

Control Number: 42866



Item Number: 101

Addendum StartPage: 0

SOAH DOCKET NO. 473-14-5144.WS
PUC DOCKET NO. 42866

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PUBLIC UTILITY COMMISSION
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PETITION OF TRAVIS COUNTY §
MUNICIPAL UTILITY DISTRICT NO. §
12 APPEALING CHANGE OF §
WHOLESALE WATER RATES §
IMPLEMENTED BY WEST §
TRAVIS COUNTY PUBLIC UTILITY §
AGENCY, CITY OF BEE CAVE, TEXAS §
HAYS COUNTY, TEXAS AND WEST §
TRAVIS COUNTY MUNICIPAL §
UTILITY DISTRICT NO. 5 §

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12'S RESPONSES TO
WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY'S
SECOND REQUESTS FOR INFORMATION**

COMES NOW Travis County Municipal Utility District No. 12 ("TCMUD 12 or District") and submits these Responses to West Travis County Public Utility Agency's ("WTCPUA's") Second Requests for Information ("RFIs").

WRITTEN RESPONSES

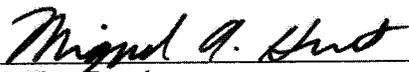
Attached hereto and incorporated herein by reference are TCMUD 12's written responses to the aforementioned RFIs. Each response is set forth on or attached to a separate page upon which the request has been restated. Such responses are made in the spirit of cooperation without waiving TCMUD 12's right to contest the admissibility of any such matters upon hearing. TCMUD 12 hereby stipulates that these responses may be treated by all parties exactly as if they were filed under oath. WTCPUA's Second RFIs were served on TCMUD 12 via facsimile at 11:42 a.m. on January 22, 2015. These responses are timely filed on February 11, 2015 which is twenty (20) calendar days after receipt.

101

Respectfully Submitted,

SMITH TROSTLE & HUERTA LLP

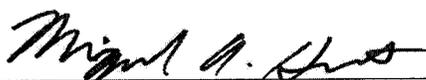
4401 Westgate Blvd., Ste. 330
Austin, Texas 78745
(512) 494-9500 (Telephone)
(512) 494-9505 (Facsimile)
ktrostle@smithtrostle.com

By: 
J. Kay Trostle
State Bar No. 20238300
Miguel A. Huerta
State Bar No. 00787733

**ATTORNEYS FOR TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 12**

CERTIFICATE OF SERVICE

I hereby certify that a on this 11th day of February a true and correct copy of the above and foregoing document is being served via electronic mail, facsimile, U.S. mail and/or hand delivery to all parties of record.


Miguel A. Huerta

QUESTION NO. 2-1

Please provide a copy of JadCo Management, Inc.'s management contract with TCMUD 12.

TCMUD 12'S RESPONSE:

Please see Attachment 2-1.

Prepared by: Miguel A. Huerta
Witness: Joseph A. DiQuinzio

MANAGEMENT SERVICES AGREEMENT

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

This Management Services Agreement (this "Contract") is entered into effective the 24th day of July, 2007, between Travis County Municipal Utility District No. 12 (the "District"), a conservation and reclamation district operating under Chapters 49 and 54 of the Texas Water Code and JadCo Management, Inc. ("JadCo"), a Texas corporation.

RECITALS

The District has been formed to provide water and wastewater utility services, drainage services and other services to residents and property owners of the District. The District desires to engage the services of JadCo for general and development management services, and JadCo desires to serve as the District's manager, on the terms and conditions of this Contract.

Therefore, for and in consideration of the premises, and the mutual agreements of the parties hereinafter set forth, the District and JadCo agree as follows:

AGREEMENTS

1. Appointment. The District appoints JadCo as its general and development manager and JadCo accepts this position, all on the terms and conditions set forth in this Contract.
2. Term. Unless this Contract is sooner terminated, JadCo will serve as the District's general and development manager during the term set forth below. Upon termination of this Contract, for any reason, JadCo must immediately turn over to the District or its representative all books, records, check books, records, funds and other property of the District that is in JadCo's possession.
 - a. Initial Term. The initial term of this Contract will be five years, beginning July 24, 2007, and ending July 23, 2012.
 - b. Extensions. After the initial term, this Contract will continue from month-to-month, until either party gives the other written notice of its desire to amend or terminate.
 - c. Renewal. After the initial term, this Contract is renewable for successive periods of 24 months each, by written agreement of both parties.
 - d. Termination. This Contract may be terminated by either party prior to expiration of its term by delivery of at least 60 days' written notice of termination to the other party. However, if this Contract is terminated by the District due to JadCo's refusal or inability to perform, gross negligence or fraud in the performance of its

duties, or distressed financial condition, the District may terminate this Contract without prior notice to JadCo.

