

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

June 18, 2020

The June 18, 2020 Board of Directors meeting was held at 10:00 a.m. on Thursday, June 18, 2020 at Bee Cave City Hall, 4000 Galleria Parkway, Bee Cave, Texas with limited attendance and via conference call in accordance with the Governor's March 16, 2020 proclamation suspending certain open meetings statutes in response to the current COVID-19 pandemic and statewide disaster declaration. In person attendance was limited to 50 percent (50%) of the total listed occupancy of the room capacity. In lieu of attending the meeting in person, the public was provided a toll-free number to call in and participate in the meeting.

Present:

Scott Roberts, President
Walt Smith, Secretary
Jason Bethke, Director
Jack Creveling, Director
Clint Garza, Ex Officio

Staff and Consultants:

Jennifer Riechers, Agency General Manager
Jennifer Smith, Agency Controller
Eric Morgan, Agency Operations Manager
Keli Kirkley, Agency Accountant
Reuben Ramirez, Agency Engineer Technician
Stefanie Albright, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
David Klein, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
Dennis Lozano, (Murfee Engineering Company, Inc.), District Engineer

I. CALL TO ORDER

Director Roberts called the meeting to order at 10:02 a.m.

II. ESTABLISH QUORUM

A quorum was established with the above-referenced Directors, staff, and consultants present in-person and remotely.

I. PUBLIC COMMENT

No public comment on non-agenda items was presented.

II. CONSENT AGENDA

- A. Approve minutes of May 21, 2020 regular Board Meeting.
- B. Approve payment of invoices.
- C. Approve Contractor Pay Requests including:
 - 1. Cash Construction Company, Inc., Pay Application No. 7, \$463,930.65 Raw Water Line No. 2 CIP Project
 - 2. DN Tanks, Inc., Pay Application No. 8 & Final, \$67,492.20 West Bee Cave Pump Station GST No. 2 CIP Project
- D. Approve Utility Conveyance Agreements to convey facilities to the WTCPUA from the following:
 - 1. Signal Hill Commercial Development
 - 2. Bee Cave Professional Park
 - 3. Park at Bee Cave, Phase 5
- E. Consider Service Extension Requests (SER) for:
 - 1. Morgan Tract
- F. Consider Non-Standard Service Agreements (NSSA) for:
 - 2. Morgan Tract
- G. Approve 6th Amendment to the City of Dripping Springs Water Services Agreement to increase the number of years allowed for irrigation with potable water.
- H. Approve Developer Reimbursement in the amount of \$27,966 payable to International Bank of Commerce on behalf of HM HighPointe Development, Inc. for Highpointe Phase 2, Section 2B.

MOTION: A motion was made by Director Creveling to approve the Consent Agenda items A-H, provided as Exhibits A-H. The motion was seconded by Director Smith.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

V. OLD BUSINESS

At 11:20 a.m., Director Roberts announced that the Board would convene in executive session to consult with its attorney pursuant to Texas Government Code § 551.071 regarding Items V.A-B, and VI.A, F, H, I, J, and O; pursuant to Texas Government Code § 551.074 to discuss personnel matters on Item VI.I; pursuant to Texas Government Code § 551.072 to discuss real and personal property on Item VI.O.

At 12:56 p.m., Director Roberts announced that the Board would reconvene 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. *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.*
2. *John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency, No. 03-18-00668-CV in the Court of Appeals for the Third District of Texas at Austin.*
3. *John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency, Civil Action No. 1:19-CV-00260 in the United States District Court for the Western District of Texas, Austin Division.*
4. *Masonwood HP, Ltd v. West Travis County Public Utility Agency, in the 345th Judicial District Court, Travis County, Texas; Cause No. D-1-GN-20-002238.*
5. *Weekley Homes LLP v. West Travis County Public Utility Agency, in the 200th Judicial District Court, Travis County, Texas; Cause No. D-1-GN-20-002291.*

This item was discussed in executive session.

B. Discuss, consider and take action regarding Hays WCID 1 Wholesale Contract audit response letter.

This item was discussed in executive session.

VI. NEW BUSINESS

A. Discuss, consider and take action on proposal from Headwaters MUD for amendment to wholesale water contract.

This item was discussed in executive session.

Ms. Riechers presented this item. Headwaters MUD is presenting the idea of amending the wholesale contract with the PUA to encourage effluent irrigation within their district. Their idea is to escrow the connection fees that they pay to connect and they hold those funds and if they can connect to an effluent system that would take them off of the PUA's irrigation demand. Ms.

