



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17**  
**3812 Eck Lane • Austin, Texas 78734**  
**• Phone (512) 266-1111 • Fax (512) 266-2790**

*A Regular Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Thursday, January 17, 2008 at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.*

**I. CALL TO ORDER.**

Director Steed called the meeting to order at 6:07 p.m.

**II. ESTABLISH A QUORUM.**

Directors Steed, Roberts, Moran and Tuerff were present. Director Decker arrived at 6:09 p.m. General Manager Deborah Gernes, General Counsel Lauren Kalisek and David Klein, Financial Advisor Garry Kimball, and District Engineer Will Pena were also present.

**III. MANAGER AND COMMITTEE REPORTS.**

In addition to the written report, the following updates were given:

- Ms. Gernes and the District Engineers met with the City of Austin water department staff about the proposed water treatment plant. The plant is to be located in the area making up the southwest corner of FM 620 and Bullick Hollow Rd. This area includes the Joseph tract, which the District had just negotiated with the City for wastewater service. This development now will not be constructed. The proposed plant will eventually provide 300 million gallons per day once it has been completely constructed. The initial phase of the plant will be able to produce 50 million gallons per day, which is expected to be completed by the year 2014. Ms. Gernes stated that the District will now need to decide if it is cost effective to purchase any capacity out of this proposed plant. Another meeting will be held to discuss possible compensation to the District from the City for the loss of tax base and the loss of water infrastructure that had been negotiated with Mr. Joseph.
- All construction projects are progressing nicely at this time.
- A report from PALL Corp. was received regarding the analysis of the condition of a sample membrane from the water plant. PALL issued a protocol that will be followed regarding the cleaning of the membranes. There was no change to the process being currently used except the extension of time required for the process.
- Ms. Gernes updated the Board on the Conservation Committee's recommendation list that was issued last month. She has engaged a leak detection company to test the distribution system on a regular rotating basis. She stated that she needed to decide how many miles of system will be tested this year. District staff is working on identifying the large water users so that letters can be sent to these customers, offering a water use audit. The outdoor watering schedule of two times per week has been updated in the outdoor watering ordinance, however Ms. Kalisek wanted more time to review all the changes to make sure there are no discrepancies with the District's authority on enforcement. The District's engineers have again provided the Lake Travis ISD Maintenance Department with information regarding plans to use reclaimed water to irrigate the playing fields.
- Director Steed stated that he would like to have a "retreat" with the attorneys and all Board members as a working session to review the goals of the Board and of the General Manager and to review the roles of the Board members. Ms. Kalisek stated that the workshop would have an agenda posted as it would be considered an official meeting. The workshop will be held sometime after the May 2008 Board election.
- The attorney representing the Cummins has requested a purchase offer from the District on Lot 6, which is the property located next door to the District's plant site. It was agreed that the General Manager could authorize the District's attorney to make an offer on behalf of the District for the property.

**IV. CONSENT AGENDA:**

**A. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE DISTRICT:**

1. **Highway 71 Elevated Water Storage Tank, Pay Estimate #7, Landmark Structures, I, LP.**
2. **Steiner Ranch Pump Station Expansion – 2006, Pay Estimate #5, Excel Construction.**
3. **Big Dave's Standpipe Pump Station and Water Line Improvements, Pay Estimate #5 and Change Order #1, Excel Construction.**

4. Serene Hills Drive Area Water Line Project, Pay Estimate #6 and #7-Final, Boretex, LLC.
5. 2004 WTP Improvements – Phase Two – Clearwell and High Service Pump Station, Pay Estimate #9, Payton Construction, Inc.
6. Lake Travis High School Pump Station, Pay Estimate #4, Hoover Construction Company, Inc.
7. 2006 WTP PALL Membrane Expansion, Pay Estimate #27, Payton Construction, Inc.
8. Office Building Additions, Pay Estimate #9, MB Home Construction Service, Inc.

**B. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE STEINER RANCH DEFINED AREA:**

1. Quinlan Park Road, Phase 4B – Water, Wastewater and Drainage Improvements, Pay Estimate #12-Retainage, Ross Construction Co., Inc.
2. Steiner Ranch Irrigation Improvements – 2007, Pay Estimate #1, Phoenix Irrigation.
3. Steiner Ranch, River Dance Phase 4A, Water, Wastewater and Drainage Improvements, Pay Estimates # 7 & #8, Ross Construction Co., Inc.
4. Steiner Ranch. River Dance Phase 5A, Water, Wastewater and Drainage Improvements, Pay Estimates #1 & #2, Ross Construction Co., Inc.
5. Steiner Ranch, River Dance Phase 6A, Water, Wastewater and Drainage Improvements, Pay Estimate #7 & #8, JC Evans Construction Co., LP.
6. Steiner Ranch, River Dance Phase 6B, Water, Wastewater and Drainage Improvements, Pay Estimate #2 & #3, JC Evans Construction Co., LP.
7. Steiner Ranch , River Dance Phase Two, Water, Wastewater and Drainage Improvements, Pay Estimates #2 & #3, JC Evans Construction Co., LP.
8. Steiner Ranch Phase 1, Section 7A-3, Water, Wastewater and Drainage Improvements, Pay Estimate #6-Retainage, Ross Construction Co., Inc.