3. Compensation. As compensation for the services specified in this Contract, JadCo will receive the sum of \$5,000 per month. All invoices for services must be submitted to the District monthly and, unless the invoice is disputed or there are no operating funds available for payment, these invoices will be paid within 30 days of submittal. If there is a bona-fide dispute over an invoice, the District will have the right to withhold payment of the disputed portion of the invoice. If there are no operating funds available, the invoice will be held until the developers within the District have funded the operating deficit.

4. Basic Duties and Responsibilities of Contractor. The services specified below ("Basic Services") will be provided to the District by JadCo for the compensation specified in paragraph 3, and JadCo will, at its sole expense, provide all personnel, vehicles and hand-tools necessary for the proper performance of these Basic Services. All activities and undertakings required of JadCo for the routine, usual and customary general and development management of the District will be included in Basic Services; however, utility operations services and bookkeeping services will not be included, and these services will be provided by other consultants or entities retained by the District.

a. Administration.

Administrative Staffing.

- (1) Provide qualified administrative personnel to provide services under this Contract.

District Communications.

- (2) Respond to resident and customer inquiries, complaints and concerns in a professional, courteous and timely manner. Promote good relations with the District's developers, property owners and residents. Coordinate with other governmental entities, such as the City of Lakeway, Travis County or the Lower Colorado River Authority, as necessary.
- (3) Monitor customer complaints and inquiries received, and report them to the Board as appropriate.
- (4) Respond to any inquiries or reporting requirements of any governmental authority, the District's Board or consultants in a prompt, professional manner.
- (5) Coordinate with the District's Attorney and Engineer to provide information that is readily available from the District's files in response to inquiries of other utilities, prospective purchasers, brokers and other interested parties.

- (6) Provide ownership and property description information from current District records as required.

Meeting Preparations and Attendance.

- (7) Attend all Board meetings and provide monthly reports in a format approved by the Board, for the Directors' meeting packets.
- (8) Submit materials that are to be included in Directors' meeting packets to the District's attorney by 12:00 noon on the day that is one week prior to each regular Board of Directors meeting, unless other arrangements are approved by the Board.

b. Development.

- (1) Coordinate and monitor development within the District to assure adequacy and compatibility of facilities.
- (2) Coordinate with developers and other District consultants to assure compliance of facilities and development with District and Texas Commission on Environmental Quality rules.
- (3) Advise the Board on development status.

c. Management.

- (1) Coordinate with the District's water and wastewater utility operator as necessary on operations issues.
- (2) Coordinate operation and maintenance of District property and facilities, other than utility facilities which are operated and maintained by others.
- (3) Make recommendations to the Board on operations and development issues.

d. Financial.

Management of Funds.

- (1) Deposit any District funds received in the District's accounts daily, without offset or counterclaim.
- (2) Coordinate investment of all District funds as directed by the Board in compliance with the District's established investment policy and investment strategies. Monitor the investment, collateralization and insurance of all funds.
- (3) Coordinate and monitor District finances, in cooperation with the District's bookkeeper.

- (4) Review invoices for accuracy and to avoid late payment penalties. Resolve all disputed invoices received by the District.

Budget Process.

- (5) Coordinate the collection of any developer funds required to finance District operations deficits, as required by District policy and contracts.
- (6) At least three months prior to the expiration of each fiscal year, prepare a recommended operations and maintenance budget for the next fiscal year. Coordinate with the District's other consultants on budget requirements. Present budget recommendations to the Board and oversee budget adoption process.
- (7) Monitor annual budget over the course of each fiscal year, prepare and furnish to the Board monthly comparison of budgeted to actual expenditures and revenues, and make periodic recommendations to the Board on appropriate budget revisions.

Tax Process.

- (8) Cooperate with the District's bookkeeper, financial advisory and attorney in connection with tax establishment procedures, and provide recommendations on any necessary operations and maintenance tax rate calculations required by law.
- (9) Cooperate with the Tax Assessor-Collector and the applicable Appraisal District for tax assessment and collection; coordinate with District bookkeeper on maintenance of tax account records; and provide reports on the status of tax collection within the District and any delinquent accounts.

