

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, January 18, 2018, beginning at 6:30 p.m. at the Conference Center, 106 Conference Drive, Bastrop, TX. 78602.

Present BCWCID #2 Board Members:

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

BCWCID #2 Staff/Other Professionals:

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

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 next Board of Director's will be held on February 16, 2018 at 6:30 P.M.
President Creamer announced the next Board of Director's meetings will be held on Thursday, February 15, 2018 not February the 16th at 6:30 P.M.
- 5.) 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 minutes from the November 16, 2017 Regular meeting
 - d. Approval of minutes from the December 7, 2017 Special meeting
 - e. Approval of monthly financials report for November 2017
 - f. Approval of monthly financials report for December 2017

Motion: Sam Kier moved to approve all Consent Agenda Items. Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.

- 6.) Public comments/Announcements (The Board respectfully requests you limit your comments to three (3) minutes)
Chris stated he is the owner of the Copperas Creek Houston Toad Preserve, we are officially a 501 (3)(c) and take donations to purchase property throughout Tahitian Village. We will take donations of land or money. We want the land that nobody else wants. We want to preserve as much as the property as possible. We currently have 5 acres down by the lake site. We are interested in some of the property the District owns.
- 7.) Discuss and possible action regarding the rejection of September 22, 2017 bids for landslide repairs on Koolua and Awehi
Jim Ouelett stated these are the two locations that need to be repaired using sheet piling. The District went put out bids in September and the bids came in absorbent and beyond reasonable so the Board will need to reject those bids officially since we did go through the bidding process.

**Motion: Sam Kier moved to reject the initial bids from September 22, 2017.
Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.**

- 8.) Discuss and possible action regarding the approval of December 20, 2017 bids for the land slide repairs on Koolua and Awehi
Jim Ouellet stated the District rebid the project on December 20, 2017 and received bids that were as expected for this nature of work so I am asking the Board approve the Koolua Project in the amount of \$122,390 and Awehi Project in the amount of \$175,991.

Director Kier asked if the Koolua Project is a FEMA Project.

Mr. Ouellet stated the District will be reimbursed 75% for the project.

Motion: Mary Beth O'Hanlon moved to approve the bids for the Koolua Project in the amount of \$122,390 and Awehi Project in the amount of \$175,991. Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.

- 9.) Discussion, possible action and updates given by General Manager - Ouellet
Jim Ouellet reported on the following items:

Repairs on Koolua Drive and Awehi Lane landslide

As previously discussed we are ready to move forward on these landslide projects. In speaking with the contractor they are ready to go. We have to issue a notice to proceed once some administrative activities are addressed. The Texas Department of Environmental Management has given their approval to proceed.

Road Maintenance Activities

There is about 3 miles of road maintenance work that is taking place. We have a grader working and have purchased materials at a very good price. Tyler Walsh has been organizing the road maintenance.

2018 Roads Scheduled for Construction

The following roads are planned for completion in 2018. There have been a couple of roads added to the list since we were going to be in the area.

<u>Road</u>	<u>feet</u>
Pahoiki	1640
Kou	160
Kulua ct	850
Kimo Ct	400
Ahumoa	900
North Pahihi	1450
Kaena Lane	800
Papawai Drive	2430
Koae Ct	220
Huelo Ct	350
Kaliu	360
Kaenapapa	800
Awehi Lane	1320
Upola Ct	500
Ohana	850
Haou	450
<u>Paia ct</u>	<u>450</u>
Total Feet	13930
Miles	2.64

Storage Tank Construction

The soil boring report was received and forwarded on to a tank contractor. Using such and the size criteria provided, an estimate for the tank has been received. To

build a bolted steel storage tank with a 28 foot diameter and 110 feet tall would be \$389,000, this price includes the foundation. There would be ancillary costs of certain pipe work and other miscellaneous activities.

The tank would be constructed with steel manufactured in America and have an outstanding protective coating system.

The price would allow us to use additional funds from the TWDB loan to build the tank and install a great deal of water mains to distribute the water.

