

Minutes of the Regular Meeting of the  
BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2

A regular meeting of the Board of Directors of Bastrop County Water Control and Improvement District #2 was held on Thursday, November 16, 2017, beginning at 6:30 p.m. at the Conference Center, 106 Conference Drive, Bastrop, TX. 78602.

**Present BCWCID #2 Board Members:**

John Creamer, President  
Mary Beth O' Hanlon, Secretary  
Sam Kier, Treasurer  
Victor Gonzalez, Director

**BCWCID #2 Staff/Other Professionals:**

Jim Ouellet, General Manager  
Tony Corbett, Attorney  
Tyler Walsh, Operations Manager  
Alma Rodriguez, District Administrator

**Absent**

Karen Pinard, Vice President

AGENDA

- 1.) Call to Order and Establish a Quorum  
President Creamer called the meeting to order at 6:30 p.m. A quorum of Board members was present.
- 2.) Pledge of Allegiance  
President Creamer led the Pledge of Allegiance.
- 3.) Texas State Flag  
President Creamer led the Pledge of Allegiance to the Texas Flag.
- 4.) The Board of Director's will hold a Special Meeting on Thursday, December 7, 2017 at 3:00 P.M. and the Regular Meeting will be held on January 18, 2018 at 6:30 P.M.  
President Creamer announced the next Board of Director's meetings will be held on Thursday, December 7, 2017 at 3:00 P.M. and the Regular Meeting will be held on January 18, 2018 at 6:30 P.M.
- 5.) Recognition of District employees Shawn Littleton and Joe Schwindt on 5 years of service  
Jim Ouellet presented Joe Schwindt a star for his 5 years of service. Shawn Littleton was not present to receive his star of recognition.
- 6.) CONSENT AGENDA: (Consent Agenda items are generally routine.) Unless removed by a member of the Board, items listed on the consent agenda will be acted on together.
  - a. Approval of minutes from the September 21, 2017 Regular meeting
  - b. Approval of minutes from the October 26, 2017 Regular meeting.
  - c. Approval of monthly financials report for October 2017

**Motion: Sam Kier moved to approve Consent Agenda Items A and C with corrections to minutes submitted by President Creamer. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 7.) Public comments/Announcements (The Board respectfully requests you limit your comments to three (3) minutes)  
Jan Schwindt resides at 103 E. Kamoiki asked about the lighting of the sign by the street.

Tyler Walsh stated he will check on the lighting.

- 8.) Qualify new director  
President Creamer stated as you may know Tammy Eden resigned as Director of the Board and Mary Beth O'Hanlon has been appointed.

Alma Rodriguez swore in Mary Beth O'Hanlon as a new director.

- 9.) Election of Officers  
President Creamer stated since Director Pinard is not here tonight if we could wait for the election of Officers until the December meeting.

**Motion: Sam Kier moved to appoint Mary Beth O'Hanlon as Interim Secretary until the December Meeting.**

**Mary Beth O'Hanlon accepted.**

**Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 10.) Discussion, possible action and updates given by General Manager Ouellet

### **Repairs on Koolua Drive and Awehi Lane landslide**

The projects were bid through the routine bidding process and came back at over \$1 million to complete. Discussions with the TX Division of Emergency Management resulted in the District being allowed to rebid the work with four companies that have responded to the initial bid process. A tentative bid date of December 22. The true cost should be around \$150,000 per site. The District will be reimbursed 75% for the Koolua site.

### **Road Construction Activities**

The following roads are ready for paving following a final "burn". The County has been unable to contribute as of yet due to other obligations and lack of personnel. They are not in a position to perform any paving and but will help with the final grade of the roads prior to paving. We have lined up Lone Star Paving to complete the work this year on the 3.3 miles below. We will do one course this year with an understanding from the County that a second course will be provided in May of 2018.

