

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, October 15, 2020, beginning at 6:30 p.m. The meeting was conducted by videoconference and telephone.

Present BCWCID #2 Board Members:

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

BCWCID #2 Staff/Other Professionals:

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

MEETING DISCUSSION TOPICS

- 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
- 3.) Texas State 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 Egitto stated the linked embedded in the pdf file you cannot click on it when it is in pdf, so I just dialed in. Not sure if other people are having that issue.

President O'Hanlon stated there are 2 places on the website where this link is listed if you go to the actual board packet where it is embedded in a PDF, that will not work.

Tony Corbett stated if you go to the GoToMeeting on the internet and then just type in the 9-digit code that is on the agenda that is an alternate way to get to the meeting.

President O'Hanlon stated we will make it clear in the future.
- 5.) Discussion and possible action regarding scheduling of future meeting dates:
 - a. Regular Board of Director's Meeting scheduled for Thursday, November 19, 2020 at 6:30 p.m.

President O'Hanlon stated the next meeting is scheduled for Thursday, November 19, 2020 at 6:30 p.m. This will be the last meeting for the year unless we need to have a Special meeting.

Tony Corbett stated the last day by which election canvassing can occur is November 17th so I don't know if the Board wants to revise the date of its regular November meeting or just call a special meeting for canvassing only, but again, the statutory deadline for canvassing after the election is November 17. This is just the action taken by the board where it adopts an order, moralizing, actual counts and the results of the election, but the election code defines a statutory period to do that and the last day is November 17th. Some counties, and particularly for this election, I think it's likely it's very late in the canvassing window before they finally have register final results so you may want to try to schedule the meeting as late as possible on or before the 17th in case there are delays, because this is such a large election.

Paul Hightower recommended that the Board meeting stay on its regular scheduled and then call a Special canvassing meeting once we get the results, not knowing how long is going to take them to compile everything.

President O'Hanlon asked if everybody was okay with the Board having a separate meeting for the canvassing activity that we must perform after the election, no, later than November the 17th.

Director Kier stated we need to publish that meeting so do you want to set a date now.

Tony Corbett stated you are still subject to the normal 72-hour Notice requirements for posting meeting.

President O'Hanlon stated we will have a Special meeting on November 17th at 6:30 p.m. for canvassing the results of the election.

Tony Corbett stated he has a conflict with that day, but he does not think he needs to be there, and he is happy to work with Alma and Paul on the form of the canvassing order.

- 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 September 17, 2020 Regular Meeting of the Board of Directors;
 - b. Approval of minutes from the September 26, 2020 Annual Public Road Meeting;
 - c. Approval of monthly financial report for September 2020; and

d. Approval of Release of Liens held by District on Real Property.

Alma Rodriguez reviewed the Release of Liens with the Board.

Motion: Butch Carmack moved to approve the Consent Agenda items. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.

7.) Discussion and possible action regarding the following items to be presented in the General Managers report:

Paul Hightower reported on the following items:

a. Status of TTHM compliance:

Drilling rig was on-site and setting up as on 10/6. As of report time, we have hit our 1000' mark. The drillers have encountered quite a bit of rock but did hit good sand/water around the 450' mark then again at the 830-870 and 940 to 1000' foot. So far, no gas pockets were hit. They did hit a rather large radiological feedback close to the 1000-foot mark. They started the logging of the depth on yesterday, so we know where the layers actually fall at. Today they will be putting the casing in the hole to allow for pumping to start the following week for sampling and testing purposes.

b. Update on district water plants and lift stations:

Interior/exterior of the first storage and pressure tanks are complete. They have been tested and are back online. Sand blasting and painting of the final tanks are in progress now. We will be putting the logo back on and painting the station house as well. Once all is completed, this will be a nice site as an entry point to Tahitian.

c. W/W maintenance & Capital Improvements update:

I received a proposal from BEFCO for \$45k + expenses and hourly rate, for the Tahitian line upgrade. Their proposal includes topo survey, civil engineering, construction docs and construction phase services. If we choose to let them do the bid package as before, they are charging the same \$10k for these services.

d. Roads maintenance & improvement projects update:

Roads are doing great this past month.

New Road Construction: The next batch of roads (Keanahalululu, Kapapa, Nuupia, Olomana & Kaimuki) have been completed with density, walk-thru and engineering. All these roads have been chip sealed.