The tank will require a zoning variance due to the height and the process to obtain a variance is already being addressed.

This tank will enhance fire protection.

New Office Building

The site has been surveyed. An RFQ was placed in the paper for architectural firms. Four firms responded. Interviews will be taking place within the next week or two.

A meeting was held with the City of Bastrop. There are a few items on building materials, parking requirements and trees that will be part of the process. It was advised we combine the 4 lots into 1. BEFCO is beginning the process to consolidate. A meeting was held with Ms. Cari Croft with respect to Houston Toad concerns. Preliminary observations and discussion suggest the location will not have any obstacles due to the Toad. If we combine, theoretically, the area which constitutes the operation building with the 4 lots on which the office will be constructed, we can proceed without any additional Toad concerns as long as the aggregate area of impervious cover does not exceed 43560 feet squared.

Director Pinard asked if we will be exempt from paying the toad permit fees.

Jim Ouellet stated this was a preliminary meeting but it was not mentioned.

Director Kier stated the District will have to pay the permit fees to the City of Bastrop.

Quarterly Newsletter

The first edition of the Quarterly Newsletter has been drafted and will be mailed out in January to each water customer.

Water Quality

The District has one well which contributes the majority of components associated with odors and Trihalomethanes. Well 3, located at plant 2, is the most productive well but has the lowest quality of water.

During the winter months, demand can be met without using well 3. As such, the well has been placed in a backup position starting December 15 and will remain so until demand requires the well to be placed back into an active status.

In addition, certain valves that had isolated portions of the distribution system in an attempt to address water quality issues with well 3 will be opened to provide a better blending of the water sources.

The ability to manage the water supply and improve water quality will be allowed once the new storage tank is constructed.

Director Kier brought to my attention an article that was recently published suggesting 147,000,000 million residents of the United States have levels of radioactivity in their drinking water. The TCEQ tests the District water and the results indicate the levels are 333% lower than the action level of 5 picocuries per liter. Naturally occurring radioactivity is typically associated with certain forms of rock such as granite.

Interconnect with the City of Bastrop

A meeting was held with the Trey Jobs from the City of Bastrop. We will be installing a permanent meter at the present location of plant 1 that is intended to be an emergency interconnection. As such, addressing an emergency need will be addressed more quickly.

The City has also requested that the District allow the City to connect to our water mains to serve the Hospital in an emergency. The water main will be installed down Pine Hollow Drive and Mauna Loa to connect to the water mains near the hospital.

Election of Officers

Three seats are up for re-election in May. A notice that election papers are available was emailed to all the email addresses we possess, a notice was placed in the Pines and Prairie, it is on the website and it will be included in the newsletter that will be direct mailed to each customer. February 16, 2018 at 5:00 p.m. is the deadline to submit the application for a place on the Board.

Tony Corbett stated the Board needs to adopt an Order Calling for the Election at the next meeting.

Interconnection with Aqua Water

Establishing an Interconnection with Aqua Water would be a great value to our customers. The connection would be at Plant 2, Tall Forest Drive.

FLOW DESIRED: 40 gallons per minute, 24 hours per day, 365 days per year
METER SIZE NEEDED: 1 inch

COSTS:

Basic Service Charge = \$45,000 per MGD contracted

40 gallons per minute is equivalent to 5.76% of a MGD, therefore, monthly Basic Service Charge would be:

.0576 X \$45,000 = \$2,592 per month Basic Service Charge
Volumetric Charge = \$.95 per 1000 gallons
40 gpm = 57,600 gpd or 1,728,000 gallons per month.
1,728,000 / 1000 = 1,728 x \$.95 = \$1,641 per month in volumetric charges

Basic service charge = \$2,592 per month
Volumetric Charge = \$1,641 per month
Total monthly cost = \$4,233
Total Yearly Cost = \$50,803

58,000 gallons per day would provide enough water to serve 290 homes. Such is based on an average daily usage of 200 gallons per day per home.

Director Pinard stated this should work both ways because in the past Aqua Water came to the District for water.

With the Boards approval I will proceed with the Interconnection with Aqua Water.

