

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, April 18, 2019, beginning at 6:30 p.m. at the Bastrop Convention Center, 1408 Chestnut Street, Bastrop, TX. 78602.

Present BCWCID #2 Board Members:

Mary Beth O'Hanlon, President
Butch Carmack, Vice President
Sam Kier, Treasurer
Scott Ferguson, Secretary

BCWCID #2 Staff/Other Professionals:

Tony Corbett, Attorney
Paul Hightower, General Manager
Tyler Walsh, Operations Manager
Alma Rodriguez, District Administrator

Absent:

Karen Pinard, Director

- 1.) Call to Order and Establish a Quorum
President O'Hanlon called the meeting to order at 6:30 p.m. A quorum of Board members was present.
- 2.) Pledge of Allegiance
President O'Hanlon led the Pledge of Allegiance.
- 3.) Texas State Flag
President O'Hanlon led the Pledge of Allegiance to the Texas Flag.
- 4.) Public Comments/Announcements (The Board respectfully requests that persons limit comments to three (3) minutes. Under the Open Meeting Act, the Board may not deliberate or take action in response to any matter raised during public comment that is not a separate agenda item.)
Jo Ann Egitto stated a solution is already moving, she received a call from a resident that saw the road plan on the website and after 25 years, the road he lives on which is Onini his road has been off and on the list and she spoke with Paul Hightower and Scott Ferguson to make sure we are looking at all the roads especially ones that may have fallen off the radar so we can make sure we have really good data.

President O'Hanlon stated please let the road committee members know if you see anything missing. We welcome your input and suggestions.
- 5.) Discussion and possible action regarding scheduling of future meeting dates:
 - a. Regular Board of Director's Meeting scheduled for Thursday, May 16, 2019 at 6:30 p.m.

President O'Hanlon announced the upcoming meeting dates and stated all future meetings will be held at the Bastrop Convention Center.

Director Carmack stated he will not be at the May Board meeting.

- 6.) CONSENT AGENDA: (*Consent Agenda items are generally routine. Unless removed by a member of the Board or General Manager, items listed on the consent agenda may be acted on together and without prior discussion.*)
- a. Approval of minutes from the March 21, 2019 Regular Meeting of the Board of Directors;
 - b. Approval of minutes from the March 30, 2019 Annual Road Meeting; and
 - c. Approval of monthly financial report for March 2019.

Motion: Sam Kier moved to approve the Consent Agenda Items. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

Director Kier stated the updates to the financials have been made.

- 7.) Discussion and possible action regarding approval of the 2018 Annual Fiscal Year Audit President O'Hanlon introduced Bob West from West, Davis & Company. Mr. West completed the District's 2018 Annual Audit.

Mr. West stated he completed the 2018 Annual Audit and issued a clean opinion on the financials. Mr. West reviewed the audit and audit letters with the Board. If the Board approves the 2018 Audit the District will have to file with TCEQ by May 15, 2019.

Mr. West also stated the recommendation letter states that they did not find any significant deficiencies or material weaknesses in your internal control system but we do have a recommendation that we feel it would strengthen the internal controls and operating efficiency that has to do with payments via wire transfers, we recommend that every payee's wiring instructions be confirmed verbally with each payee rather than relying solely on emailed instructions.

Motion: Sam Kier moved to approve the 2018 Annual Fiscal Year Audit. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

- 8.) Discussion and possible action regarding the following items on the General Managers report-

Paul Hightower reported on the following:

- 8a. Installation of radio read water meters
As of today we have approximately 20 left for install. These are scheduled for major work due to curb stops or other parts needed, that makes it not an easy install.
- 8b. Status of TTHM compliance:

After taking multiple rounds of tests, we have discovered that the water is unstable and can't deliver a solid structure for us to test with. All 3 sets of tests came back with different results, even after matching the parameters to 2 sets to be identical, we couldn't obtain a static water for a reliable test. We will be doing more testing and reaching out to TCEQ next week.

Director Carmack asked if A & M have a water quality lad at the school.

Paul Hightower responded yes but no for TTHM's, there are only a few labs that test for TTHM's.

Tony Corbett stated he has a client that pulls water from Lake Austin and they had a large TTHM problem and they started injecting a permanganate, are you familiar with this. I don't know if it is available for a ground water system.

Mr. Hightower stated yes, it is potassium permanganate. It is very expensive. That is another option we can look at but we also have methane. The permanganate is going to give you a little bit of taste and odor problem so dealing with what we are already dealing with it will make it worse. Early on it was ruled out because of those reasons.

Gene Kruppa stated it could be a color issue as well.

