

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF TRAVIS COUNTY WCID – POINT VENTURE

August 17, 2019

STATE OF TEXAS §

COUNTY OF TRAVIS §

The Board of Directors of the District met in regular meeting, open to the public, at the WCID Office located at 18606 Venture Drive, Point Venture, Texas 78645, on the 17th day of August, 2019, at 9:00 a.m., with the Directors present being Fred Marshall, Barry Pasarew, Chris Lippe and Cindy Clemons. Director Brian Probst was absent.

Others in attendance were Allen Douthitt of Bott and Douthitt, PLLC, Scott Swiderski of Trihydro Corporation, Hal and Brett Lanham of AWR Services, Inc., Jimmy Rommell of Maxwell, Locke and Ritter and two Point Venture property owners.

1. CALL TO ORDER.

Board President Fred Marshall called the meeting to order.

2. ROLL CALL OF DIRECTORS.

Jean Cecala called roll of Directors.

3. CITIZEN COMMENTS: No Citizen Comments

This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. In accordance with the Open Meetings Act, Board of Directors is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them that are not on the agenda. There is a three (3) minute time limit on any communications.

4. JULY 17, 2019 SPECIAL MEETING MINUTES AND JULY 20, 2019 REGULAR MEETING MINUTES.

The proposed minutes of the July 17, 2019, special meeting minutes and the July 20, 2019, regular meeting minutes were presented for approval. Motion was made by Director Chris Lippe to approve the minutes as presented of the July 17, 2019 special meeting. The second was made by Director Barry Pasarew. The motion carried unanimously. Then a motion was made by Director Cindy Clemons to approve the minutes of the July 20, 2019, regular meeting and was seconded by Director Pasarew. Director Lippe abstained from the vote. The motion carried.

5. ENGINEER’S REPORT – TRIHYDRO CORPORATION.

Scott Swiderski, engineer with Trihydro Corporation gave the engineer’s report. He began with the completed waterline improvement project. The warranty period is almost over for this project and he has reached out to the contractor of the project, Prota Construction, to finish street repairs and do the one-year walk through with the engineers. One valve that had dropped several inches was mentioned and Mr. Swiderski said that would be addressed along with the other street repairs.

At the water treatment plant (“WTP”) engineers are working with AWR Services to correct the backwash flow problems the District has encountered. He talked about getting additional pumps at the plant and trying to get the system more automated. He explained the process of what occurs when the filters backwash automatically

and overwhelm the capacity in the two storage tanks causing overflows. He is working with AWR Services to come up with a permanent solution to fix this problem. Mr. Lanham commented that the new pump(s) must have automatic controls as AWR personnel are not on site 24 hours per day.

Mr. Swiderski said the one year warranty is also coming up for the WTP. He will do a final walk-through with Keystone Construction, who built the new plant. AWR Services' operator is also making a list of items that Keystone will need to address.

The temporary EQ basin ("frac tank") that has been installed at the wastewater treatment plant ("WWTP") is fully operational. Mr. Swiderski answered questions from the directors about the frac tank's function. He said the basin also gives the engineers more flexibility as they design the new WWTP.

Mr. Swiderski also said the transfer pumps at the WWTP are still an issue. They can't manage inflow in a rain event. A quote of \$4,500 to pull and inspect the pumps has been submitted. It will be determined if the pumps can be cleaned and fixed or need replacing. The Board authorized AWR Services to have that work done. Mr. Swiderski said he has received the final invoice from the contractor who set up the EQ basin.

Finally, Mr. Swiderski said that he has created a conceptual layout of the new WWTP and has brainstormed with AWR Services operation manager as to what he would like to see as a plant and how they would like to have it operate.

Director Lippe brought up the question about grinder pumps and his interest in getting a standard in place for every grinder pump in the District. President Marshall added that possibly two standards would need to be adopted – one for single family residences and one for multi-family residences. Mr. Swiderski as well as AWR Services said they could help the sub-committee create these standards. It was suggested that the District approach the Village about including these standards in its building ordinance. Mr. Hal Lanham suggested that adding the standard for grinder systems on the application for services.

6. APPROVAL OF CONSTRUCTION PLANS AND PAY ESTIMATES, CHANGE ORDERS AND ACCEPTANCES OF COMPLETION WITH RESPECT TO CONSTRUCTION CONTRACTS.

This item was not discussed.

7. ADVERTISEMENT FOR BIDS AND APPROVAL, AWARD, RECOMMENDATION AND ADMINISTRATION OF CONSTRUCTION CONTRACTS.

This item was not discussed.