UPDATE: The first 2 batches of roads for 2020 which are Keawakapu, Kaeleku, Ninole, Waianae, Mokulua, Kipapa and Waimalu, have all been chip sealed and are complete. Tree clearing and construction is starting on the final phase of our 2020 roads, but chip sealing will more than likely have to wait until next year due to the weather.

2021 Roads: Surveys being conducted. Customers have been notified.

Annual Road Meeting Update: I felt we had a wonderful meeting. We had approximately 15 people in attendance via web or phone. We were able to move thru the meeting at a good pace with several updates. The Board approved the road plan with the changes the committee recommend from our last meeting in March.

e. Employee update:
No updates at this time.

f. General Office Update:
No updates at this time but I did want to let the board members know that we're going be moving to a new system on the on the password stuff we've had several attempts at hackers, I've actually been hit twice. They have tried numerous times, get into the server, but they never got past the firewall and the encryption that we have. All the password will sync into the server, and everything will go into tonight.

Tyler Technologies, which works with Incode, our billing system, their system got hit pretty hard, they actually had a loss of information. None of it was affected on our side thankfully and I hate that they lost any information for any of their customers, obviously, because it is bad times. We are doing everything we can to keep our information safe.

President O'Hanlon asked what does it mean that they have got a radiological head at 1000 feet?

Mr. Hightower stated you have a natural occurring item in the ground, it can be anything from a shell to the layers. You have a natural radiological reaction through the ground at most points, it just has to do with traveling through the aquifers. They just thought that it was abnormally high for this area. What that means, nobody knows, unless we do a very in-depth tests of the area, but it is not going, it should not affect us, or anything. We are going to be set 100 feet or so, plus above it, so, there should not be any reason that we have to worry about anything. It is just something that naturally occurs on the ground. They just found it very odd, that they had such a high reaction, but it could have been anything from the way the drill bit affected the shales, it could have been something passing through the layers. It could have been something to do with the sand, there is no telling how those reactions happen.

Director Kier asked if this was like Radon?

Mr. Hightower responded it is different well, it could be but without having a test and know the exact chemical characteristics or the properties of it, we do not know what it is. It set their alarms off, which is preset to a certain limit if it exceeds that, then it sets all their little alarm bells and whistles off.

Director Kier asked if we decide to go with this well is there normal testing for radiation?

Mr. Hightower responded, Yes, there is normal test we will go through. The water will have to go through a series set of tests. For the quality, they will check the parameters and also radiation levels, they will check all the different things that equal up to the THM. There is a lot that will go into that and we will have a complete chemical analysis of the water. Once we start pumping that water and we get good, clear water out of it, we'll take a series of what's called a panel of tests, will take those, and those will get sent to the lab, and we'll get a breakdown, chemical breakdown of the water, and we'll know exactly that, characteristics of it.

Tony Corbett stated there are drinking water standards. There are parts of the state where the groundwater has naturally occurring radiation where the systems are required to do very expensive treatment to bring it down within drinking water standards these are towards San Angelo just West of here, they have significant radiation naturally occurring in their groundwater.

President O'Hanlon stated it looks very promising for us.

- 8.) Presentation from Pines and Prairies Land Trust on Improvements at the Colorado River Refuge
President O'Hanlon welcomed Courtney Young from Pines and Prairies Land Trust.

Courtney Young gave a presentation to the Board regarding the Pinard and Land Trust and gave updates on the Colorado River Refuge.

- 9.) Discussion and possible action regarding Construction of New Office Building
Paul Hightower stated after a long time waiting and having to completely switch gears, we have had to change our thinking. We are finally going forward with this. We sent out four bid packages after it published in the paper, two of the Bidder's chose not to participate in the sealed process, so they had to be excluded. He has spoken to the ACC about the reserve property, and there are not any restrictions for using the property, only selling it, which we do not plan to do. Also spoke to the TVPOA this week, and after they consulted with their attorney, they have no issues either. They were advised as well that it did not matter much to them because we are a government entity, we are exempt. The final design will have rock, it is going to be basically a tan building with green trim kind of matching the area. Getting electric to the site was initially estimated to be \$21k to \$23k from Bluebonnet but then the estimate came in today about the \$9k to \$10k mark. So, that was a welcoming change. Waiting to hear from Spectrum now to work out the communications portion, I think that is what is probably going to hurt us the worst. We are ironing out a few small items that we have left with at all. Surveys of the property have been ordered. So, once those are done later this month, and everything is in place, hopefully we can decide next month to move forward and then start the process.