Audit Process.

- (10) Coordinate with the District's auditor to assist in the preparation of reports, schedules and other data as necessary, and cooperate with the District's auditor in connection with the preparation of the District's annual audit, including providing all records and information relating to the District's accounts necessary in connection with the audit.

e. Bond Financing.

- (1) Coordinate with District's consultants to determine feasibility of issuing bonds and available bonding capacity, including obtaining updated property appraisals from the applicable Appraisal District.
- (2) Monitor all construction and identify construction projects eligible for reimbursement.

- (3) Coordinate assembly of all supporting documentation required for applications to the Texas Commission on Environmental Quality for approval of projects and bonds.
- (4) Coordinate with the Board and the District's other consultants in connection with the preparation of bond applications and related reports.
- (5) Coordinate with other District consultants on processing of bonds applications by the Texas Commission on Environmental Quality.
- (6) Coordinate with other District consultants in marketing and selling the District's bonds.
- (7) Coordinate required audits of project costs required for funding of developer reimbursements.
- (8) Coordinate bond-related documentation record-keeping.
- (9) Coordinate payments due on the District's bonds.

6. Insurance. JadCo must maintain the following minimum insurance for the District's benefit at all times during the term of this Contract, and must furnish certificates evidencing such insurance coverage to the Board:

- | | | |
|-----|---|-------------|
| (a) | Comprehensive General Liability
Bodily Injury and Property Damage | \$1,000,000 |
| (b) | Comprehensive Automobile Liability
Bodily Injury and Property Damage | \$1,000,000 |
| (c) | Worker's Compensation | Statutory |

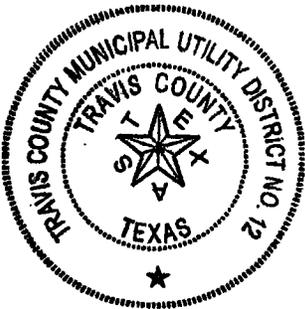
The District will be named as an additional insured on the required policies.

7. Expenses. Except as otherwise expressly provided herein, JadCo must provide, at its expense, all labor, materials, equipment, tools and other facilities reasonably necessary for the proper execution of its duties under this Contract. If this Contract expressly provides for any expense to be borne by the District, the actual cost of supplies and materials and specialized equipment rental will be invoiced to the District without surcharge, and will be paid by the District.

8. Status as Independent Contractor; Personnel. It is understood and agreed that JadCo is retained as and will be an independent contractor. JadCo agrees to be responsible for hiring and compensating any personnel it deems necessary or appropriate to carry out its duties hereunder, and for collecting and remitting to federal, state or local authorities, all applicable FICA and income tax withholding based upon any sums paid to it or its personnel.

9. Miscellaneous.

- (a) Assignment. Neither the District nor JadCo may assign this Contract without receiving the prior written consent of the other party.
- (b) Notices. All notices given hereunder must be in writing and must be personally delivered or dispatched by United States certified mail, postage prepaid, return receipt requested, to the addresses shown at the end of this Contract. Either party may change the address to which notice is to be addressed by giving written notice to the other party of the change. Any time limitation provided for in this Contract will commence with the date that the party actually receives the written notice, and the date of postmark of any return receipt indicating the date of delivery of a notice to the addressee will be conclusive evidence of receipt.
- (c) Amendments. No amendment to this Contract will be binding unless it is in writing and signed by both JadCo and the District.
- (d) Applicable Law, Place of Performance. This Contract will be construed under the laws of the State of Texas. All of the obligations contained in this Contract are performable in Travis County, Texas.



ATTEST:

Melissa Miller
Melissa Miller, Secretary
Board of Directors

TRAVIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 12

By: Daniel L. Robertson
Daniel L. Robertson, President
Board of Directors

Address: c/o Armbrust & Brown, L.L.P.
100 Congress Ave., Suite 1300
Austin, Texas 78701

JADCO MANAGEMENT, INC.

By: Joseph A. DiQuinzio, Jr.
Name: Joseph A. DiQuinzio, Jr.
Title:

Address: 602 W. 9th Street
Austin, Texas 78701

premises/operations, products/ completed operations, independent contractors, personal injury, and contractual liability, including contractual indemnity, and (3) not include the following endorsements and exclusions or equivalent: CG 22 94 or CG 22 95 (Damage to Work Performed by Subcontracts Exclusion), CG 21 39 (Contractual Limitation Endorsement), CG 24 26 (Amendment of Insured Contract Definition), and CG 21 37 (Employees as Insureds Exclusion).