8. ANNUAL AUDIT SUBMITTED BY MAXWELL LOCKE & RITTER.

Mr. Jimmy Rommell from the audit firm of Maxwell, Locke and Ritter presented the audit report to the Directors. He led them through various pages of the audit as well as the letter summarizing the audit process. He also explained the representation letter and discussed internal controls deficiencies found during the 2018 audit. These deficiencies have since been addressed and corrected. A motion was made by Director Pasarew to approve the annual audit, authorize the president to execute the annual filing affidavit and file with Texas Commission on Environmental Quality ("TCEQ") and comptroller, as required. Director Clemons seconded the motion. Voting to approve the audit as presented were Director Fred Marshall, Director Chris Lippe, Director Cindy Clemons and Director Barry Pasarew. Director Brian Probst was not in attendance at the meeting.

9. MAXWELL LOCKE & RITTER ANNUAL AUDIT ENGAGEMENT LETTER.

A motion to approve the annual engagement letter as presented was made by Director Clemons and seconded by Director Lippe. Motion was unanimously approved.

10. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS – BOTT AND DOUTHITT, PLLC.

Mr. Allen Douthitt of Bott and Douthitt, the District's accountant, went through the dispersal of funds in July 2019. He reported the quarterly report and the District's investment portfolio are in full compliance with the Public Funds Investment Act. He explained the transfers within the District's accounts. He clarified the purpose of an account labeled "reserve" that is within the operating fund. The Board requested that he provide the full accounting report to only the finance committee and supply the rest of the Board the cash accounting report and supplementary information. Motion to approve the disbursements, as presented, pending approval by the finance committee of AWR Services invoices and authorize the transfer of funds requested by the treasurer was made by Director Lippe and seconded by Director Pasarew. Motion unanimously approved.

11. CLARIFY PURPOSE OF TEXPOOL OPERATING FUND.

Due to the discussion during the bookkeeper's report, the Board was ready to take action on the use of the funds in the TexPool reserve account as stated. Director Clemons made a motion to allow the monies in the TexPool Operating Funds marked as "Reserve" be used as needed by the District for general operating purposes and be moved for that purpose at the discretion of the Board. Director Pasarew seconded the motion. Motion unanimously approved.

12. ORDER ADOPTING BUDGET.

Allen Douthitt also led the discussion on the budget adoption. He relayed to the Directors that he had a meeting with the finance committee about the proposed budget sitting before them today. This proposed budget showed two scenarios; one reflected keeping the current tax rate at \$0.6259 per \$100 of taxable assessed valuation and the other reflected increasing the tax rate 2.40% or to \$0.6409 per \$100 of taxable assessed valuation. He felt the Board should postpone adopting the budget until the September meeting.

He informed the Board that in the District's debt service fund there is more money than is needed. After this year's bond payment is made, the account will have approximately \$1 million which is almost two times the amount the District needs in that fund.

Mr. Douthitt spoke with the District's financial advisor, Dan Wegmiller, about borrowing from the debt service fund to supplement operations and maintenance until the end of 2019. The current tax rate for debt service is \$0.3604 and \$0.2655 for Operations and Maintenance ("O&M"). Mr. Wegmiller advised him that the District can allocate approximately 15 cents from the debt services fund to O&M leaving approximately 20 cents for debt services. He then discussed the remainder of the bookkeeper's spreadsheet addressing the overage in water and wastewater maintenance cost in this year's budget. He assumes these expenses will stabilize and return to the costs normally expected. He also is assuming an additional 24 new taps in the District in the next budget year. As he worked through the line items, he explained that with these assumptions the District would end the new budget year, if nothing changes, with approximately \$360,000 excess. This would help start replenishing the funds balance. This amount would only be approximately a three month reserve. He stated that ideally the District should have at least a six month operating reserve.

13. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2019 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF.

Allen Douthitt of Bott & Douthitt PLLC, the District's accounting firm went over the two proposed tax rates. The first is keeping the current tax rate of \$0.6259 per \$100 of taxable assessed valuation or raising the rate 2.40 percent to \$0.6409 per \$100 of taxable assessed valuation. The average value of an appraised home in the District is approximately \$306,604. With the proposed rate, this would create an

approximate \$600 tax increase for a property of that value per year. This increase stays under the eight percent rollback. The Board proposed adopting the \$0.6409 per \$100 of taxable assessed valuation for 2019. A motion to adopt the order setting the District's proposed tax rate of \$0.6409 per \$100 of taxable assessed valuation for 2019, setting September 21, 2019 at 9:00 am for a public hearing, and authorization for publication of notice thereof was made by Director Lippe and seconded by Director Pasarew. The vote passed 4-0. Voting FOR the order was Directors Fred Marshall, Chris Lippe, Cindy Clemons, and Barry Pasarew. Director Brian Probst was not in attendance.

14. TEMPORARY WASTEWATER SYSTEM IMPROVEMENTS.

This item was discussed in the engineer's report.

