

**Chisholm Trail Special Utility District
Of Williamson, Bell, and Burnet Counties, Texas
Minutes of Meeting of the Board of Directors
December 15, 2011**

The Board of Directors of Chisholm Trail Special Utility District of Williamson, Bell, and Burnet Counties, Texas convened in a meeting at a designated meeting location for Chisholm Trail Special Utility District located at 100 Stadium Drive, Georgetown, TX 78627, Williamson County, Texas beginning at 5:30 p.m. on the 15th day of December, 2011. Notices of the time, place, and subject of the meeting were posted at the places and for the time required by law.

Meeting was called to order at 5:30 p.m.

Mary Wilson led those present in the Pledge of Allegiance to the American flag.

Jennifer McKnight called role:

Mary Wilson	President
Marcus Canipe	Vice-President
Cash Mullen	Treasurer
Gary Goodman	Director
Pat Gower	Director
Ed Pastor	Director

Six Board members were present thus constituting a quorum. Also present were Jennifer McKnight, Tony Corbett, Terri Sisk, Harry Randall, John Hatchel and those listed on the attached sign-in sheet.

Public Comments

Mike Sweeney: representing Woodland Park Ad Hoc Water Committee

- * Provided a presentation to the Board regarding his committee's goals, current and planned District customers, water shortage to serve committed LUEs, and necessity of business plan to combine with the City of Georgetown.

Abby Brody: representing Woods of Fountainwood Ad Hoc Water Committee

- * Stated she and others went door to door in their subdivision talking about the water situation with their neighbors. She stated that most everyone they talked to said they did not care what it costs but that they want out of CTSUD service area.
- * Stated this should indicate the low level of trust with CTSUD.
- * Stated her committee appreciates the Board selecting Mr. Hatchel to look at the water system and make recommendations.

Delton Robinson: representing Shady Oaks Ad Hoc Water Committee

- * Read a prepared letter to the Board of Directors.
- * Stated that the members of Shady Oaks, Cimarron Hills, Gabriels Overlook, and Woods Ad Hoc Water Committees all are in support of Mr. Hatchel's option no. 4 which is to combine services with the City of Georgetown.

Art Adkins: lives in the Woods subdivision

- * Stated he had lost his lawn and trees during the summer.
- * Stated the worst part of the drought was that many people had green lawns and the District did nothing to stop them from watering.
- * Stated the District is never going to fix the system and needs supervision.

Consent Agenda

- A. Approve minutes from November 12, 2011, November 14, 2011, and November 17, 2011 Board of Directors Meetings.
- B. Approve check register, payment of bills, and invoices for November 2011.

Cash Mullen moved to approve the Consent Agenda. Mary Wilson seconded the motion, which the Board approved unanimously.

General Manager's Report

Ms. McKnight presented the Manager's Report including the following information:

- A. Operational Status Report & Water Loss Report
- B. Monthly Financial Reports
- C. Monthly Customer Service Report
- D. Project Status Report for ongoing infrastructure projects:
 - a. US 183 Waterline Relocation
 - b. SH 195 Segments II, IV Waterline Relocation
 - c. RM 2338 Phase 1 and 2 Waterline Relocation
 - d. FM 970 Waterline Upgrade Projects
 - e. CR 228 Waterline Construction Project
 - f. CR 250 and Northlake Maintenance Project
 - g. Ronald Reagan Phase IV Water Main Projects
 - h. CR 245 Waterline Relocation at RM 2338
 - i. SH 29 Improvements at CR 260 and CR 266
 - j. SH 29 Improvements at Jack Nicklaus Boulevard
 - k. Liberty Hill I.S.D. Off-site Improvements
 - l. CR 215 Waterline Replacement Project
 - m. PRV Installation Project
 - n. Stonewall Fill Valve Study
 - o. SH 138 Waterline Replacement Project
 - p. Lake Georgetown North Water Treatment Plant Expansion Project
 - q. Water Source Procurement Efforts

Action Items

- A. Discussion and possible action regarding District tanks including:
 - a. Approval of 2011 tank inspection report submitted by Dunham Engineering.
No action taken.