All of the above-listed insurance must be maintained in force throughout the term of this Contract and must be written by insurance companies authorized to sell insurance in Texas and have an A.M. Best's rating of B++ VII or better. All insurance policies must provide that they may not be cancelled or modified without 30 days' prior written notice to the District and that they are primary and noncontributory over any insurance that may be carried by the District.

6.b. Indemnity. JadCo agrees to wholly indemnify, defend and hold harmless the District from all claims, losses, expenses and liabilities (including reasonable attorneys' fees and litigation expenses) arising out of damage to property, injury to or death of persons (including the property and persons of the parties and their agents, servants, contractors and employees), or loss of use of property, loss of revenue or other economic losses arising from or relating to the services to be performed by JadCo under this Contract. **THE OBLIGATIONS IN THIS PARAGRAPH APPLY WHETHER ALLEGED OR ACTUAL NEGLIGENT ACTS OR OMISSIONS OF THE DISTRICT CAUSED THE LOSS IN WHOLE OR IN PART. THESE OBLIGATIONS INCLUDE WITHOUT LIMITATION, CLAIMS BY JADCO'S EMPLOYEES AGAINST THE DISTRICT.**

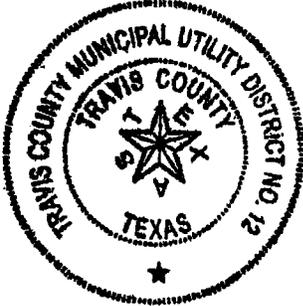
3. Defined Terms. All terms delineated with initial capital letters in this Amendment that are defined in the Contract have the same meanings in this Amendment as in the Contract. Other terms have the meanings commonly ascribed to them.

4. Effect of Amendment. Except as specifically provided in this Amendment, the terms and provisions of the Contract will continue to govern the rights and obligations of the parties, and all provisions and covenants of the Contract, as amended, will remain in full force and effect. In the event of any inconsistency between the Contract and this Amendment, this Amendment will control and modify the terms and provisions of the Contract.

5. Execution. This Amendment may be executed in any number of counterparts, and it will not be necessary that the signatures of all parties be contained on any one counterpart. Additionally, for purposes of facilitating the execution of this Amendment: (a) the signature pages from separate, individually executed counterparts of this Amendment may be combined to

form multiple fully executed counterparts; and (b) a facsimile signature will be deemed to be an original signature for all purposes. All executed counterparts of this Amendment will be deemed to be originals, but all counterparts, when taken together, will constitute one and the same instrument.

EXECUTED on the date or dates set forth below, to be effective on the date the last party signs.



TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12

By: *Daniel L. Robertson*
Daniel L. Robertson, President
Board of Directors

Date: 6/23/09

Address: 100 Congress Ave., Suite 1300
Austin, Texas 78701

ATTEST:

Melissa Miller
Melissa Miller, Secretary
Board of Directors

JADCO MANAGEMENT, INC.

By: *Joseph A. DiQuinzio, Jr.*
Joseph A. DiQuinzio, Jr., President

Date: June 16, 2009

Address: 602 West 9th Street
Austin, Texas 78701

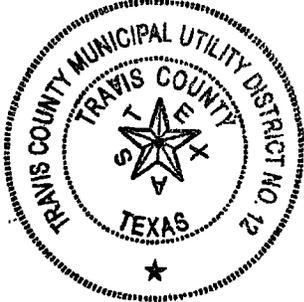
SECOND AMENDMENT TO MANAGEMENT SERVICES AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Travis County Municipal Utility District No. 12 (the "District"), a conservation and reclamation district operating under Chapters 49 and 54 of the Texas Water Code, and JadCo Management, Inc. ("JadCo"), a Texas corporation, previously entered into a Management Services Agreement dated as of July 24, 2007 and a First Amendment to Management Services Contract dated as of June 23, 2009 (collectively the "Contract"), under which JadCo provides general and development management services to the District. JadCo and the District now mutually desire to amend the Contract in order to extend its term and, therefore, in consideration of the mutual covenants contained in this Amendment and in the Contract, agree as follows:

