrolet Silverado ¾ Ton Pick-up with utility bed, \$31,975.**
3. **Replace PUA Unit 005, 2002 Chevy 1500 ½ ton pickup, 117,000 miles, with 2017 Chevrolet Silverado ½ Ton Pick-up, \$23,690.**

MOTION: A motion was made by Director Goff and seconded by Director Roberts to approve replacement vehicles for the PUA Operations Fleet and declare replaced vehicles as surplus.

The vote was taken with the following result:

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

M. Approve Amendment No. 1 to Financial Management Consulting Service Agreement between the WTCPUA and Nelisa Heddin Consulting, LLC.

Director Goodwin confirmed that there is already an agreement with Nelisa Heddin Consulting, and Mr. Pugh stated that this amendment added language providing that the consultant would cooperate in litigation efforts filed against the PUA, including entering into a joint defense agreement. Director Goodwin read the "Litigation Support" section into the record as follows:

"Section 16. Litigation Support. Consultant agrees to cooperate with and render litigation support to PUA in the event(s) that the PUA is involved in a lawsuit, administrative hearing, or other dispute that involves Consultant's cost of service studies, rate designs, budgets, and other services performed by Consultant to the PUA under the Agreement. Such litigation support shall include, but is not limited to, Consultant entering into joint defense agreements with the PUA in such matters."

Mr. Pugh confirmed that the amendment language is acceptable to Ms. Heddin. Director Goodwin stated that this clause was added because Ms. Heddin did not provide support in the litigation matter with a former contract operator, as she was sued as well in the litigation matter. He stated that she was separated from the PUA by the additional lawsuit against her company, and stated that the PUA chose to make her defend herself and Ms. Heddin did not enter into a joint defense agreement on advice of her attorney. He stated that he felt that the clause was punitive.

Director Walden stated that he was not on the Board when the lawsuit commenced, but he worked extensively on the settlement negotiations. He felt that Ms. Heddin was not cooperating with the PUA when trying to determine the analysis conducted by Ms. Heddin relating to

damages. He stated that this work had to be done by the attorneys and staff to confirm the amount of damages due to the previous contractor's oversight and errors. Director Goodwin stated that Ms. Heddin was forced to obtain her own counsel, and she was working under advice from her counsel.

Director Roberts confirmed that this is a one-year contract with a 30-day termination clause.

MOTION: A motion was made by Director Walden and seconded by Director Roberts to approve Amendment No. 1 to Financial Management Consulting Service Agreement between the WTCPUA and Nelisa Heddin Consulting, LLC, provided as Exhibit L.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Goff, and Walden

Voting Nay: Director Goodwin

Absent: Director Whisenant

V. STAFF REPORTS

A. General Manager's Report.

Mr. Pugh presented on this item, provided as Exhibit M. He stated that the raw water pump station maintenance is continuing. He also stated that Keli Kirkley had accepted a staff accountant position to start June 26.

He stated that mandatory watering restrictions for Stage 2 will start July 1, and staff is in the process of distributing notices to customers. Discussion ensued regarding the timing of the restrictions to coincide with warmer temperatures and typically higher use.

Mr. Pugh stated that the minor amendment to the TLAP permit was approved by the TCEQ.

Director Goodwin asked about the operations team meeting, and asked who was on the "team". Mr. Pugh stated that Mr. Parkan, Mr. Wilson and Dennis Lozano typically attended.

Director Goodwin asked about the pretreatment pilot program with Rosie's Tamale House and confirmed with Mr. Parkan that the program was running well.

Regarding a CCNG reuse agreement, the PUA is working with CCNG on their intent to use effluent for common areas. Mr. Pugh stated that CCNG will need to be included on the PUA's 210 permit.

Director Roberts inquired briefly about the check signing policy, and asked that a future agenda item be considered to allow the General Manager to sign more checks in the future.

B. Controller's Report.

Ms. Smith presented on this item, provided as Exhibit N. She stated that the budget is looking good and tracking as planned with revenues slightly higher than anticipated.

C. Engineer's Report

1. Capital Improvements Plan Update.

The CIP update was provided as Exhibit O. Mr. Wilson stated that the beneficial reuse project is planned to be included in the future.

Mr. Wilson stated that on June 2 Falconhead lost water due to a car accident that broke one of the fire hydrants. He stated that an air release valve was stuck open during the process that resulted in the loss of water and pressure. Director Roberts stated that he asked staff to pursue the costs of the event through the insurance of the driver.