- 10.) Discussion and possible action regarding upgrading meters and meter software
Paul Hightower stated there is no discussion or action on this item for this month. We are discussing this item as part of our budget and capital improvement projects which is what we are going to be talking about next with the full capital presentation to the board.
- 11.) Discussion on future capital plan items and debt analysis with SAMCO
Paul Hightower stated that Director Kier and himself met with SAMCO earlier this month to discuss financial planning, debt analysis and basically share our capital plan with them to borrow 5 to 6 million in the next 5 years. SAMCO is putting together a plan to present to the board that narrows it down and shows all the options. Once we go through this with them we can plan appropriately and we can move forward with some of the necessary items of being mainly the land improvements, meter changes, elevated tower, and a new well towards the end of the 5 year mark.

Paul Hightower stated SAMCO had stated that we would likely be better off with a private placement funding over the Texas Water Development Board style of funding. For many reasons, mainly the timing development board would take well over a year to get it all lined out. By the time you go through the application, you go through the process, and you go back and forth, it is a very timely process. With private placement, you can have done in 4 to 6 months and with the rates that banks are giving, right now, you won't be that far off from what the Water Development board would be giving anyways. Some items that we discussed to be able to make it happen was a combo of, of our cash on hand, versus what we needed to borrow, and be able to spend within a certain timeframe. They want you to be able to spend the funds within, I believe it was three years. One of the main requirements that we need to do is maintain a 1.25% reserve over the budgeted expenses and debt requirements for the funding.

We have spent some considerable time going over, reviewing the numbers in the budget, and making sure that we can attain this, and as I will briefly go through over this. Between our water sales tap, fees, boring, wastewater fees and capital debt fees, we would have a rough total revenue of \$3.2 million on the expenses side.

Now, just preliminary budget numbers, since we have not fully presented the budget to the board, between water wastewater expenses and depreciations, just a little over two million. So, accounting for what we need to cover, keep the \$235k in reserve. Where we would be sitting with our cash flow before capital projects, between expenses and revenue sitting with roughly \$470,000, we are going to be plenty stable enough to obtain this and make the banks happy.

Moving on to the next schedule, some things that that we looked at with our total cash that we have with Texas Water Development Board funds with our Reserves, our 12-month cash. We have a total of about \$4.4 million on hand. The projects to

be funded would be the wells, the tanks, building, meters, lift stations. We are discussing borrowing five or six million dollars. If we borrow five million that, we would have roughly an annual payment around \$420,000 and on six million that would be around \$500,000 annually. This is just guesstimate and that is with 3% with a 15-year note. So financially will be in good shape with borrowing then keep in our capital plan moving forward.

Director Carmack asked how soon will we be needing an elevated tank?

Paul Hightower stated we are probably 2 to 2 ½ years out.

Director Ferguson asked if they were looking at historical data for revenue projections.

Director Kier responded you have to for the application. We are looking at the 2021 budget, and the rates support it.

Tony Corbett stated your outstanding bonds would include certain covenants relating to the issuance of additional debt and that additional bonds' test has to be based typically the languages on your last 12 months or your last completed fiscal year and to make sure the net revenues are sufficient and it's either a 1.25, are 1.1 test. I think Paul mentioned the 1.25 in this case. So legally, you must meet that additional bonds test before you can issue additional bonds and the attorney general will review this to make sure it is met. And, just to clarify, I think Paul mentioned a three-year term. The reason that would be done is if the debt is longer than three years for this new debt, then you are required to get TCEQ approval.

Director Kier stated we did look out 10 years and Paul and I did some extrapolating using some inflation rates, the growth of the community and everything still looks positive going out. Positive cash flow in year 10. There are couple of years where it gets down to where you are saving on the \$9 million Capital Plan, but it starts coming back so I think, borrowing \$5 or \$6 million we should be fine. Initially, we looked at borrowing \$4 million but if the cost of money is somewhere between 2.5 to 3%, just does not make sense not to borrow it.

President O'Hanlon stated the District is making good progress towards determining how we're going to fund our capital improvement plans, and keep our water and wastewater systems current, modern, and fully functional and large enough to meet our needs.

- 12.) Discussion and possible action regarding approval of contract with BEFCO Engineering to prepare application and engineering estimates
Paul Hightower mentioned as stated earlier SAMCO suggested that we have the Board vote on motion to have engineering firm go ahead and start the application process since the engineering is the longest part of the process but we did have

Beth go review the capital portion of the hydraulic study that they presented to the board in January of last year, and it's all basically still on task just on hold, we have changed the overall funding numbers, as well, which affected the capital numbers in end for the current budget year.

BEFCO submitted a proposal of a \$100,000 to do the Bond application, the preliminary engineering, and the environmental reports but Ms. Lane with SAMCO did mention that is going to be the first appropriate step we need to take. Personally, I feel the proposal was just a tad high, but it did seem to be in line with what I have done in the past. There are a lot of hours that go into this application and Tony may have some input on this. The hours that it takes to put together a packet for the Water Development Board is extensive, it is very in-depth and very time tasking. BEFCO did mention that if we chose to move forward they would want to do a conference with SAMCO to go over all the details of the application and the whole process to make sure they were covering all the bases. BEFCO has only been involved in handful of these applications in the past. I am not sure of the extent of their knowledge with it. But I do have a couple of other options that were given to me that I'm going to be looking at tomorrow, and next week to do some comparison with but going back to SAMCO, they said that if the board wished or if the board would like a presentation from them, spelling everything out, they will be able to line it up for next month, the SAMCO representative, as well as Jerry Kyle the, the attorney could be present for that. But I am going to look at a couple of things on the engineering side of it, and then come back to the board with my findings, unless the board makes a decision to move forward.

Tony Corbett stated from his experience, the amount of engineering costs very, very much, depends on the source of funding. The Texas Water Development Board has much more for environmental requirements then if you made a bond application with TCEQ. The typical cost for an application with TCEQ is the \$20,000 to \$30,000 range, and the number a year, you mentioned seems, pretty significant to me, so I think it would be interesting to have a better handle on what it is they're proposing to do and we make sure that's really necessary, depending on the source of funding we're considering.

Paul Hightower agreed and stated that was his thoughts, and my worry with this as well.

Tony Corbett recommends to the Board that they let them look into this more to make sure the scope is appropriate for the source of financial assistance we are seeking and then bring back a more specific proposal that reflects that source just to make sure that the scope and cost is appropriate.

Director Kier and President O'Hanlon agreed.

Director Kier also stated it is important that we understand the scope and that BEFCO understands as well.

Director Kier asked if these were hourly or fixed prices?

Tony Corbett stated it depends. There is a firm that handle a lot of applications and they have a flat fee. Most water districts do financing on the public sale, with debt longer than three years so it requires an application at TCEQ, but they have an expedited application process, which, depending on the contents, can either be 45 or 60 days and the firm that says more than that than anyone in the state, again, has a flat fee. Approximately \$30,000, but it is a function, but, that firm, which, again, does more than anyone, does it on the lump sum basis. I think you can see it both ways, but, again, it is such a function of where you go for financial assistance. The Water Development Board has some extremely low interest costs, money, but it can take a long time to get there, and their environmental requirements are much different than going to TCEQ.

Director Kier stated not only are their environmental requirements higher their fees are higher.

Tony Corbett added depending on the project, they may require archeological studies which you do not have to do with TCEQ.

Paul Hightower stated the District is looking at private placement so we will be going through TCEQ. That is what we are aiming at just the timing and the funding of it makes better sense to us.

President O' Hanlon stated she is hearing general consensus that we will not put a motion forward to proceed as a contract with our current engineering firm. We are going to do some additional research before moving forward with that particular activity.

- 13.) Discussion and possible action regarding the projects using funds from the Texas Water Development Board

Paul Hightower stated this item is basically on hold, but we will keep it on the agenda.

- 14.) Discussion and possible action regarding the purchase of property for drainage; Unit 5, Block 6, Lot 464 & 452

Paul Hightower stated we will be discussing this item in Executive Session and then we will come back to this item.

President O'Hanlon stated in Executive Session we discussed this item regarding possible action on the purchase of Unit 5 Block 6 Lots 464 and 452 and at this point, the Board has decided not to take action on this particular item so we will not be purchasing these lots.

15.) Discussion and possible action regarding renewal of District's employee medical, dental and vision benefits

Paul Hightower stated we received some excellent numbers back regarding insurance renewals. We received an 11% decrease from Blue Cross Blue Shield as we were reviewing the initial quotes. The idea came up that if we invest the savings into a better plan, essentially it will be only a 2% increase over the current plan. This plan would have better co-pays for the employees, as well as a lot lower deductible. Currently, we have a \$3000 deductible, and the district pays \$1,750 per employee towards the deductible when it is met. With a new plan, the deductible drops to a \$1500, so that would be a substantial savings for us over that portion. The District has not paid any reimbursement on deductibles this year. The board could vote to do away with paying the deductible portion if they chose if we go with the lower deductible plan or if anybody had an ideas or suggestions. Director Kier had the idea of possibly investing the difference back into the employer's retirement savings, but we cannot do that with TSDRS. The plan does not allow it.

A meeting was held with all the employees to discuss the options. The employees, basically, were happy with whatever is decided that is best for everyone. One thing that was brought up by the employees was considering instead of paying towards the employee deductible could the District pay towards the overall family deductible, which is \$6000. This would have benefited several employees this year since. If the District paid toward the family deductible that would have been a substantial benefit for them.

Mr. Hightower did ask Tony Corbett if this was possible. Mr. Corbett informed Mr. Hightower that the Board would have to modify the employee benefits to do so, but also advised that the only possible issue we might ever see is that an employee could say, A single employee, for example, could say, that the District pays more for a married employee, or employee with children or something like that, versus not married.

President O'Hanlon stated as she understood the employees are happy with medical insurance they have today.

Mr. Hightower responded yes, ma'am.

Director Pinard stated there are so many unknowns out there this year she recommends leaving at it is.

Director Kier agreed with Director Pinard.

**Motion: Karen Pinard moved to approve the BlueCross BlueShield renewal at current plan.
Seconded: Sam Kier.**

Alma Rodriguez asked if this motion included the renewal for dental and vision insurance. The renewal rates for dental and vision stayed at the current rate and recommends that the Board the renewal for dental and vision insurance as well.

Karen Pinard amended her motion to included approving the renewal of dental and vision insurance.

Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.

Alma Rodriguez asked if the District's contribution to the employee's deductible going to remain the same.

Director Kier responded yes and suggested if there is a particular situation for an employee that has a dire issue let the General Manger bring it to the Board.

- 16.) Discussion and possible action regarding adoption of Order Relating to Employee and District Contributions to TCDRS employee retirement plan
Paul Hightower stated when we first started with TCDRS the plan was to start off at 5% and eventually cap it at 7% employee contribution, last year we increase the percentage to 6 so we need a motion to increase the percentage to 7%.

Motion: Butch Carmack moved to increase the employee contribution to 7%. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.

- 17.) Discuss and possible action regarding appointment of Greg Stigall as Unit 3 Representative on the Road Committee
President O'Hanlon stated we need to formally appoint Greg Stigall to the Road Committee.

Motion: Sam Kier moved to approve appoint Greg Stigall as Unit 3 Representative on the Road Committee. Seconded: Karen Pinard. Vote: Four (4) in favor, motion carries.

- 18.) Discussion and possible action regarding the Road Committee

a) Receive Monthly Committee update,

Paul Hightower stated there are no updates at this time.

- 19.) Discussion and possible action regarding compensation for General Manager
President O'Hanlon stated that at last month's meeting we did the General Manager's evaluation but tonight we need to vote on his compensation.

Motion: Mary Beth O'Hanlon moved to give Paul Hightower a 2.5% increase in salary effective November 1, 2020. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.

President O'Hanlon announce at 7:49 p.m. the Board will be meeting in Executive Session.

20.) 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 Agenda Item No. 13;
- 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.

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

**The Board adjourned Executive Session at 8:09 p.m.
No action or decision were made in Executive Session.**

22.) Board suggestions on future agenda items

Director Ferguson stated he would like to add to the agenda, a possible policy change on how we determine which roads are going to be put on the five-year plan.

Director Kier stated he knows Alma Rodriguez has a lot of items for the agenda in November.

23.) Adjourn

Motion: Sam Kier moved to adjourn the meeting. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.

MEETING ADJOURNED AT 8:13 P.M.



Board Director



Date