1. Extension of Term. The Initial Term of the Contract is extended to August 31, 2015.
2. Defined Terms. All terms delineated with initial capital letters in this Amendment that are defined in the Contract have the same meanings in this Amendment as in the Contract. Other terms have the meanings commonly ascribed to them.
3. Effect of Amendment. Except as specifically provided in this Amendment, the terms and provisions of the Contract will continue to govern the rights and obligations of the parties, and all provisions and covenants of the Contract, as amended, will remain in full force and effect. In the event of any inconsistency between the Contract and this Amendment, this Amendment will control and modify the terms and provisions of the Contract.
4. Execution. This Amendment may be executed in any number of counterparts, and it will not be necessary that the signatures of all parties be contained on any one counterpart. Additionally, for purposes of facilitating the execution of this Amendment: (a) the signature pages from separate, individually executed counterparts of this Amendment may be combined to form multiple fully executed counterparts; and (b) a facsimile signature will be deemed to be an original signature for all purposes. All executed counterparts of this Amendment will be deemed to be originals, but all counterparts, when taken together, will constitute one and the same instrument.

EXECUTED on the date or dates set forth below, to be effective on the date the last party signs.



**TRAVIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 12**

By: *Daniel L. Robertson*
Daniel L. Robertson, President
Board of Directors

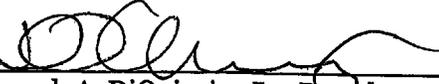
Date: *7/24/2014*

Address: 100 Congress Ave., Suite 1300
Austin, Texas 78701

ATTEST:

mmiller
Melissa Miller, Secretary
Board of Directors

JADCO MANAGEMENT, INC.

By: 
Joseph A. DiQuinzio, Jr., President

Date: 7.22.2014

Address: 602 West 9th Street
Austin, Texas 78701

QUESTION NO. 2-2

How long has JadCo Management, Inc. been the manager of TCMUD 12? Please identify all individuals who were managers to TCMUD 12 for the past 10 years and the dates during which they were the manager of TCMUD 12.

TCMUD 12'S RESPONSE:

JadCo Management, Inc. has been the manager of TCMUD 12 since July 24, 2007. TCMUD 12 existed prior to JadCo Management, Inc.'s involvement, but was not active and had no managers prior to JadCo Management, Inc.

QUESTION NO. 2-3

Is JadCo Management also a builder or developer of properties within TCMUD 12? If yes, please:

- a. identify how many properties have been developed and/or built upon by JadCo, and the dates of such building/development;
- b. If JadCo Management's building and/or development activities are continuing in TCMUD 12, please describe the extent of JadCo Management's continuing activities in that regard; and
- c. Provide a copy of any development agreements between JadCo Management and TCMUD 12.

TCMUD 12'S RESPONSE:

No, JadCo Management, Inc. is not a builder or developer of properties within TCMUD 12. JadCo Management Inc. operates solely as the manager of TCMUDs 11, 12, and 13.

QUESTION NO. 2-4

Please provide documents evidencing TCMUD 12's authority to file the petition protesting the rates of WTCPUA on behalf of TCMUDs 11 and 13.

TCMUD 12'S RESPONSE:

The documents outlining the relationship between TCMUDs 11 and 13 may be found in: the Memorandum of Understanding as amended, which has been previously provided as JAD Exhibit 1; the Wholesale Water Services Agreement Between the LCRA and TCMUD 12, which has previously provided as JAD Exhibit 4; and the Agreement Regarding Transfer of Operations of the West Travis County Water System from the LCRA to the WTCPUA, which has previously provided as JAD Exhibit 5.

Additional documents comprise Attachment 2-4, which pursuant to PUC Proc. R. 22.144(h) is available for inspection at 4401 Westgate Blvd., Ste. 330, Austin, Texas 78745. Please contact Miguel A. Huerta at (512)494-9500 to arrange an appointment for inspection of the documents.

QUESTION NO. 2-5

Was TCMUD 12 represented by counsel during the time period that the WTCPUA was asking TCMUD 12 to consent to the assignment of the Wholesale Water Services Agreement to the WTCPUA? If so, please identify same.

TCMUD 12'S RESPONSE:

Yes, Sue Brooks Littlefield of Armbrust & Brown, PLLC represented TCMUD 12.

QUESTION NO. 2-6

Does TCMUD 12 contend that the WTCPUA cannot change the amount of the Connection Fees charged to TCMUD 12? If yes, please provide an explanation of your contention and all documents that support your contention.