Riechers stated that the Headwaters representatives contend that this proposal would benefit the PUA because it would result in less irrigation demand.

Director Roberts asked if Headwaters MUD was supposed to disconnect from their treatment plants and connect to the City of Dripping Springs treatment plant.

Director Roberts stated the Board wants the PUA to refer this to the City of Dripping Springs and to bring back their comments.

B. Discuss, consider and take action on approving a resolution requesting the Paying Agent to redeem the \$19,730,000 Series 2015 outstanding bonds when callable.

Ms. Smith presented this item, provided as Exhibit I. She referenced a handout, provided as Exhibit J, regarding proposed debt retirements through 2024. She detailed the applicable funds referenced in the handouts. Ms. Smith laid out the financial plan for retiring debt and managing accounts. She referenced a report from financial advisor, and stated that approval of the resolution would equate to a real time saving of over \$9,000,000.00.

In response to a question from Director Bethke, Ms. Smith stated that assumptions are based on growth anticipated and anticipated rates, using conservative estimates.

Director Creveling asked what balances remained in debt, to which Ms. Smith stated approximately \$207,000,000.00 in principal before this proposal, with the latest maturity date being 2049.

MOTION: A motion was made by Director Smith to approve a resolution requesting the Paying Agent to redeem the \$19,730,000 Series 2015 outstanding bonds when callable. The motion was seconded by Director Roberts.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

C. Discuss, consider and take action on Audit Engagement Letter from Maxwell, Locke and Ritter for FYE 2020.

Ms. Smith presented this item, provided as Exhibit K, she stated that this is the same letter with a slight price increase relating to the billing software changes and recommended approval.

MOTION: A motion was made by Director Robert to approve an audit engagement letter from Maxwell, Locke and Ritter for FYE 2020. The motion was seconded by Director Creveling.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

D. Discuss, consider and take action on SER request from Masonwood Development for Provence, Phase 2 on Hamilton Pool Road.

Mr. Gene Lowenthal addressed the Board, stating that he lives on Crumley Ranch Road and is a member of Hamilton Pool Road Matters (“HPRM”). He stated that the Provence development is required to meet TCEQ Optional Enhanced Measures (“OEMs”) and to meet impervious cover requirements. He stated that a contract is a contract, and the developer agreed to impervious cover limitations. Mr. Lowenthal referred to a handout, provided as **Exhibit L**, that is pulled from the executed NSSA showing how impervious cover would be met. He stated that the assumed impervious cover on small lots is just 2,500 square feet. He followed that in Provence Section 1, you will see sidewalks and larger footprints greater than 2,500 square feet. He stated that this suggests that the development is exceeding 20% impervious cover. In response to OEM compliance, Mr. Lowenthal stated that the developer should have used 3,500 square feet as an assumption. Mr. Lowenthal stated that Provence is not compliant with OEMs, and asked why the PUA is considering a new contract with a developer who is not in compliance with its current contract. He asked that the PUA please reject the request and ensure that the developer is in compliance with the current NSSA.

Mr. Jim Koerner addressed the Board as a PUA customer and on behalf of HPRM. HPRM has been consistently opposed to the Provence Development and the SER currently before the Board. He stated that he understands the difficulties in managing water capacity, and flagged that Provence is not in the PUA’s CCN so there is no requirement to provide service. He stated that in September 2012, a letter was sent to the PUA suggesting that an LCRA agreement entitled Mr. Hatchett to an unlimited amount of LUEs for this project. Mr. Koerner stated Mr. Hatchett was not entitled to an unlimited amount of LUEs, and in fact, his agreement had already expired. Mr. Koerner followed that in 2013, Provence submitted an SER for 1,837 LUEs, and the PUA issued a service availability letter with the following conditions: (1) this was not a firm commitment of capacity as studies needed to be concluded, although Mr. Meredith took this as a firm commitment to the Provence Master Planned Community of Travis County; (2) Masonwood must conform to PUA rules and regulations “as may be amended from time to time”; (3) no requirement to upgrade existing Hamilton Pool Road Waterline service to develop the subdivision. He stated that the NSSA required that Masonwood HP comply with amended PUA policies. Mr. Koerner detailed additional history relating to the development and the agreement to serve 700 LUEs in 2015. He stated as a condition of this NSSA, the developer agreed to certain facilities being constructed by the developer and compliance with OEMs as well as complying with 20% impervious cover. He stated that the developer has filed litigation against the PUA challenging the compliance with OEMs and impervious cover, and stating that the PUA is required to provide service. He stated

that HPRM will always oppose this development, and encouraged new Board members to review the history and deny this request.