- North and South Kanaio
- North and South Kaupo

- Puu Waa Waa
- East and West Manalua
- Kanahananui
- Lamaloa
- Hailimaile
- Pele Ct
- Papaloa

**Storage Tank Construction**

Borings were completed on November 10. A meeting with a third tank installer was held on November 14. Once boring data for foundation is complete, we can take the conversation with tank companies to the next step.

**New Office Building**

The site for the new office building has been cleared. We will now have it surveyed for design purposes and set back requirements. I will invite in a few pre fab metal building contractors and others for ideas on what can be competed. We can visit some other facilities to learn what valuable arrangements are successful. Please advise on any special features you wish to see.

Director Kier and Jim Ouellet will be meeting with the City Engineering about any specific requirements.

Mr. Ouellet also brought up the fact the District could rent the Convention Center for its annual meetings.

**Employees**

Jonaton Hildago resigned on November 14. He was out on workers comp since September 22 and the day he was released for light duty he resigned.

We have extended an offer to begin work on November 27, 2017 to Mr. Cody Ely. Cody recently relocated to Elgin from Colorado. He moved here to be closer to his family. He has an "A" CDL license. He worked with the Jefferson County Road and Bridge Department in Colorado and we look forward to having an additional employee to help out.

**Roads Scheduled for 2018 Pursuant to Road Plan**

<b><u>Road</u></b>	<b><u>feet</u></b>
Pahoiki	1640
Kou	160
Kaliu	850

Kimo Ct	400
Ahumoa	900
North Pahih	1450
KaenaLane	800
South Papawai Drive	2430
KoaeCt	220
Huelo Ct	<u>350</u>
Total Feet	9,200
Miles	1.74

- 11.) Review of Election returns and consider and act on Order Canvassing Returns and Declaring Results of Board election and Certificate of Order  
Jim Ouellet stated this Order was sent from the bond attorney, the Order states the Proposition did not meet the required 66% yes votes and bonds will not be issued. There was 459 votes For the Proposition and 280 Against the Proposition.

**Motion: Sam Kier moved to adopt the Order Canvassing Returns and Declaring Results of Board election and Certificate of Order. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 12.) Discussion and possible action regarding Resolution that Allows Disbursements of District Funds to be Transferred by Electronic Means  
President Creamer stated last month the Board discussed this issue regarding some of the utility bills due to timing issues.

Jim Ouellet stated we have put together some standard procedures.

Director Kier stated this adds more risk but he is ok with starting with some vendors.

**Motion: Sam Kier moved to adopt the Resolution that Allows Disbursements of District Funds to be Transferred by Electronic Means. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 13.) Discussion and possible action regarding the Public Funds Depositor Collateral Security Agreement  
Alma Rodriguez stated this a requirement that we need to have in place with all the District's banking institutions.

**Motion: Sam Kier moved to institute the Public Funds Depositor Collateral Security Agreement with all the banks required that the District has money with. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 14.) Discussion and possible action regarding if the Board wishes to add all Director's as authorized signatories for all District financial institutions  
 President Creamer stated now we have Mary Beth O'Hanlon on the Board we need to add her to the accounts and remove Tammy Eden.

Jim Ouellet stated this is a very cumbersome issue.

Director Kier stated we need to send a letter to the banks taking Tammy Eden off the accounts.

**Motion: Sam Kier moved to table this item until the May elections and authorized Jim Ouellet to send a letter to all the banks to take Tammy Eden off as a signor. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 15.) Approval of 2018 Budget for Water, Wastewater, Standby, Road Maintenance and Road Construction  
 Jim Ouellet reviewed the budget summary for all five (5) funds.

**WATER**

For 2017, projected year end operating expenditures for water will be \$290,000 less than budgeted. The reduction is primarily due to a \$100,000 reduction in wages paid, \$45,000 reduction in budgeted medical insurance costs, \$16,000 less in engineering fees and a \$43,000 reduction in legal expense. There was also \$88,000 budgeted for well maintenance that was not needed at this time.

The proposed 2018 operating expenses are \$10,000 higher than the expected year end FY 17 final expenses. The contribution to salaries from Wastewater helped to keep water expenses lower than they otherwise would be.