TCMUD 12'S RESPONSE:

Yes, Paragraph 3 of the Transfer Agreement gives the WTCPUA authority to collect the fees, but not to set the fees. The Agreement Regarding Transfer of Operations of the West Travis County Water System from the LCRA to the WTCPUA, is JAD Exhibit 5 attached to the Direct Testimony of Joseph A. DiQuinzio.

QUESTION NO. 2-7

Does TCMUD 12 contend that the change of connection fees by the WTCPUA on November 1, 2012, is the subject of PUC Docket No. 42866? If yes, please provide an explanation of your contention, all documents that support your contention, and authorities that support your contention.

TCMUD 12'S RESPONSE:

No.

QUESTION NO. 2-8

Please provide the resume for Joseph DiQuinzio. If none is available, please describe his educational background and work history.

TCMUD 12'S RESPONSE:

Please see Attachment 2-8.

Joseph A. DiQuinzio, Jr.

EDUCATION: Rice University, 1974-1979
BA in Political Science 1979
Presidents Honor Roll
LBJ School of Public Affairs, 1979-1981

EXPERIENCE:

1994 - Present

Joseph A. DiQuinzio Companies (JadCo Development, Inc. and JadCo Management, Inc.)

- Currently manages the development of Lakeway Rough Hollow and Lakeway Highlands, an ± 1800 Acre, 2000 Unit Master Planned Community, including management of all phases of lot development and utility construction.
- Serves as General Manager for five special financing districts (municipal utility districts and water control & improvement districts), including management of daily operations, negotiation of wholesale water and wastewater service agreements, applications for and processing of wastewater disposal permits, and negotiation of wholesale water and wastewater rates, retail water and wastewater rate analyses, and implementation of district activities and approvals.
- Serves as development consultant to private land-owners, including owner of a 2500 acre tract in Bastrop, Texas, which has included legislative creation of special financing districts.
- Provides due diligence studies and feasibility analyses for private investors and corporate acquisitions in Central Texas and San Antonio, Texas.
- Has coordinated the creation of in excess of ten special financing districts through either the Texas Commission on Environmental Quality or Texas Legislature, including obtaining necessary municipal approvals.
- Has managed the preparation of applications for, and coordinated the approval and funding of, over \$57,920,000 in special financing district bond issues.
- Has developed over 1750 Acres and 4100 Lots with a market value in excess of \$71,750,000
- Participating as an equity investor in Single Family Residential and Multi-Use Projects in San Antonio and Austin.

1983-1993

Milburn Investments, Inc. Original scope of responsibility was to create a land development department capable of supplying lots for a 1000-1500 home per-year homebuilder. During this time, had primary responsibility for the development of over 10,000 single family lots in multiple jurisdictions in Central Texas, which had an ultimate market value in excess of \$150,000,000. Subsequently, responsibilities were expanded to include strategic corporate planning, land acquisition, coordination of all aspects of lot development and governmental approvals, financing, litigation management, creation of special financing districts, coordinating the processing of bond issues, creating and managing the company's ad valorem tax system, serving as new home sales manager for approximately one-half of the corporation's Central Texas market, and serving as the company's primary representative before City, County and State agencies.

1981-1983

City of Austin, Water and Wastewater Department, Office of the Director. Served as an Administrative Assistant to the Director with a wide range of responsibilities, including providing policy and administrative assistance to the Director and serving as liaison to the Water and Wastewater Commission, a City Council appointed commission with review authority over all aspects of the Water and Wastewater Utility, including allocation of service and creation of special financing districts. Drafted a City-wide emergency water conservation plan that was adopted and implemented by the City Council.

QUESTION NO. 2-9

Were you personally involved with the creation of TCMUD 11, 12, or 13? If so, please describe the extent of your involvement, providing dates of your involvement, and on whose behalf you were involved.

TCMUD 12'S RESPONSE:

No, I was not personally involved with the creation of TCMUDs 11, 12, and 13. They were created prior to my involvement, but were not operational. TCMUD 11, 12, and 13 become operational around the time JadCo Management, Inc. became the manager for the districts.

QUESTION NO. 2-10

Were you personally involved with the negotiation of the LCRA Raw Water Contract between TCMUD 12 and the LCRA? If so, please describe the extent of your involvement, providing dates of your involvement, and on whose behalf you were involved. Also provide all documents related to your involvement.