- 8c. Update on district water plants and lift stations:
No major projects or updates at this time.
- 8d. Water, wastewater, road repairs, maintenance & improvement projects update:
No major updates at this time.
- 8e. Employee updates:
We have conducted interviews for the open water operator position and made a decision. We are in the process of all the pre-employment items now. The candidate will have a hire date around the first of May once he gives his notice.

We have officially hired Mallorie to serve as a part-time communications, internet operations and website person. She has started going thru our processes and website working on some updates. She will have an official monthly report starting next month for the board on her activities.

- 8f. TWDB Update:
Still a pending item and waiting for an update on the THM refund. I have reached out to them as well on the Aqua WSC contract to make sure our loan would be applicable for this.
- 8g. Auction Items Update:

The bid on the 2007 Ford Ranger was \$6,010 but the purchaser defaulted because he wanted to pay by a credit card and funds needed to be by wire transfer. The 2009 Ford F250 sold for \$4,630 and the 1998 Case Tractor sold \$5,410, we have collected those funds. The Ford Ranger is going back out for bid.

9.) Discussion and possible action regarding potential water supply interconnect with Aqua Water Supply Corporation

Paul Hightower stated that Gene and he had a meeting with AWSC relating to the reservation fees that we would be charged. Since this would essentially be turned into a usage fee instead of a reservation fee and the fact that we will keep the peak demand under our own water system, it takes the figure from \$0.06 to \$0.02 per LUE (Living Unit Equiv), which brings the Reservation fee down to \$92k instead of \$277. The overall project cost was initially \$356k and we have brought that down to an initial total due of \$171,495 for the project. Along with this, we will have to get an easement from a land owner on the north side of our property. The BCWCID Board will also have to grant an easement to AWSC for them to install the line on our property.

We are working on budget items now to figure out where this can be fitted in. We are looking at approximately a \$20-30k per month water bill, to simply replace the well that is causing the THM issues and that would be taken offline.

Along with the budget considerations of this, we have to remember many other things. This water is coming in, already chlorinated so we will have a reduced chemical feed with this. We will also be saving 100+ work hours per month, for employees to do the extra flushing along with the savings in water loss and electric usage that plays into this figure. We have gas for the vehicles and several other things to consider also.

At this point, it's truly hard to assess some of these figures, as it's an unknown of how one plays into the other. At a minimum, we know we will save approx. \$1500-2000 per month on employee time alone.

TCEQ requires a public water system to have 0.6 gpm connection. Presently, there are 1,740 connections.

$$1,740 \text{ connections} \times 0.6 \text{ g m/connection} = 1,040 \text{ gpm}$$

As shown above, the existing water supply is slightly higher than the required TCEQ water production level. About 5% higher than required or 50 gpm or about 83 new connections.

The excessive trihalomethanes issue has been determined to be caused by water well no. 3. If water well no. 3 is turned off, this would reduce the total water production to 740 g m (less 350 g m or 1,233 connections which is less than the required TCEQ production rate. It would be imperative to develop an additional water supply immediately to cover the loss in production.

One option would be to drill a new water well and this would take at least 24 months to develop a new water well and obtain approval from TCEQ. This would all be dependent on location of well, permitting by Lost Pines, financing, other improvements needed (lines and plant), and TCEQ.

President O'Hanlon stated we are still gathering information and a decision will have to be made at some point.

- 10.) Discussion and possible action regarding rental of meeting room space in Bastrop Convention Center for 2020 and 2021 Board and Annual Road meetings
Paul Hightower stated he reached out to the Convention Center office about a long term contract. The dates for the third Thursday are available and the last Saturday in March for the annual meeting. The cost could be \$2,725 and the payment is due on the first of every year.

Motion: Butch Carmack moved to approve the agreement for 2020. Seconded: Sam Kier. Vote: Three (3) in favor, motion carries.

Director Kier stated we may want to look for a backup location for Special meetings.

- 11.) Discussion and possible action regarding Office Building Renovation or Construction of New Building, including Potential Sale or Development of the District Land on which the building is located
President O'Hanlon stated this item will be a standing item on the agenda. The Board has only made 2 decisions so far as it relates to our building. Decision #1 was that we will not repair the building the existing building and decision #2 the Board directed Paul Hightower to hire an architect. No decision has been made as to the location of the building. We will probably have several plans drawn up for the various location that the District owns.

Paul Hightower stated that after talking to 4 different architects we contracted Brad Cutright. They met with Mr. Cutright and took a tour of a building he designed. Mr. Cutright charges a 10% of the total project. We will start working on the preliminary designs next week and designs should be ready for the Board to review at the next board meeting. Any thoughts and desires please let committee know. The biggest challenges is drainage.