60 new homes are estimated to connect to the water system in 2018.

The construction of a new tank is the most significant capital investment in water. There is also the need to complete the change out of meters to radio read, purchase a new dump truck, install culverts, install blow-offs, replace hydrants and complete some SCADA installations.

The estimate being used to construct a tank is \$700,000. It is anticipated the cost will be lower. We will also need to install water mains to connect the tank to the system in an enhanced manner.

The process of constructing a new office building will commenced. There is no suggestion to increase water rates this year.

BUDGET SUMMARY			2018
	<i>WATER</i>		
	<i>YEAR END 2017</i>		

	2017BUDGET	PROJECTED	2018BUDGET	COMMENTS
REVENUES	1,507,000	1,475,250	1,407,350	Conservative estimate on water sales. Planned on 60 new houses
TOTAL OPERATING EXPENSES LESS DEPRECIATION	1,345,000	1,052,500	1,041,600	WW contributing to salary expense 2018
DEPRECIATION	162,000	162,000	170,000	
TOTAL EXPENSES	1,498,000	1,214,500	1,211,600	
NET "INCOME"	9,100	260,800	195,700	
PROPOSED CAPITAL INVESTMENT	-960,000	-435,000	-1,145,000	storage tank in 2018, meters, scada, water line improvements, vehicle 2017
PRINCIPAL ON LOAN	-36,750	-36,750	-36,750	TWDB loan proceeds
ADD BACK IN DEPRECIATION	162,000	162,000	162,000	
CASH FLOW	-951,000	-43,032	-816,000	
APPLY FUNDING IN 2018 FROM TWDB FOR TANK	0	0	600,000	
NET CASH FLOW	-825,700	-43,032	-216,000	

## WASTEWATER

The operating budget for Wastewater in 2018 is increased due to the aforementioned transition of costs to pay for more of its operating expenses. The 20% payroll addition is the main change.

Wastewater is projected to add 23 new homes in 2018.

Capital items for Wastewater include the purchase of a new truck or a vac machine to clean out wastewater lift stations. It can also be used to clean out valve boxes which is a definite need. There is a need to repair some piping at a lift station. The majority of capital costs for wastewater are for new grinder pump sets for new houses and replacement pumps.

There is no need to raise rates in Wastewater.

BUDGET SUMMARY			2018	
WASTEWATER				
	2017 BUDGET	YEAR END 2017	2018 BUDGET	COMMENTS
		PROJECTED		
REVENUES	844,250	984,000	954,300	ASSUME 23 NEW HOMES
TOTAL OPERATING EXPENSES LESS DEPRECIATION	443,000	497,000	591,000	
DEPRECIATION	430,000	430,000	430,000	
TOTAL EXPENSES	872,000	927,000	1,020,000 0	PAYING FOR 20% OF SALARY COSTS
NET INCOME	-28,700	56,700	-66,400	
PROPOSED CAPITAL INVESTMENT	-150,000	-87,500	-168,000	grinder pumps in 2017. Some repairs to lift stations and grinders pumps in 2018
PRINCIPAL ON TWDB LOAN	-208,000	-208,000	-208,000	
ADD DEPRECIATION BACK IN	430,000	430,000	430,000	
NET CASH FLOW	43,300	191,200	-12,400	

**STANDBY**

The budget is based on leaving the annual fees at \$132 per year.

BUDGET SUMMARY			2018	
<b>STANDBY</b>				
	2017 BUDGET	YEAR END 2017	2018 BUDGET	COMMENTS
		PROJECTED		

REVENUES	<b>43,400</b>	<b>50,100</b>	<b>51,600</b>	NO CHANGE IN RATES- STAYS AT \$132
TOTAL OPERATING EXPENSES LESS DEPRECIATION	na	na	na	
DEPRECIATION	na	na	na	
TOTAL EXPENSES	<b>29,800</b>	<b>25,075</b>	<b>25,400</b>	
NET INCOME	<b>13,600</b>	<b>25,025</b>	<b>26,200</b>	
PROPOSED CAPITAL INVESTMENT	0	0	0	
NET CASH FLOW	<b>13,600</b>	<b>25,025</b>	<b>26,200</b>	

### **ROAD MAINTENANCE**

The most significant change is the fact we will only be transferring 15% of the Road Construction fees to Road Maintenance. We also need to complete the landslide sheet piles for Awehi and Koolua out of road maintenance funds. We will be reimbursed by FEMA for the Koolua project.