**C. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE FLINTROCK RANCH ESTATES DEFINED AREA.**

1. Flintrock Phase 6, Pay Estimate #3, Joe Bland Construction.

**D. APPROVE PAYMENT OF CURRENT INVOICES.**

**E. APPROVE MINUTES.** Minutes from the November 15, 2007 Regular Meeting were presented in the Board packets. Minutes from the October 23, 2007 Special Meeting and December 13, 2007 Regular Meeting were emailed to the Board for review, but not all Board members were able to review prior to the meeting.

**Motion:** Director Decker to approve the Consent Agenda as presented, approving only the November 15, 2007 minutes.

**Second:** Director Moran.

Ayes: 5

Noes: 0

Unanimous.

**V. PUBLIC COMMENT, 6:30 P.M.**

Director Steed opened Public Comment at 6:40 p.m. and held it open to allow for anyone that arrived late the opportunity to address the board.

**Motion:** Director Decker to close Public Comment.

**Second:** Director Roberts.

Ayes: 5

Noes: 0

Unanimous.

Director Steed closed Public Comment at 9:08 p.m.

**VI. NEW BUSINESS:**

**A. DISCUSS/ACT ON THE CREATION OF A DEFINED AREA FOR THE SERENE HILLS DEVELOPMENT.**

**1. Approve the Utility Development and Reimbursement Agreement.**

Ms. Kalisek reviewed the Utility Development and Conveyance Agreement page by page with the Board. The agreement incorporated the deal points that were discussed at the December

meeting. There were a few minor edits requested by the developer's attorney, but Ms. Kalisek is not agreeable to them.

**Motion:** Director Tuerff to authorize the execution of the Utility Development and Conveyance Agreement upon receipt of a finalized document.

**Second:** Directors Decker and Moran.

Ayes: 5

Noes: 0

Unanimous.

**2. Approve the Capital Improvements Plan.**

The Board will also approve the Capital Improvements Plan, approve the order to create the Defined Area, and call the Defined Area Bond Election at the February Regular Meeting.

*Director Steed recessed the meeting for a brief break at 7:12 p.m. The meeting reconvened at 7:17 p.m.*

**B. DISCUSS/ACT ON REQUEST BY HPK VENTURES, LTD FOR THE ISSUANCE OF BONDS FOR THE FLINTROCK RANCH ESTATES DEINFED AREA:**

**1. Request for the issuance of Bond Anticipation Notes.**

Ms. Gernes stated that this request is no longer being pursued by the developers. The Developer is proposing to issue two separate bonds. The first issue will consist of reimbursement funds for improvements for Phase 1, 2, 7 and Offsites, which will be an expedited review. The second issue will consist of reimbursement funds for the golf course irrigation system. Ms Gernes said she and the consultants were in agreement with this plan.

**2. Request for TCEQ Waiver of Developer's Contribution Requirement.**

Mr. Rusty Parker, of HPK Ventures, Ltd., stated that the Board had previously approved a waiver request to allow the Developer to recoup 100% of infrastructure costs with the first Developer issue last year because the debt would have been less than 10 percent of the appraised value. However, it was pointed out that TCEQ disallowed the waiver because even though the debt ratio was satisfactory, in order to allow the 100 percent reimbursement under that rule, TCEQ would have required all central facilities to be included in the bond issue. The Developer did not wish to do that, so all projects except impact fees were withdrawn from the issue request. Board members pointed out that as a matter of policy, developers should contribute something towards infrastructure development.

**3. Request for TCEQ Waiver of Market Study Requirement.**

Since there is sufficient appraised value within the Defined Area, there is no need for a market study. Ms. Gernes stated that she and the District Financial Advisor are in agreement that the market study is not needed.