The Board next presented a monthly introduction to a PUA staff member. Jennifer Riechers introduced Dianne Rendon, Customer Service Supervisor, and stated that she came over to the PUA from US Water.

a. Raw Water Line No. 2 USFWS Permitting Update & Golden-Cheeked Warbler Conservation Credit Purchase Agreement

Mr. Wilson presented this item and stated that Steve Paulson with ACI Consulting was asked to address the Board to give an update on the project. Mr. Paulson addressed the Board and stated that he is the consultant working on the permitting process with USFWS. He stated that they are close to an agreement with USFWS on the "take" issue and that mitigation required will be 28 acres. He stated that there is an agreement on this mitigation, and the PUA will have a number of options to purchase or address this mitigation through other avenues. He referenced a regional mitigation bank that would provide certainty in ensuring that this mitigation was provided as the PUA moved forward with the project. There is also the possibility of using LCRA's mitigation credits, and this issue has not been worked out with the LCRA at this point.

Director Roberts asked about the Hickory Pass conservation bank and Mr. Paulson stated that there are many mitigation banks that credits may be available, but not every bank would be applicable to the recovery area at issue so the PUA will be limited by this factor. Mr. Paulson stated that the LCRA pledged large tracts for mitigation, and mitigation would be covered for any projects through this dedication. LCRA is a member of the Balcones Partnership and could have accessed these mitigation credits for this project. Director Roberts confirmed that the LCRA agreement does not specifically address certain water projects. Director Goodwin stated that it was a safe assumption that these credits could be used for water projects.

Director Goodwin confirmed that when the LCRA sold the system, there were plans for waterlines, so it would be presumed that there would be some projects needing mitigation and that LCRA would use their mitigation credits. Director Goodwin asked if mitigation is always

required, to which Mr. Paulson stated that this is a difficult question relating to the Endangered Species Act and the interpretation of USFWS.

Mr. Paulson stated that “take” under ESA is very nuanced and in a discussion with Director Goodwin stated that USFWS can stop projects not in compliance.

Director Walden asked if the PUA, as part of the agreement with USFWS, would be allowed year-round access for maintenance of the proposed raw waterline, and Mr. Paulson stated that he would confirm that such provisions are included in the agreement. Director Goodwin asked if using LCRA mitigation credits is still an option. Mr. Murfee stated that Commissioner Daugherty is assisting with this effort and that the mitigation of 28 acres has only been agreed upon in June between the PUA and USFWS, so discussions will still be ongoing as a specific number had not been addressed in these conversations. However, it will take several months to reach a resolution.

In response to a question from Director Goodwin, Mr. Murfee stated that there may be other projects in the future that need mitigation, and purchasing credits for the raw waterline project wouldn’t preclude using these LCRA credits in the future.

Mr. Paulson stated that a permit can be amended in the future to use LCRA mitigation credits versus bank credits if the timing is appropriate. Then the PUA can determine whether it would like to resell the purchased mitigation credits.

Mr. Paulson stated that there have been some delays in permitting on the federal level that may be experienced, and it could be later in the fall before a permit is obtained.

Director Roberts asked about the design contract, and Mr. Murfee confirmed that it would take 9 months for the design, permitting and construction administration process.

MOTION: A motion was made by Director Roberts and seconded by Director Goodwin to approve the agreement to purchase mitigation credits (**Exhibit P**) and Approve Raw Water Line No. 2 Design, Permitting & Construction Administration (**Exhibit Q**) (Item IV.F.2).

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

Director Goodwin asked if Murfee Engineering would start immediately, to which Mr. Murfee stated that surveying for the raw waterline was finishing and then the work order would be implemented shortly thereafter.

2. Operations Report.

Trey Cantu provided this report, presented as **Exhibit R**. Director Goodwin asked why the mandatory water restrictions start on July 1. Mr. Cantu stated that Stage 2 occurs with certain triggers, but also allows for triggers associated with weather. Based on historical data, there is a high amount of demand in July and August. Director Goodwin confirmed that this was an operations team determination and discussed the balance between selling water and conservation. Director Walden confirmed that there is a variance process for something like a pool construction that may be ongoing.