Director O’Hanlon stated this is an excellent idea.

New Water Mains

The District just installed 420 feet of water main on Nakalele to connect a loop. A developer just installed 300 feet of water main on Olomana Ct. We are looking at additional opportunities to close loops to improve flows and improve water quality and fire protection.

Tyler Walsh stated water samples came back today and they are good.

Letter to TVPOA

A letter was sent to TVPOA to thank them for their generous contributions to help with road maintenance.

Director Gonzalez stated he appreciates everything that TVPOA has done for us because that is more than what the City of Bastrop does for the District.

- 10.) Sale of Land owned by Road District- Fair Market Value
Jim Ouellet stated he presented the Board with options on the sale of surplus lots owned by the District in Unit 1 -5. These lots are not prime real estate. The options are as follows:

LOTS WHICH CAN NOT REASONABLY BE EXPECTED TO HAVE A HOUSE CONSTRUCTED ON IT

\$3,000 -The \$3,000 will consist of the road fees owed; or the road fees owed plus the difference to get to the \$3000 figure.

LOTS WHICH CAN POSSIBLY BE BUILT ON BUT NOT A DESIRABLE LOT BY ANY RESONABLE MEANS

\$5,000- Same as above, the \$5,000 will consist of road fees plus the difference to get to \$5,000.

LOTS WHICH ARE BUILDABLE AND HAVE SOME DESIRABILITIY

We may have a few in this category and we will have a value placed on them by an appraiser and placed for sale. This will be done on an individual basis.

The General Manager will evaluate each lot request and determine the category with which each lot falls. Should a conflict arise or a second opinion is necessary, a Director or Directors will be requested to interject on the matter.

Director Pinard stated she doesn't want to be in the real estate business and how are we going to advertise this.

Director Kier stated these lots have already been declared as surplus and have been advertised.

After Board discussion, Tony Corbett suggested looking up the appraised value on the appraisal districts website and using the appraised value.

Motion: Sam Kier moved to authorize the sale of these surplus lots owned by district based on the appraised values established by the County. Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.

- 11.) Sale of Office Building - Realtor contract expires on February 8
Jim Ouellet stated the office building has been on the market for a year and the contract expires on February 8. The objective is to sale the building to pay for the new building.

Director Kier suggested finding a Commercial Realtor since the current one has not done anything. They never contacted Kevin White or Sac N Pac to see if they could sell all the properties as a whole.

- Mr. Ouellet will begin the process of looking for a Commercial Realtor.
- 12.) Discuss and possible action regarding a one-time 401(k) contribution for 2017 – due to the changes made to join TCDRS, there were no contributions to the Pension Plan for 2017.
Jim Ouellet stated as we transition from the old pension plan to the new one there were no contributions to the pension plan in 2017. I am requesting the Board to consider making a one-time contribution to the employees 401k the amount of 4.6%

of their annual wages. The aggregate costs would be \$22,821. Such is based on an aggregate payroll of 2017 calculated wages of \$491,363 x .00464.

The good news is that we had in the 2018 budget \$79,000 allocated for pension expense and we recently learned that the contribution to the TCDRS will only be \$33,000. As such, the budgeted expense has adequate funds to cover the \$22,821 calculated above.

President Creamer agreed that employees need to be compensated for 2017.

Director Pinard asked where the funds are from the old plan.

Mr. Ouellet stated they are with the old provider and final calculations are being made so whoever has a vested interest in the pension plan will be given an amount of money into their 401K.

Director Pinard asked what happens to the pension plan from previous employees.

Mr. Ouellet will have to check on whether it will stay with the plan or if they will be getting money from the plan as well.

Director Pinard asked if the employees were contributing to the new plan because the old plan was funded by the District.

Director Kier stated all non-exempt employees were given a 5% increase in pay to cover the cost.

Motion: Mary Beth O'Hanlon moved to approve a one-time contribution at 4.6% of their annual salary to the employees 401k for all eligible employees for the year 2017. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.