**4. Request for TCEQ Waiver of Two Year Limit on Developer Interest.**

Mr. Parker stated that due to the market slow down since September 11, 2001, he was asking for five years of interest. Ms. Gernes stated it was customary for the District to allow only two years of interest as additional reimbursement for the Developer. Further, she said there has been plenty of appraised value for several years because of the golf course and since there have been problems in getting all documentation from the Developer and bonds have not been issued in a timely manner because of lack of developer organization, she was not in agreement with allowing five years of interest. TCEQ rules do allow for five years of interest reimbursement if requested. Ms. Kalisek stated that this decision is a matter of Board Policy, and if the Board wanted to allow this waiver, then it should be requested in the Application Order.

**5. Request for Authorization for District Auditor to Review Documents for Reimbursement.**

Ms. Gernes stated that there was no reason why the auditors could not begin their review once the Developer has all documents are available for review.

**Motion:** Director Moran to approve the waiver of the Market Study requirement and to authorize the auditor to begin review of documents for reimbursement.

**Second:** Director Decker.

Ayes: 5

Noes: 0

Unanimous.

There was no action taken on Item 1 since that request was no longer needed. There was no action taken on Items 2 and 4 because the Board wanted more time to deliberate on these issues. A formal resolution for the expedited application will be presented at the February Regular Meeting.

**C. DISCUSS/ACT ON PROPOSED MODIFICATIONS TO THE SCOPE OF THE DEEP WELL INJECTION STUDY AND/OR THE HUDSON BEND AREA WATERLINE IMPROVEMENTS PROJECT.**

Ms. Gernes stated that Director Roberts had requested a change to the study. Since there could be resistance to the wastewater discharge into a deep well by the neighborhood, Director Roberts asked if it could be feasible to go ahead and install reclaimed irrigation lines now at the same time the waterline improvements are being made in the Hudson Bend area. Mr. Pena stated that the reclaimed irrigation falls under the 210 Permit and does not take place of a permanent disposal process. Permanent disposal must still be established for any proposed treatment system for the Hudson Bend area. Ms. Gernes stated that she could add to the project tasks for the engineers to design a conceptual plan to serve the Hudson Bend area with a wastewater treatment plant, a lift station, and some reclaimed irrigation with treated effluent.

**D. DISCUSS/ACT ON PETITION FOR ADDITION OF LAND AND ORDER ADDING LAND FOR LOT 4 OF MAJESTIC HILLS RANCHETTES, William and Peaches Smith, owners.**

Ms. Terrell stated that all documents had been received and certified. She stated that this property would be connecting to the newly installed Serene Hills waterline. She recommended approval.

**Motion:** Director Roberts to approve the Petition and Order as presented.

**Second:** Director Decker.

Ayes: 5

Noes: 0

Unanimous.

**E. DISCUSS/ACT ON RESOLUTION TO RATIFY AND REAPPROVE A RESOLUTION AFFIRMING OF TAXATION OF GOODS-IN-TRANSIT.**

Ms. Gernes stated the Travis Central Appraisal District wanted further clarification for the Defined Area taxing jurisdictions since the previously approved resolution did not specifically name those jurisdictions as being included. Ms. Gernes stated that it was intended for all of the jurisdictions to tax the goods in transit.

**Motion:** Director Roberts to adopt the Resolution which specifically names the District, the Steiner Ranch Defined Area, the Comanche Trail Defined Area, and the Flintrock Ranch Estates Defined Area as jurisdictions that will tax the personal property listed as goods in transit.

**Second:** Director Decker.

Ayes: 5

Noes: 0

Unanimous.

**VII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY REGARDING CREATION OF A DEFINED AREA TO PROVIDE WATER AND WASTEWATER SERVICE TO THE HEARD TRACT(SERENE HILLS-MASONWOOD COMMUNITIES) IN ACCORDANCE WITH THE TEXAS GOVERNMENT CODE SECTION 551.071.**

There was no Executive Session held on this item.

**VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY REGARDING THE ISSUANCE OF BONDS AS REQUESTED BY HPK VENTURES, LTD., IN ACCORDANCE WITH THE TEXAS GOVERNMENT CODE SECTION 551.071.**

Director Steed opened the Executive Session at 6:50 p.m. and closed it at 7:12 p.m. There was no action taken.

**IX. ADJOURNMENT.**

**Motion:** Director Tuerff to adjourn the meeting.

**Second:** Director Moran.

Ayes: 5

Noes: 0

Unanimous.

Director Steed adjourned the meeting at 9:35 p.m.

Approved this \_\_\_\_\_ day of \_\_\_\_\_ 2008, with a motion  
by Director \_\_\_\_\_ and a Second by Director \_\_\_\_\_.

Ayes \_\_\_\_\_ Noes \_\_\_\_\_ Abstained \_\_\_\_\_

\_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Secretary