15. DISTRICT REGULATIONS REGARDING PROTECTION OF WATER INTAKE.

President Marshall reported that he recently had a meeting with Point Venture Property Owner's Association ("POA") president, Frank Engels. The POA had met with Lower Colorado River Authority ("LCRA") and representatives for Liquid Thrillz. It appears that those three entities have decided to place the proposed marina elsewhere and not near the District's water intake barge. Director Marshall was not aware of any response from the LCRA from the letter from Matt McPhail, the District's attorney. He also let the Board know that Mr. McPhail is currently working on an ordinance to help keep the barge protected in the future.

16. LETTER OF TESTIMONY FOR TRIHYDRO COPORATION.

President Marshall discussed the letter of testimony requested by Trihydro Corporation. Director Clemons made a motion to approve the letter of testimony, as presented, for Trihydro Corporation. Director Lippe seconded the motion. Motion carried unanimously.

17. MANAGER'S REPORT – AWR SERVICES.

Mr. Hal Lanham of AWR Services, Inc. provided a written report for the Directors. He discussed several points and answered the Director's questions. A brief discussion about how delinquent customer account holders are notified. The District and AWR Services have decided to turn over billing for GP Equipment, Brenntag, and Wastewater Transport directly to the District's accounting firm. AWR Services had also provided a memorandum of understanding which stemmed from a recent meeting between AWR Services and two District directors. Director Lippe expressed his appreciation of the document that clarified several items. Director Clemons moved to accept the report, as written. It was seconded by Director Pasarew and unanimously approved.

18. DISPOSAL OF EFFLUENT AND GOLF COURSE IRRIGATION.

Scott Swiderski of Trihydro Corporation expressed his concern of the amount of effluent being disbursed over the last month. Some data needs to be updated between January and May of this year when irrigation meters were not reading correctly. He would like to coordinate with the POA about getting their reads for the days in question. Mr. Swiderski wants to be sure that when TCEQ wants to see the District's records, good data is available and it reflects permit compliance.

19. AUTHORIZE SALE OF SURPLUS PROPERTY (DISTRICT'S VEHICLES AND UTILITY EQUIPMENT).

President Marshall reminded the Directors that the District voted last month to sell surplus property. He said the townhome association has shown interest in some of the small lawn equipment. He said all of the vehicles would need to be emptied of tools, cleaned out and washed. The District will then advertise the property for sale. Rather than wait to approve sells at each Board meeting, Matt McPhail suggested the Board authorize

someone to accept reasonable offers between meetings. Motion to authorize the Board President to approve the final sale of any District equipment declared surplus at the July 20, 2019 Board meeting was made by Director Lippe. Director Clemons seconded the motion. Motion unanimously approved.

AGENDA ITEMS RELATED TO ELECTION

20. Discuss and consider matters related to potential District bond election to be held on November 5, 2019 (the "Election"), including engineering, financial, legal and other matters related thereto.

PUNTOS DEL ORDEN DEL DÍA RELATIVOS A ELECCIONE

20. Debatir y considerar asuntos relacionados con la potencial elección de bonos del Distrito a celebrarse el 5 de noviembre de 2019 (la "Elección"), incluso asuntos de ingeniería, financieros, legales y demás en relación con esto.

The District has received the election agreement between it and Travis County to conduct the November 5, 2019 bond election. Director Clemons moved to accept the agreement as written. The motion was seconded by Director Pasarew. Motion unanimously approved.

21. GRINDER PUMP MAINTENANCE PLAN.

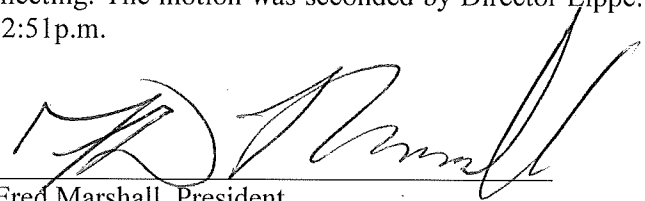
The Directors discussed changing the current grinder pump maintenance plan agreement. The labor rates need to be increased to reflect the current rate paid by the District. The Directors also discussed changing the wording from "annual service" to "periodic service" or leave that clause out altogether. A new service agreement between the customer and the District would have to be sent out to each person on the plan. Director Lippe made the motion to amend the grinder pump maintenance agreement plan by changing the frequency of inspection to periodically and increase labor rates to the actual cost incurred by the District. Director Clemons made the second. It was approved unanimously.

22. RATE ORDER.

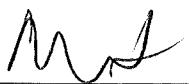
A subcommittee of Directors Probst and Lippe has been assigned the task of making changes in the rate order. This is an extensive process so most likely won't get changed until late in the year. President Marshall reminded Directors that if the bond doesn't pass at the polls, the rate order will change dramatically.

23. ADJOURN THE MEETING.

Motion was made by Director Pasarew to adjourn the meeting. The motion was seconded by Director Lippe. The motion carried unanimously. Meeting adjourned at 12:51p.m.


Fred Marshall, President
Travis County WCID – Point Venture

ATTEST:



Brian Probst, Secretary-Treasurer
Travis County WCID – Point Venture

(SEAL)