- b. Approval of TCEQ required tank modifications to be performed by Dunham Engineering for \$6,500.

Pat Gower moved to approve \$6500 expenditure to bring tanks into compliance with TCEQ rules. Marcus Canipe seconded the motion, which the Board approved unanimously.

- c. Approval to allow General Manager to execute agreement for pressure washing of Braun elevated storage tank after quotes are obtained in an amount not to exceed \$28,750.

Jennifer McKnight stated that the pressure washing can wait until the tank is rehabilitated possibly next fiscal year. **No action taken.**

- B. Discussion and possible action to accept resignation of Director, Mike Giguere, and process for filling vacated position.

Mary Wilson stated that Mr. Giguere's resignation was official nine days after he submitted it to the District but the Board wanted to formally recognize it at the meeting. She stated the Board is now accepting resumes from persons that are interested in serving on the Board to fill the vacated position. She stated there is currently a notice on the District website and a notice will be included in a newsletter in the December bills. **No action taken.**

- C. Discussion and possible action concerning report by District consultant, John Hatchel, and City of Georgetown staff regarding water service recommendations that could involve CCN transfer.

John Hatchel presented a report to the Board that included four options to allow for better water service to customers. These options included repairing infrastructure and operating the District as in the past, reducing the size of the District, establishing a regional water authority, and forming a single utility with the City of Georgetown. Mr. Hatchel recommended the fourth option and stated that consolidating the two entities would dissolve CTSUD and eliminate the Board of Directors but would result in a reliable source of water for customers. Jim Briggs, Assistant City Manager for the City of Georgetown also addressed the Board. He stated that he had presented three options to the City Council and was directed to pursue the option to acquire CTSUD. Mr. Briggs presented pros and cons of a merger and stated the positive results outweigh the negative.

Marcus Canipe stated that the Board hired Mr. Hatchel to do an analysis of the Board's current and future capabilities to adequately deliver water to customers and that they appreciate the extensive report he provided. Mr. Canipe stated that of the four options recommended, option number four seems to make more sense to him in the long run. He stated that while Chisholm Trail has built its infrastructure over the last 8 years to conform to urban requirements, it does not have the taxing authority and organizational structure Georgetown can offer. He said he feels merging what has become an urban water company with the City of Georgetown would be very beneficial to customers and the economy of scale could help hold down costs. In addition, he said, with Chisholm Trail being in the fast growth path that will continue to develop when the economy comes back, it will facilitate a more orderly development of the District's territory as a greater part of Georgetown.

Marcus Canipe made a motion to have the Board instruct Chisholm's staff to explore entering into an ILA with Georgetown to effect a merger in accordance with Mr. Hatchel's

Option #4, and to cooperate with Georgetown to bring about an orderly transfer of assets. Cash Mullen seconded the motion.

There was extensive discussion and review by legal counsel after which time the board President called for a vote. **Pat Gower wanted to further clarify that the vote is on a motion to enter into an ILA with the City of Georgetown for an approximate four month duration to look at Option #4 and perform due diligence.** Ms. Wilson confirmed this was the motion. **The motion passed unanimously.**

Pat Gower made a motion to put a due diligence steering committee together to include Ed Pastor, Jennifer McKnight, and Tony Corbett to determine the resources needed. Ed Pastor seconded the motion. The motion passed (all for except Wilson against).

Pat Gower made a motion to set aside funds for the due diligence process in the amount of \$100,000 with a separate general ledger account to track the fund expenditures. Ed Pastor seconded the motion. The motion passed unanimously.

Pat Gower made a motion to develop an ILA with the City of Georgetown to serve Shady Oaks with water by next summer. Gary Goodman seconded the motion. The motion passed (all for except Canipe and Wilson against).