No Action Taken

- 12.) Discussion and possible action regarding Commercial Wastewater Rates
Paul Hightower requested to have this item tabled for one more month because he just received the requested information from TRWA's rate review team and he needs to fully assess the information.

No Action Taken

- 13.) Discussion and possible action regarding investment of District Funds

Paul Hightower stated that he reached out to TexPool about moving the TWDB Reserve fund with them and it will be 100% fluid and also we can open multiple accounts with TexPool. We are also discussing about moving our CD's over to TexPool for a better rate.

Director Kier stated we need to first move the \$450k for the TWDB Reserve fund.

Mr. Hightower stated that is in the process.

Alma Rodriguez stated there is a CD coming up for renewal on May 5th, would the Board like to have that transferred to a TexPool account.

Motion: Sam Kier moved to move the CD to a separate TexPool account. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

- 14.) Discussion and possible action regarding 10-year Capital Plan committee meeting
Paul Hightower stated he has been working with Tyler Walsh, Director Kier and Chris Lane on the 10 year Capital Plan. The biggest part was taking the recommendations from Befco Engineering on line repairs, extensions and maintenance items, we are rolling in the potential for a water tank, water well, equipment and vehicles. On the wastewater side it will be adding a new lift station in about 8 years as we are looking for the potential for growth. Currently, on the list we have a total of 7.6 million on the Capital Plan.

Director Kier stated we have a million two in available cash which is 6 months of operating expenses in the bank and we have \$380 in receivables from FEMA. The requirements of a revenue bond is that revenue has to support that payment plus 25%.

Mr. Hightower has reached out to Commissioner Hamner about grants that the County is eligible and we are not but they can get and allocate that money on our behalf and he also contract Befco Engineering on grant programs as well. We are looking at several options.

Director Kier stated Chris Lane said that private placement might be the better option for the District and the rate are about the same.

No Action Taken

- 15.) Discussion and possible action regarding existing contract for Information Technology (IT) Services and contract(s) for additional IT Services

No Action or Discussion Taken

- 16.) Executive Session-

- a. Pursuant to Section 551.071 of the Texas Open Meetings Act, the Board will consult with its attorney in Executive Session to seek legal opinion and advice regarding the contracts that are referenced in Agenda Item No. 15 and;
- b. The Board may also discuss in Executive Session any other item referenced on this Agenda when authorized pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act.

President O'Hanlon announced at 7:40 p.m. that the Board will meet in Executive Session regarding the listed items in Agenda item #16.

- 17.) Discussion and possible action regarding matters discussed in Executive Session.

The Board Adjourned Executive Session at 8:45 p.m.

No Action or decisions were made in Executive Session.

- 18.) Discussion and possible action regarding the following matters related to the Road Committee –

- a) Monthly meeting update

Director Ferguson stated at the road committee meeting Michele brought up an issue about loose gravel on Hanauma which a work order was created. The committee asked "What is the process of notifying customer of road construction activities?" The committee was asked to go compile a list of all impassable roads in their units and the next meeting would be a work session to discuss the results and how it will effect 911. In June the committee will have another work session to discuss a density and setup a criteria and clear up all the variables and how to report them. The committee also asked about the legality on rename streets.

Paul Hightower stated the door hangers were missed on the first set of surveys but they did go out on the next ones and we have received positive feedback on the door hangers.

Tony Corbett stated he would look into the question on renaming streets.

Mary Jo Creamer stated you can contact Julie Sommerfeld, she is the GIS Manager for the County. It's a lengthy process to change a name of a road.

- 19.) Discussion and possible action on appointment of Unit 4 Representative on the Road Committee

President O'Hanlon stated the Board had received 3 applications for the Unit 4 Representative. The applicants are we John Creamer, Don Fee and Bridget Gallerie.

Motion: Butch Carmack moved to appoint Don Fee as Unit 4 Representative on the Road Committee. Seconded: Sam Kier. Vote: Three (3) in favor, One (1) Opposed, motion carries.

- 20.) Board suggestions on future agenda items-
 - a. Establish advisory committee with representatives of the Property Owners Association and the District relating to future uses or disposition of reserve properties
 - b. Other future agenda items.

No additional items to add to future agenda items.

- 21.) Discussion and possible action regarding Release of Liens held by District on Real Property Alma Rodriguez presented the Release of Liens.

Motion: Sam Kier moved to approve the Release of Liens. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

- 22.) Adjourn

Motion: Sam Kier moved to adjourn the meeting. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

MEETING ADJOURNED AT 8:55 P.M.

Mary Beth O'Hanlon
Board Director

May 21, 2019
Date