Bill McLean addressed the Board on behalf of the applicant asking that the item be postponed, and stated that the developer will provide the new Board with its position on OEMs and impervious cover in writing. He asked that this item be postponed due to this SER including a number of LUEs for a new LTISD school campus which is lower than what they need for the school. He also stated that there has been no direction from PUA staff regarding the SER. He asked that before the Board take action on the item, that if the direction is for staff to review the SER the developer is agreeable, but that they do not want any decision for approval or denial at this time.

Director Roberts asked Mr. McLean why he wouldn't want to the Board to approve it, to which Mr. McLean said he didn't know how that would be done without technical feedback on the item.

Ms. Carmeline Cherba, who lives on Flagler Drive next addressed the Board. She stated that she is concerned about the water availability of the system, and the potential for a future drought with additional development on the system. She stated that she wanted to know what the plan would be for the PUA to address drought conditions, and there is currently not enough water on Hamilton Pool Road. She stated that another drought would be problematic, and asked that the Board put current customers ahead of this builder. Ms. Cherba asked that the SER be denied.

Mr. Bethke asked how this came to be an agenda item. Ms. Riechers stated that the service and development policies state that any SER over 10 LUEs has to be considered by the Board.

Director Roberts asked how impervious cover is confirmed, to which Mr. Lozano stated that there is third-party review to look at plans and post-construction inspection to confirm. He stated this process is developing for several developments that are in process. Mr. Roberts asked if impervious cover credit is given for rainwater capture, to which Mr. Lozano stated that it's possible and that currently the PUA doesn't have a policy for such credit. Director Roberts stated that the City of Dripping Springs has a policy about rainwater capture, and that this could address future drought concerns. Director Roberts asked if there was any available capacity in the Hamilton Pool Road Waterline, to which Mr. Lozano stated that there was not and to get additional capacity would

Director Roberts stated that he is recommending deferring the item to honor the developer's request.

MOTION: A motion was made by Director Creveling to postpone taking action on SER request from Masonwood Development for Provence, Phase 2 on Hamilton Pool Road as well as the SER for Hamilton Retail Center until the July board meeting. The motion was seconded by Director Roberts.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

E. Discuss, consider and take action on SER request from Hamilton Retail Center on Hamilton Pool Road.

This item was discussed with item VI. D.

F. Discuss, consider and take action on Resolution to Indemnify Directors.

This item was discussed in executive session.

Director Roberts stated that the PUA needs to bring this item back with a new resolution that speaks to negligent acts of Directors, that a cap to the limit of liability, and that is similar to the City of Bee Caves charter language.

G. Discuss, consider, and take action regarding comprehensive plan to serve the 290 System.

Director Roberts stated that the 290 system is experiencing growth, and that there is no plan regarding handling growth as the DSWSC and CODS has not detailed what capacity is needed. He asked for authorization from the Board to call a meeting with these entities to develop a plan, and that the meeting include staff and Director Smith. Director Smith asked that the school district also be involved in the meeting as they have demographic numbers.

The Board authorized moving forward with such a meeting.

H. Discuss, consider, and take action regarding PUA policy regarding new wholesale customers.

This item was discussed in executive session.

Director Roberts stated the Board would like the PUA to bring back a resolution for the Board to consider that would allow wholesale customers if it is in the best interest of the PUA.

I. Discuss, consider, and take action on 6 month review of General Manager performance.

This item was discussed in executive session.

Mr. Bill Goodwin, former Director of the PUA, stated he was involved in the hiring committee to negotiate a deal with Ms. Riechers to become General Manager. Mr. Goodwin stated that everything that the Board has seen since they hired Ms. Riechers has been nothing but positive. The history of the PUA was very up and down with staff and personnel throughout the years, and

he now sees there is finally a staff that is all working together without issue. Mr. Goodwin believes this is all from Ms. Riechers.

Director Roberts stated the Board shares the same opinion of Mr. Goodwin.

Directors Roberts instructed staff to bring back this item for the next agenda so they can take formal action in regards to her contract.

J. Discuss, consider and take action on the WTCPUA Finance Committee.

This item was discussed in executive session.

Director Roberts stated the Board no longer has a Finance Committee. He then asked for volunteers, and Director Creveling volunteered after discussing the duties of the committee.

Director Roberts stated he would like to appoint Mr. Don Walden as part of the Finance Committee. Ms. Albright flagged the Roles and Responsibilities of the Finance Committee in the packet, provided as **Exhibit M** that had been prepared by staff to give direction to the Committee.