13.) Set date for road meeting in March

Motion: Sam Kier moved to schedule the Annual Road Meeting for Saturday, March 24, 2018 at 9:00 a.m. Seconded: Mary Beth O'Hanlon. Vote: Four (4) in favor, motion carries.

14.) Review of Road Construction fees collected in 2017
Jim Ouellet stated for 2017 the District billed \$953,542 in road fees and collected \$1,036,181 so the collection rate is 1.09%. The collections includes past dues, lien fees and late fees. The 10 year average collection rate is 96%.

Director Gonzalez asked this information be placed on the website.

15.) District Investment Policy update

Jim Ouellet stated there have been a lot of changes regarding the purchasing of CD's but we will have this item on the agenda for next month.

Motion: Sam Kier moved to table this item until the February 15, 2018 meeting. Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.

16.) Review of 2017 unaudited financial results

Jim Ouellet stated he put together a brief summary of the budget for water and wastewater. Water sales exceeded the budget by \$151,000 and there was a reduction in expenses of \$443,000. In Wastewater, tap fees exceeded the budget by \$117,000 and expenses were reduced by \$50,000.

Mr. Ouellet stated the District completed a lot of capital projects in 2017 and we have about \$500,000 to reinvest in new projects.

In the road construction account we have \$502,000 in cash. The road construction bills are about to be sent out.

17.) Stand by Fees – Unit 6 – Pine forest has a meeting on February 3 and it is expected they will vote to discontinue Stand by fees.

Jim Ouellet stated for years the District has been charging standby fees to Pine Forest and based on conversations I have had with the Pine Forest Property Owners Association I think the standby fees are going to come to an end. They will be voting on it at their meeting on February 3. We will be waiting on sending out standby statements.

18.) Discussion and possible action regarding updating the harassment policy in the employee handbook

Jim Ouellet stated this was presented to the Board at the last meeting and just need to formalize it to include it in the employee handbook.

Motion: Sam Kier moved to approve the harassment policy and to include it the employee handbook. Seconded: Karen Pinard. Vote: Four (4) in favor, motion carries.

19.) Board suggestions on future agenda items-

a. Commercial rates

b. Easement rates – Director Kier stated when they met with the City Manager, he was surprised that the District was not collecting fees from the gas and electric company for the easements.

Tony Corbett stated it sounds like they were referring to franchise fees but that would be incredibly unusual for a water district to be entitled to any fees in connection with a gas or electric company.

Easement rates will be taken off future agenda items.

- 20.) Release of Liens
Alma Rodriguez presented the Release of Liens.

Motion: Sam Kier moved to approve the Release of Liens. Seconded: Karen Pinard. Vote: Four (4) in favor, motion carries.

- 21.) The Board of Directors will meet in a closed/executive session pursuant to Texas Government Code, Chapter 551, Texas Open Meetings Act, to discuss the following matters:

- A.) Section 551.071 – Consultation with Attorney regarding false statements posted on social media relating to the District, District officials, and/or District Employees
- B.) Discussion on employee’s bonus

President Creamer announced at 7:57 p.m. that the Board will meet in Executive Session for the Deliberations regarding Section 551.071 and Employee bonuses.

- 22.) 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.

The Board Adjourned Executive Session at 8:40 p.m.

No action or decision made in Executive Session.

Motion: Sam Kier moved to authorize legal counsel to issue a cease and desist letter to individuals who have posted false and defamatory items on public media regarding the District and its employees. Seconded: Karen Pinard. Vote: Four (4) in favor, motion carries.

Motion: Sam Kier moved to authorize an employee bonus to Jim Ouellet per his employment letter. Mr. Ouellet has satisfied his obligations that were included in that letter. Seconded: Mary Beth O’Hanlon. Vote: Four (4) in favor, motion carries.

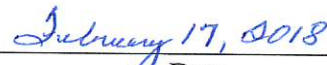
- 23.) Adjournment

Motion: Sam Kier moved to adjourn. Seconded: Victor Gonzalez. Vote: Four (4) in favor, motion carries.

MEETING ADJOURNED AT 8:45 P.M.



Board Director



Date