- D. Discussion and possible action regarding securing \$16 million in bonds. Ms. McKnight stated that the bond application has been declared administratively complete by the TCEQ and is now under technical review. She stated that all associated costs with the bond application have already been paid. Tony Corbett stated that the Board has not approved selling the bonds so they may as well see if the District qualifies for them in case there are upgrades they may want to consider in conjunction with the City of Georgetown. He stated that if not, there is still no harm in obtaining the approval. The board gave staff direction to not secure the bonds beyond getting TCEQ approval. **No action taken.**
- E. Discussion and possible action to approve Change Order No. 1 for the Woods By-pass Project submitted by the Wallace Group to reduce contract amount by \$6,400. **Cash Mullen moved to approve Change Order No. 1 for the Woods By-pass Project submitted by the Wallace Group to reduce contract amount by \$6,400.00. Ed Pastor seconded the motion, which the Board approved unanimously.**
- F. Discussion and possible action to approve proposal by Halff Associates for design of 24" waterline on Williams Drive to replace existing 15" waterline. Todd Jackson noted that the engineering proposal is for a portion of the line, not for a line extending all the way to Daniels Mountain. **Pat Gower moved to approve Halff Associates proposal for design of 24" waterline on Williams Drive to replace existing 15" waterline up to Ronald Reagan and to bring a proposal to extend the line to Daniels Mountain to the January Board meeting. Marcus Canipe seconded the motion, which the Board approved unanimously.**
- G. Discussion and possible action to approve bid for air conditioner unit at Hoover plant site. The Board requested staff to obtain at least two additional bids (for a total of four) and bring this item back to the Board in January. **No action taken.**

- H. Discussion and possible action to approve flow meter installation at Liberty Hill interconnect by T. Morales. **Cash Mullen moved to approve flow meter installation at Liberty Hill interconnect by T. Morales at a cost not to exceed \$56,000.00. Marcus Canipe seconded the motion, which the Board approved unanimously.**
- I. Discussion and possible action to approve restricting \$161, 928.74 received as refund from Brazos River Authority from over payment on operations and maintenance costs for use as future payment on SH 195 relocation of BRA raw water line. **Cash Mullen moved to restrict funds of \$161,928.74 and to put in an interest bearing fund. Gary Goodman seconded the motion. Upon further discussion, Cash Mullen withdrew the original motion and Mary Wilson moved to deposit the funds into the General Fund. Cash Mullen seconded the motion, which the Board approved unanimously.**
- J. Discussion and possible action to approve Director attendance at TRWA Water Board Directors Governance Conference on January 19-20, 2012 in Austin, TX at a cost not to exceed \$520.00 per person. **Mary Wilson moved to approve Directors Wilson, Pastor, Goodman, and Canipe to attend the TRWA Water Board Directors Governance Conference on January 19-20, 2012, in Austin, TX at a cost not to exceed \$520.00 per person. Pat Gower seconded the motion, which the Board approved unanimously.**
- K. Discussion and possible action to set date for Board workshop in January 2012 to discuss Water Conservation and Drought Contingency Plan and Board Goals and Objectives. **Pat Gower stated he will be available March 12-30, 2012. Mary Wilson asked Pat Gower to chair the Board Goals and Objective portion of the workshop and he agreed to do so. Mary Wilson asked that staff schedule a workshop sometime during March 12-30, 2012. No action taken.**

Executive Session

At 8:56 p.m., Mary Wilson announced that the Board of Directors would enter into Executive Session pursuant to the applicable section of Subchapter D, Chapter 551.074, of the Texas Open Meetings Act.

At 9:07 p.m., the Board of Directors reconvened the public portion of the meeting and Mary Wilson announced that no final action, decision, or vote was taken on any matter in Executive Session.

- L. Discussion and possible action regarding annual evaluation of General Manager. **The Board went into executive session to discuss the General Manager's evaluation.**

Adjournment

The meeting adjourned at 9:08 p.m. on a motion by Mary Wilson and seconded by Cash Mullen, which the Board approved unanimously.


Marcus Canipe, Vice President