MOTION: A motion was made by Director Roberts to approve to appoint Director Creveling and Don Walden to the Finance Committee, and incorporate the Committee Roles and Responsibilities in the packet. The motion was seconded by Director .

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

K. Discuss, consider and take action on Supplemental Services Proposal from CP&Y for revised scope of work on the Uplands WTP Trident Building Rehabilitation Project.

Ms. Riechers stated that the proposal is in the packet, provided as **Exhibit N**.

MOTION: A motion was made by Director Roberts to approve the Supplemental Services Proposal from CP&Y for revised scope of work on the Uplands WTP Trident Building Rehabilitation Project. The motion was seconded by Director Creveling.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

L. Discuss, consider and take action on Remote Work Schedule for PUA staff related to the COVID-19 pandemic.

Ms. Riechers stated that they have been extending the schedule in work from home, and that staff is concerned regarding Travis County numbers. She stated that Travis County's order was extended, and that she is eager to have staff back but understands staff concerns relating to the pandemic. She stated that other utilities have not had staff back fully yet. She stated they are working to get their phone system transferred so they can answer calls from home, which is very important. Ms. Riechers stated if they can get that done, she will be much more comfortable with a remote work schedule.

Director Roberts asked what the liability situation would be if they should do something not in accordance with the Travis County orders? Ms. Albright stated this is a new situation and we don't yet know what the liability could be. She stated that for some entities there could be a potential liability risk because Travis County is giving an order saying that there is risk, however, the Governor's orders supersede any Travis County orders that conflict with the statewide proclamations. Ms. Albright also reiterated that the PUA provides essential services under the state and local declarations and is exempt from many of the requirements.

Director Smith stated that the number one issue is ensuring that there is customer service, and stated at the County, those working remotely are ensuring that customer service needs are met.

Ms. Riechers stated that she preferred calls be answered with the billing transition, and that staff was working on this capability remotely.

Director Bethke stated that his concern is the billing transition and heightened customer service, and that if it is necessary to have employees in the office, then the PUA should consider doing so. Ms. Riechers stated that they are looking at putting processes in place to ensure safety of the employees.

In response to discussion by the Board, Director Smith stated that there are concerns with requiring COVID testing of staff, and that the CDC recommends testing only upon certain criteria. Director Roberts asked what would happen if an employee testing positive for COVID-19, to which Ms. Riechers stated that person would be quarantined for 14 days and that she would seek guidance on how to address impacted staff.

Director Roberts stated that the consensus of the Board is to request employees come back to working in the office, and directed that staff set up safety measures, including screening and temperature checks. Director Roberts stressed that the safety of employees is the main focus and directed Ms. Riechers to do whatever is necessary to accomplish that.

Mr. Garza asked Ms. Riechers about customer service, and stated that there are some essential and non-essential staff, and asked who would be asked to come back. Ms. Riechers stated that her recommendation is that all administrative staff be brought back, and continue to separate work groups operations staff. She stated that most administrative staff (7-8 people) have offices where exposure can be limited, and that there are precautions that will be taken for common areas.

M. Discuss, consider and take action on a proposal from Murfee Engineering Company, Inc. for the Water Distribution System Model Update and Calibration CIP Project.

Mr. Lozano addressed the Board on this item, provided as **Exhibit O**. He stated that this item relates to updating the water distribution model, and that staff is still looking at the model prepared by LCRA. He stated that they are proposing rebuilding the model across the system to ensure that all facilities are tracked and organized consistent with the planning tools used by the PUA. He stated that next year it is likely that a new CIP process will be proposed and that this model would assist with these efforts. He stated that there are no concerns with the results, but that it is cumbersome to use with the current model. He stated this is a CIP project that has been planned on.

Director Bethke confirmed that the PUA would own the model. Director Roberts discussed the functionality of the model. Director Smith asked if the new model would be one that is easily updated, to which Mr. Lozano confirmed that the old information would be utilized, but rebuilt to be compatible with other planning tools and easily updated.

MOTION: A motion was made by Director Roberts to approve the proposal from Murfee Engineering Company, Inc. for the Water Distribution System Model Update and Calibration CIP Project. The motion was seconded by Director Creveling.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

N. Discuss, consider and take action on a proposal from Murfee Engineering Company, Inc. for the RWL2 Chlorine Injection Improvements CIP Project.

Mr. Lozano presented on this item, provided as **Exhibit P**. He stated that this is related to Raw Waterline No. 2 and is a planned project. He stated this involves updating disinfection to take the second waterline into account, and adding facilities to do so. He stated that it didn't make sense for this small line work to be completed by the larger pipeline contractor. This proposal is for design and monitory.

Director Bethke asked what type of chlorine is used, to which Mr. Lozano stated free chlorine, and that there are many requirements in place due to safety in utilizing this chlorine and mitigating risks. Director Bethke asked if there were other alternatives, to which Mr. Lozano stated that free chlorine is the most common disinfectant used. He stated that all disinfectants have some safety risks, and that free chlorine is well known. Mr. Lozano stated that he would follow the direction of the Board, but didn't recommend changing the use of free chlorine based on the PUA's impeccable safety record relating to chlorine. In response to a question from Director Bethke, Mr. Lozano stated that there is no new chlorine injection facility being planned. Rather this project expands existing disinfecting facilities at their current location.

Director Roberts asked if it made sense to disinfect at the raw water facility, to which Mr. Lozano stated that there is not a need to do so and it would be difficult to get materials to the raw water intake. Director Roberts asked if there were homes identified that could be at risk in the case of a release, to which Mr. Lozano stated that houses are identified as a part of the risk management planning process. Director Roberts asked that there be a notification system explored to notify these homes at risk. Ms. Riechers stated new billing system could accomplish this.

MOTION: A motion was made by Director Roberts to approve the proposal from Murfee Engineering Company, Inc. for the Raw Waterline No. 2 Chlorine Injection Improvements CIP Project in an amount not to exceed \$143,885.00, with the condition of getting the addresses. The motion was seconded by Director Smith.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

- O. Discuss, consider, and take action on Request by the WTCPUA to the Participating Entities to Use Eminent Domain Authority, including:**
- 1. Previously approved Resolution by the WTCPUA to the Participating Entities to Use Eminent Domain Authority and Memorandum of Understanding regarding same; and**
 - 2. Resolution Regarding Request by the WTCPUA to the City of Bee Cave to use Eminent Domain Authority for easement rights.**

This item was discussed in executive session.

S. Albright presented this item stating that it related to both previous action to request assistance from the participating entities where needed to pursue eminent domain for PUA facilities. She stated this is also more specifically a request to the City of Bee Cave for such assistance for a particular piece of property. Ms. Albright stated that these resolutions allow for the PUA to request eminent domain assistance, but each Participating Entity has the discretion to approve or deny the request.

MOTION: A motion was made by Director Smith to authorize sending the request to the City of Bee Cave to utilize eminent domain to acquire easement rights, and to send to all the Participating Entities the resolutions requesting eminent domain assistance where necessary. The motion was seconded by Director Roberts.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Bethke, and Creveling
Voting Nay: None
Abstained: None
Absent: None

VII. STAFF REPORTS

A. General Manager's Report.

Ms. Riechers presented this report, provided as **Exhibit Q**. She stated that this week there has been high usage and one pump down at the raw water intake, and that operations staff is looking at ways to address meeting demand. She stated this is not an operations issue - it's a facilities issue because of the pump that is down.

Director Smith asked if there is a concern that the use could reach a point of concern prior to the next meeting. Ms. Riechers stated that it is possible, and she wanted to make sure the Board was aware in case future measures are needed.

The Board authorized Ms. Riechers to implement additional water restrictions if needed ahead of the next Board meeting.

B. Controller's Report, including:

Ms. Smith presented this report, provided as **Exhibit R**. She stated that the PUA has a current \$1.6 million in surplus and that the budget is tracking favorably for revenues and expenditures.

She stated that expenditures are tracking below expenses for last year and planned expenses for the current year.

Director Roberts asked about the expenditures and revenue, and asked about the monthly surplus of 25%. Ms. Riechers stated that these surplus funds are planned for other uses, such as early debt retirement.

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

Mr. Lozano presented this item, provided as **Exhibit S**. He stated that the Galleria Oaks pressure problems have been resolved. He stated that there is a long-term strategy to extend the lines so as to not rely on booster pumps.

D. Operations Report

This item was provided as **Exhibit T**.

E. Customer Service Report

This item was provided as **Exhibit U**.

VIII. ADJOURNMENT

MOTION: A motion was made by Director Roberts to adjourn the meeting. The motion was seconded by Director Creveling.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Smith, Creveling and Bethke

Voting Nay: None

Abstained: None

Absent: None

The meeting adjourned at 1:15 p.m.

PASSED AND APPROVED this 15th day of July, 2020.

Scott Roberts, President
Board of Directors