	BUDGET SUMMARY		2018	
	ROAD MAINTENANCE			
	2017 BUDGET	YEAR END 2017	2018 BUDGET	
		PROJECTED		
			COMMENTS	
REVENUES	509,300	538,600	469,000	2018 transfer from RC will be 15%. Has been 30%.
TOTAL OPERATING EXPENSES LESS DEPRECIATION	na	na	na	
DEPRECIATION	na	na	na	
TOTAL EXPENSES	513,800	418,600	391,700	
NET INCOME	-4,500	120,000	77,300	
PROPOSED CAPITAL INVESTMENT	0	0	0	



NET CASH FLOW	-4,500	120,000	77,300
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**ROAD CONSTRUCT/ON**

The budget was constructed with an increase in road fees to \$180 per year or a \$2/month increase. The Master Road Plan has established 1.74 miles that are scheduled for construction in 2018. Depending on the funds, we will have additional roads identified for work in 2018 if the opportunity is available.

The change in allocating 15% of road fees to Road Maintenance in lieu of the traditional 30% will provide more funds in Road Construction to complete as many miles of roads as possible.

	BUDGET SUMMARY			2018
	ROAD CONSTRUCT/ON			
	2017BUDGET	YEAR END 2017	2018BUDGET	COMMENTS
		PROJECTED		
REVENUES	688,650	732,000	1,025,100	yearly road fee raised to \$180/year in 2018
TOTAL OPERATING EXPENSES LESS DEPRECIATION	na	na	na	
DEPRECIATION	na	na	na	
TOTAL EXPENSES	314,100	362,300	350,500	

NET "INCOME"	374,550	369,700	674,600	
PROPOSED CAPITAL INVESTMENT	380,000	728,300	661,500	
NET CASH FLOW	-5,450	-358,600	13,100	

**Motion: Sam Kier moved to approve the Budget for 2018 for all five (5) funds as presented. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 16.) Discussion and possible action regarding Resolution for 2018 rates for Water, Wastewater, Standby, Road Maintenance and Road Construction  
 President Creamer stated we have to have a Resolution so we can send to TCEQ regarding the District's rates.

**Motion: Sam Kier moved to approve the Resolution that water, wastewater and standby rates remain the same as 2017 rates and the Road Construction Fees be increased to \$180 per lot. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 17.) Discussion and possible action regarding Resolution to redo the Interlocal Agreement to finish roads in process then proceed with 2018 and 2019 road projects approved from March 2017 and need to complete a home density study for 2018 and to continue with home density process for future road projects  
 Jim Ouellet stated this is just a confirmation that we will go back to the historical approach on which roads will be paved depending on home densities. The District will work with the County on updating the 2018 Interlocal Agreement.

Director Kier stated Tammy Eden would like the information on homes built in 2017 by the first of December so she can work on the home densities for the March meeting.

**Motion: Victor Gonzalez moved to approve the Resolution to redo the Interlocal Agreement to finish roads in process then proceed with 2018 and 2019 road projects approved from March 2017 and need to complete a home density study for 2018 and to continue with home density process for future road projects. Seconded: Mary Beth O'Hanlon. Vote: Three (3) in favor, motion carries.**

- 18.) Discussion and possible action regarding Resolution 2018 Road Fee Exemptions  
 Jim Ouellet stated this is the standard Resolution for 65 and older to freeze their road fees.