D. Legislative Update.

Ms. Albright provided an update on this item, stating that the two pieces of legislation being tracked by the PUA, HB 922 and HB 1523 (and its successor bill) had not passed. In response to a question by Director Goodwin asking whether HB 922 had been included as an amendment to another bill, Ms. Albright responded that her firm was looking at amendments and confirming whether the full language of HB 922 had been included in another bill. She stated that a full update would be provided on the bills passed during session.

VI. OLD BUSINESS

Director Roberts announced that the Board would go into executive session at 11:59 a.m. pursuant to Texas Government Code § 551.071 – Consultation with Attorney for Items VI.A. 2-4.

Director Roberts announced that the Board would go back into open session at 1:04 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***

MOTION: A motion was made by Director Roberts and seconded by Director Goff to move to re-issue PFCS letters given to CCNG making modifications relating to moratorium as discussed in executive session, and draft cover letter to David Porter and signed by Mr. Pugh detailing that the revised letters are provided in exchange for a consent to assignment and dismissal of the lawsuit.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

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

MOTION: A motion was made by Director Roberts and seconded by Director Walden to reject the settlement offer as discussed in executive session.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

B. Discuss, consider and take action on process of amending Impact Fee Study, including Attorney General Opinion.

Mr. Klein addressed this item, stating that he had done research since the last meeting and had determined that the PUA could request an AG opinion on the interpretation of existing law relating to impact fees. He confirmed that the opinion could interpret law, but would not make a determination on circumstances specific to the PUA. Mr. Klein stated that there are only certain individuals that could request opinions, but the best approach would be to speak to Representatives Workman or Isaac or one of the PUA's state senators. The Board requested that Lloyd Gosselink prepare a request to the Attorney General and the Board would reach out to various legislators for assistance making the request.

VII. NEW BUSINESS

A. Discuss, consider and take action on FY 17 budget amendment for reallocation of expenses due to operations transition.

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

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the FY 17 budget amendment for reallocation of expenses due to operations transition.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

B. Discuss, consider and take action on proposed Tariff policy changes:

1. Inflow and Infiltration management and enforcement.

Mr. Pugh presented on this item, provided as Exhibit T. He stated that the previous language did not have specific wording relating to infiltration and staff had determined that these policies would be beneficial.

MOTION: A motion was made by Director Walden and seconded by Director Roberts to approve the Tariff changes related to inflow and infiltration management and enforcement.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

Director Goodwin identified that Item (3) is a replacement to Subsection 2.04(e)(3) and asked how the original item read. Mr. Klein stated that he can provide the redlines, and the language was substantially the same, but read easier to do a full replacement. Director Goodwin confirmed that Section (10) should reference "contaminated" cooling water.

2. Leak Adjustment Policy.

Mr. Pugh presented on this item, provided as Exhibit U. Director Goodwin asked that a redline copy be provided in future policy adjustments to confirm the changes. He also asked if there was any idea how many customers used water softeners, to which Mr. Wilson stated that he could estimate 50% - 75% of customers use them.

Director Goodwin asked about the qualification that the policy does not cover service lines over 500' in length, due to the fact that a recent request arose that involved a line more than 6,000 feet long.

MOTION: A motion was made by Director Roberts and seconded by Director Goodwin to approve changes to the Leak Adjustment Policy, provided as Exhibit U.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

C. Discuss, consider and take action on PUA Safety and Accident Prevention Manual (SAPM).

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the PUA Safety and Accident Prevention Manual, provided as Exhibit V.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

D. Discuss, consider and take action on Study looping 71 and 290 Systems including:

- 1. Impacts on hydraulic efficiencies, CIP program, water delivery to DSWSC and City of Dripping Springs, and potential revenues.**
- 2. Amending CIP program.**

MOTION: A motion was made by Director Roberts and seconded by Director Goodwin to postpone this item until the July Board meeting.

The vote was taken with the following result:

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

Voting Nay: None

Absent: Director Whisenant

VIII. ADJOURNMENT

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

The vote was taken with the following result:

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

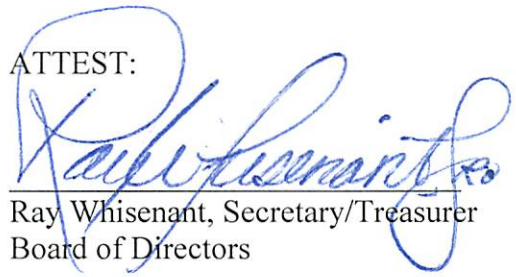
The meeting adjourned at 1:05 p.m.

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



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors