

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 21, 2021, beginning at 6:30 p.m. The meeting was conducted by videoconference and telephone.

Present BCWCID #2 Board Members:

Mary Beth O'Hanlon, President
Scott Ferguson, Vice President
Ron Whipple, Secretary
Butch Carmack, Director

BCWCID #2 Staff/Other Professionals:

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

Absent:

Sam Kier, Treasurer

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.)
None.
- 5.) Discussion and possible action regarding scheduling of future meeting dates:
 - a. Regular Board of Director's Meeting scheduled for Thursday, February 18, 2021 at 6:30 p.m.
 - b. Schedule a date for the Annual Road meeting

President O'Hanlon stated the next regular Board meeting will be held on February 18, 2021 and we need to schedule a date for the Annual Road meeting.

After discussion about dates Paul Hightower suggested we have the meeting on Saturday April 17th. This will be a virtual meeting.

Director Carmack stated due to his job he probably will not be at the meeting.

Motion: Butch Carmack moved to have a virtual Annual Road Meeting on Saturday, April 17, 2021 at 9:00 A.M. Seconded: Scott Ferguson. Vote: Three (3) in favor, motion carries.

- 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 November 19, 2020 Regular Meeting of the Board of Directors;
 - b. Approval of monthly financial report for November and December 2020;
 - c. Approval of Release of Liens held by District on Real Property; and
 - d. Approval of 2021 Liens Assessed

Motion: Butch Carmack moved to approve minutes from the November 19, 2020 Regular Meeting of the Board of Directors. Seconded: Scott Ferguson. Vote: Three (3) in favor, motion carries.

Motion: Scott Ferguson Carmack moved to approve the financial reports for November and December 2020. Seconded: Butch Carmack. Vote: Three (3) in favor, motion carries.

Alma Rodriguez reviewed the Release of Liens and the 2021 Liens Assessed with the Board.

Motion: Butch Carmack moved to approve the Release of Liens and the 2021 Liens Assessed. Seconded: Scott Ferguson. Vote: Three (3) 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:

7a. Status of TTHM compliance:

Unfortunately, no major updates on this item yet. We had a meeting with another drilling company about doing a groundwater analysis with radar technology. They did make a presentation to about the process and they have several sites now, that they are doing their homework on, to know if they can use their technology or not. It takes a certain amount of room and other criteria, to make it work the way they need it too. We are also talking to the GWD and hydrologist some more, getting info about our sites for them to use as well. I should have a better update next month for this.

7b. Update on district water plants and lift stations:

Station 1 has been completed for the interior and exterior of the tanks. Except for the logo, I had them redo the logo because I was extremely unhappy with it. They had one made and are applying the logo to the north tank, facing Tahitian Drive, and moving out to station 3 to complete the rehab at that station next.

7c. W/W maintenance & Capital Improvements update:

No major updates currently. We are waiting on BEFCO to finish the survey for the Tahitian line upgrade now.

7d. Roads maintenance & improvement projects update:

19/20 Road Construction: The third section has been completed off Akaloa. Walk-thru was made with contractors, county and engineering and it was all approved. The final batch (Pahalawe and Kaapahu) are in progress now and almost completed. With COVID, weather and some issues getting road base, the contractor has been pushed back about a month thru it all. We were set for several deliveries of base on the 3rd batch and drivers did not show up. We had to start making other arrangements, which we got in place and were able to keep moving eventually. This final batch should be wrapping up soon.

20/21 Roads: Final survey was conducted recently. We should have a complete report for next Board meeting. Realizing we are behind schedule; Mel and I are considering using the reclaimer on this batch of roads as a test year. We could contract out the ditch work, only so that it could be completed faster, then we could get the machine going in time for the season. This would eliminate having to put it out for bid as well, doing it in house.

7e. Employee update:

The only update for this, is that we have lost one of our office employees. Due to some health and personal reasons, Mike has given us his 2-week notice at the first of the year. We will be placing an ad for an office position. Including myself, we have had a few employees off at random times for COVID exposures or testing positive.

Currently, we are back to a full crew. We are all still maintaining a clean and sanitized environment as much as possible. The field crews are staying separated as much as possible and making sure the offices and vehicles are being cleaned and sanitized as well.

12f. General Office Update:

The only main update here is the construction of the maintenance facility. The building has been ordered and was originally set for a February delivery but that has moved to March. Power will be to the site in the next 2-3 weeks followed by Spectrum. The water line is in place and sewer will follow that. We have already received several requests for service quotes over in that area, since opening it up as well.

- 8.) Discussion and possible action regarding the Road Committee
a. Receive Monthly Committee Update

Paul Hightower stated he missed most of the meeting so he will rely on the Road Committee for updates.

Jo Egitto stated that Mr. Hightower covered the road construction update in his report. On road maintenance, Tyler Walsh's reported stated that 37 work orders have been completed and 1.56 miles of road graded. There was discussion about South Manawianui and if that is a County road.

Alma Rodriguez informed everyone that she received confirmation from Commissioner Hamner that all Manawianui is a County maintained road.

Mrs. Egitto stated the Road Committee also had discussion about the drainage study that were completed in Unit 2 and 5, Kathleen Newton did have a question of whether the drainage study was done with using the new version of the flood zone number which is 100-year numbers for rainfall versus the FEMA 500-year floodplain. We also discussed finishing road in a specific area and not moving equipment all over the subdivision and talked about focusing on all collector roads due to safety issues. We talked about using other methods instead of the density formula.

Director Carmack suggested that we start in one section and complete that section and then move on to the next section.

Director Ferguson also suggested that we not take people off the list and asked the Road Committee to come back to the Board with recommendations.

Director Carmack asked why are we paving Diamond Head?

Tyler Walsh stated Diamond Head was used as a training site only.

- 9.) Discussion and possible action regarding request for waiver of lien fees for road fees for Unit 02 Block 13 Lots 1147 and 1148

Alma Rodriguez stated the owner of Unit 02 Block 13 Lots 1147 and 1148 was upset that were assessed liens. I explained the process to the customer, and they were not satisfied and wanted to have the Board make a decision on waiving lien fees.

President O' Hanlon stated the Board has encountered situations like this before in the past, the Board has not approved refunds of late fees or lien unless there was some issue and the water district was at fault, so Board what is your thinking on this?

Motion: Butch Carmack moved to deny the request to waive lien fees for delinquent road fees for Unit 02 Block 13 Lots 1147 and 1148. Seconded: Ron Whipple. Vote: Three (3) in favor, motion carries.

- 10.) Discussion and possible action regarding approval of use of surplus Texas Water Development Board for funding capital improvement projects

Paul Hightower stated we have had many discussions about where and how to use the remaining funds with the TWDB which is about \$641k. We have rolled it into our capital plan so we can make use of those funds. I have talked to our representative with TWDB about using the funds on the water meter upgrade and his reply was, "Though it is always best to consult your financial advisor, my understanding is that provided that you adhere to the flow of funds, which is the operating revenue, is expended in the order of maintenance and operations, followed by the funding of the INS and reserve accounts. You may spend whatever's left over on anything that the covenant is defined as a lawful purpose."

Mr. Hightower stated he also spoke with Chris Lane and Jerry Kyle about using the funds for the water meters and they stated it should not be a problem. The District would need to send a letter to TWDB with the formal request. If the Board chooses, we would like to get moving on this.

11.) Discussion and possible action regarding upgrading water meters and meter software

Paul Hightower stated this item goes along with the previous item. We are asking for the Board to take action on this item tonight. There have been many months of discussion on this item. The longer we wait, the worse it is on us, we are still installing the current Badger meters with new water taps, which in the long run is equating to money that being wasted when we do make a switch in the future, no matter which company we go with. The field employees are having to read these meters that are being installed by hand which currently is a little over 100 meters now, so it cuts into the productivity and efficiency time in the field. If we choose to move ahead with the upgrade pending, the TWDB's acceptance, we can get the new system in place within 4 to 5 months. In speaking with the representative of the company we are recommending, he said the contractor should be able to be in and out within three months if not sooner, but they give themselves a buffer for weather. But hopefully, this can be in place before the bulk of the heavy season hits. This will help our water loss numbers, as well as the district man hours saved on reading, not to mention less driving, equates to fuel and maintenance savings. The system is a definite upgrade and while costing the district an initial investment that will pay us back in the end and will keep the district moving forward in a positive pace.

Director Carmack asked what is going to prevent us from having the same issue in the future with software updates?

Mr. Hightower stated the company we are recommending for the meter upgrade has had this in place for 15 to 20 years. They continue to run updates and are continuously monitoring the software. I have never known Neptune to come back and stick it to somebody like Badger has.

Director Carmack stated he does not want to run into this issue again.

Mr. Hightower stated that has been one of our questions and one of our worries

talking to Neptune about it, we have had several conversations about it with them and they are not fore seeing any major changes or changes that they would not support with their software as part of their system. We would be an annual paid subscriber to their system so any updates, will automatically roll down to us and be part of our software package as part of paying the annual subscription price. So, I do not I do not foresee any issues.

Butch Carmack asked if these are the same meters that the City is using.

Paul Hightower responded the City is on Census and Aqua Water is on Master Meter. We did look at those meters as well. When we looked at the cost and what we were getting it made sense to go with Neptune. We had all 3-meter companies doing on site demos, demos were not only of the meters but for the software as well. For the price, the advantages we get with Neptune's software, far outweighed, what Master and Census were offering.

Mr. Hightower stated there was information in your packets about the meters. Option 2 AMR Drive by system is basically what we have now. The recommendation from staff would be for Option 3 AMI fixed network system. The AMI readings are done automatically in the office. We do not have to send the field crew out to get a reading. The data is collected on a 15-minute interval. We will have more accurate readings. There is all kinds of warnings and these things, that if a battery is getting low, it will tell you, they have a 10 plus 10 accuracy warranty with a 20-year battery warranty.

Director Ferguson asked on the AMI's option 3, it shows 5 - R900 gateways and an outdoor antenna system, was this designed by Neptune and are there actually locations where the antenna's and gateways are going to go?

Mr. Hightower stated that is why he has it highlighted in yellow. That is an unknown number but that is the worst-case scenario. We may only need 2. Once this is approved then Neptune will come out and do a feasibility study to see where it will all lay out. Ideally, the collector will be at the maintenance building since there is a tower there. Also, in talking to Neptune I was able to negotiate a \$13,000 cost savings.

Mr. Hightower recommends Board approval on the Neptune Option 3 AMI fixed system and recommends sending a letter to TWDB to use the funds for this project. Just to add on quick, so that the board is completely informed on this, this is for the entire network, the system, installation, the training, and the software. This is for us to read everything in the office. This is not including the customer portal. The customer portal goes through their third party, which is called Water Smart. They have an amazing customer portal. The customer can see everything that we can see in the office with an AMI system. The problem with it cost \$2250 a year. We can look at his in the future.

President O'Hanlon wanted to clarify this, the customer service portal we are not recommending at this time, but it is something we could add if we feel we have customer interest.

Paul Hightower responded, "yes".

Motion: Butch Carmack moved to go with Paul Hightower's recommendation of Option 3 AMI system from Neptune. Seconded: Ron Whipple. Vote: Three (3) in favor, motion carries.

President O'Hanlon asked Tony Corbett if there is anything else, we need to do from a procurement standpoint.

Tony Corbett asked what the final contract amount was.

Paul Hightower stated about \$665k on the highest side.

Tony Corbett asked if there was a newspaper advertisement published?

Paul Hightower stated it was published in maybe June, July, or August.

Tony Corbett stated as long as you complied with the newspaper advertisement requirement of publishing once a week for two consecutive weeks and that publication dates relative to the date the bids were opened. Then we should be good.

- 12.) Discussion and possible action regarding approval of resolution for a contract with Orrick, Herrington & Sutcliffe Law Firm, to act as District Bond Counsel Paul Hightower stated in your packet was a Resolution for a Contract with Orrick, Herrington & Sutcliffe Law Firm, to act as District Bond Counsel as we are working on this loan application. Jerry Kyle is our main primary contact person, he has many, many years of experience and applications and time in doing this in and working with districts all over the state, Director Kier and I have met with him and Chris Lane on several occasions while going through the motions of putting all this together. We also had Tony Corbett review the contract for his approval. Staff is recommended to accept the Resolution for a contract with Orrick, Herrington & Sutcliffe Law Firm. Staff's recommendation is to approve the Resolution for Bond Counsel.

Tony Corbett added that he has known Jerry Kyle for many, many years and thinks very, very highly of him, he originated out of the AG's office in the public finance division and is super qualified.

Mr. Corbett stated the reason this resolution exists is the legislature last session enacted a law which just says if lawyers are paid contingency fees from public monies, certain findings, and actions have to be taken. And because bond counsel

fees are paid out as the proceeds of the bonds, that's kind of why this new type of documents station exists. But again, bottom line, I think very highly of Jerry and his firm and, and the contract he has given you, that is perfectly typical of the fees that are charged to other districts for this type of work.

Mr. Corbett added there are 2 components to this. There is the Bond counsel component and the Disclosure Council, and the disclosure counsel relates to the representations that will be made to purchasers in the offering documents. Whereas the Bond Counsel component is the work he does in terms of preparing documentation to the board for approval. Filing that with the Attorney General's Office, securing their approval and rendering opinions related to the validity of the bonds, so there are really two aspects to what he does, but he is well qualified.

Motion: Butch Carmack moved to approve the resolution for a contract with Orrick, Herrington & Sutcliffe Law Firm, to act as District Bond Counsel. Seconded: Ron Whipple. Vote: Three (3) in favor, motion carries.

- 13.) Discussion on future capital improvement projects and financing analysis by SAMCO Capital Markets
Paul Hightower stated there is not much on this item, but we did get a cost estimate back from the engineering firm that was selected back in November and it did come back quite a bit higher than expected. Director Kier and I will be reviewing the cost estimate next week. Chris Lane was shocked by the estimate as well. If any changes are needed, then we will bring this back to the Board next month.

- 14.) Discussion and possible action regarding approval of contract with an Engineering firm for District engineering services
Paul Hightower stated last year we sent out RFQ's (Request for Qualifications) for the review of the District's engineering firm. We received 3 sealed RFQ's. Tyler Walsh, Adam Brown, and I reviewed the RFQ's. One of the RFQ's was from our current engineering firm BEFCO, the other 2 firms are quite larger and seem like good firms, but my fear is with them being larger firms the rates are going to be higher. Currently our rate with BEFCO is \$130/an hour. We have had a good working relationship with BEFCO and helped us work through many issues. The staff is recommending retaining BEFCO as the District's engineering firm. Once the Board approves the RFQ then we can get a fee schedule from BEFCO.

Director Carmack stated we are going to approve this without a fees schedule?

Mr. Hightower stated that is the RFQ process.

The Board asked Tony Corbett for clarifications on the process.

Tony Corbett stated the Professional Services Procurement Act requires the district to select a firm based on qualifications and I think that is what Paul is proposing, is that you determine based on proposals received or qualifications you received which is the most qualified one, but then Mr. Hightower would negotiate a contract with that firm which includes pricing and will bring that back to the Board. So, right now you are just trying to identify the most qualified engineer. If the Board confirms and concurs with the selection then, Paul will negotiate an agreement with them for the services which will include the terms of compensation. If he cannot reach a final agreement with them, then we would go with the next qualified contractor.

Just to clarify a little bit, we are not entering into an obligation before, we know the costs we are just selecting the firm from the statement of qualifications.

Motion: Butch Carmack moved to approve staff's recommendation to accept the Request for Qualifications from BEFCO Engineering for the District's engineering services. Seconded: Ron Whipple. Vote: Three (3) in favor, motion carries.

15.) Board suggestions on future agenda items
None.

16.) Adjourn

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

MEETING ADJOURNED AT 8:04 P.M.

Mary Beth O'Hendon

Board Director

March 18, 2021

Date