**Motion: Victor Gonzalez moved to approve the Resolution for the 2018 Road Fee Exemptions. Seconded: Mary Beth O'Hanlon. Vote: Three (3) in favor, motion carries.**

- 19.) Discussion and possible action regarding Resolution to proceed with first chip seal coat on 2017 roads  
Jim Ouellet stated he has received a price of \$155,000 to do a first coat on the roads that have been prepared to preserve them for the winter until the County can put the final coat on in the spring.

**Motion: Victor Gonzalez moved to approve the Resolution to proceed with first chip seal coat on 2017 roads. Seconded: Mary Beth O'Hanlon. Vote: Three (3) in favor, motion carries.**

- 20.) Discussion and possible action regarding annual review of the District Investment Policy  
Jim Ouellet stated this is an annual review.

**Motion: Sam Kier moved to table this item until the December 7, 2017 Special Meeting. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 21.) Discussion and possible action regarding appointment of Investment Officer  
President Creamer stated this item will be need to be tabled.

**Motion: Victor Gonzalez moved to table this item until the December 7, 2017 Special Meeting. Seconded: Sam Kier. Vote: Three (3) in favor, motion carries.**

- 22.) Discussion and possible action regarding selection of Road Committee Members  
Jim Ouellet stated he presented to the Board with a Resolution on how the Road Committee members are chosen.

President Creamer stated he will find out who wants continue on the Road Committee and asked Jim Ouellet to send out a notice asking for members.

**Motion: Sam Kier moved to table this item until the December 7, 2017 Special Meeting. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

- 23.) Board suggestions on future agenda items – Pines and Prairie Land Trust will be here at the January meeting to discuss Copperas Creek

Director Kier suggested that the billing process for roads, commercial rates and also inviting the person that wants to do a possible land swap be placed on the agenda for next year.

President Creamer also suggested that the County be invited as well.

- 24.) Discussion and possible action regarding filing liens on all delinquent road construction and standby accounts as of December 31, 2017  
President Creamer stated this is a standard procedure.

Director Kier suggested that liens not be put on until January 18, 2018.

**Motion: Sam Kier moved to file liens on all delinquent road construction and standby accounts as of January 18, 2018. Seconded: Victor Gonzalez. Vote: Three (3) in favor, motion carries.**

25.) The Board of Directors will meet in a closed/executive session pursuant to Texas Government Code, Chapter 551, et seq, to discuss the following:

A.)Section 551.071 – Consultation with Attorney

B.)Section 551.072 - Deliberations regarding Real Property

26.) The Board of Directors will meet in a closed/executive session pursuant to Texas Government Code, Chapter 551.072 to discuss real property, regarding the purchase, exchange, lease, disposition, or value of real property

President Creamer stated the Board will adjourn the Regular Meeting at 7:38 p.m to meet in Executive Session.

27.) The Board of Directors will reconvene into open session to discuss, consider, and/or take any actions necessary related to the executive sessions noted herein, or regular agenda items, and/or related items.

President Creamer stated Executive Session adjourned at 8:41 p.m. and no action or decisions were made in Executive Session.

28.) Release of Liens

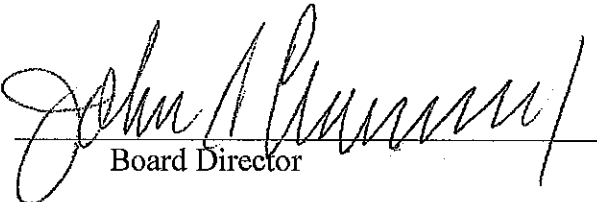
Alma Rodriguez presented the Release of Liens.

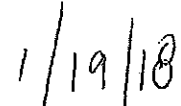
**Motion: Sam Kier moved to approve the Release of Liens. Seconded: Mary Beth O’Hanlon. Vote: Three (3) in favor, motion carries.**

29.) Adjournment

**Motion: Victor Gonzalez moved to adjourn. Seconded: Mary Beth O’Hanlon. Vote: Three (3) in favor, motion carries.**

MEETING ADJOURNED AT 8:48 P.M.

  
Board Director

  
Date