TCMUD12'S RESPONSE:

Yes, I was personally involved from a management perspective throughout the process on behalf of the Districts. The actual negotiations with LCRA were handled by Sue Brook Littlefield on behalf of TCMUD 12.

Documents related to my involvement may be found in Attachment 2-10, which pursuant to PUC Proc. R. 22.144(h) is available for inspection at 4401 Westgate Blvd., Ste. 330, Austin, Texas 78745. Please contact Miguel A. Huerta at (512)494-9500 to arrange an appointment for inspection of the documents.

QUESTION NO. 2-11

If your answer to RFI 2-10 above is "yes," please provide all documents within your possession pertaining to such negotiation.

TCMUD 12'S RESPONSE:

Documents responsive to this request have been provided in response to Question No. 2-10 above.

QUESTION NO. 2-12

Refer to page 5, lines 24-26.

- a. Please describe the "routine dealings" with Lakeway MUD ("LMUD") upon which you base your conclusion.
- b. Please describe all such "routine dealings" that had as their subject the possibility of obtaining additional water service from LMUD for service to The Highlands, and provide the dates of such occasions.
- c. Please provide all documents pertaining to such "routine dealings" during which the possibility of obtaining additional water service from LMUD was discussed, considered, or addressed.

TCMUD 12'S RESPONSE:

a & b: I had daily conversations with LMUD to discuss the general integration of TCMUD 11 into the LMUD system. These conversations centered on utility and development matters such as capacity, points of interconnection, and construction plans. The bulk of these conversations were around the time that TCMUD 11 was being integrated into the LMUD system but I still have conversations with LMUD personnel and representatives today. Due to the informal nature of these conversations, I did not and do not record the exact dates and issues discussed within each conversation.

- c. There are no documents pertaining to these routine dealings with LMUD.

QUESTION NO. 2-13

Refer to page 5, lines 27-28.

- a. At what time did the consideration mentioned on page 5, line 27, and the determination mentioned at page 5, line 28 take place?
- b. Provide a description of the tasks undertaken by TCMUD 12 during such consideration and determination, including the specific tasks, the persons undertaking such tasks, and the timing of such tasks.
- c. Provide all documents that relate to the consideration and determination referenced on page 5 at line 27.

TCMUD 12'S RESPONSE:

- a. The discussions with the LCRA and the consideration took place about the time the wholesale water agreement was being negotiated with the LCRA.
- b. TCMUD 12 participated in the dialog with the LCRA engineering staff in discussing the concept of a regional water treatment plant to be owned and operated by the LCRA but located in the Highlands. TCMUD 12 provided insight on topography and layout of the land but most of the tasks were carried out by the LCRA.
- c. There are no documents related to the consideration of the LCRA water treatment plant.

QUESTION NO. 2-14

Refer to page 5, lines 28-30.

- a. Identify the source of the referenced \$25,520,000 amount.
- b. Provide all documents relating to the referenced cost of constructing diversion, transmission and storage facilities.

TCMUD 12'S RESPONSE:

Please see Attachment 2-14.

Joe DiQuinzio

From: Douglas Rummel Jr <dougjr@cbdeng.com>
Sent: Monday, February 09, 2015 1:24 PM
To: 'jadco@austin.rr.com'
Subject: FW: Water Treatment Plant

From: Kenneth Wheeler [<mailto:Kenneth.Wheeler@cedarparktexas.gov>]
Sent: Tuesday, October 28, 2014 8:30 AM
To: Douglas Rummel Jr
Subject: RE: Water Treatment Plant

Doug,

I haven't done a whole lot of water treatment plants, but if I had to come up with a ballpark number, I would use about \$5 per gallon. The BCRUA WTP, which was 17 MGD for the first phase (some ultimate capacity oversizing of piping and other facilities), had an engineer's estimate of about \$4.50 per gallon and actual costs of about \$4.00 per gallon. For a smaller plant, the \$5 per gallon is probably more realistic. This does not include the floating intake. Our actual costs for the BCRUA floating intake (also 17 MGD capacity) was about \$6 million. I'm not sure you can use a price per gallon for the intake. My suggestion would be to talk to Randal Park at Excel Construction. They have built a lot of floating intakes and would have a better idea of cost. Hope this helps.

Kenneth Wheeler, P.E.
Assistant Director of Utilities
City of Cedar Park
2401 Brushy Creek Loop
Cedar Park, TX 78613
512-401-5584

From: Douglas Rummel Jr [<mailto:dougjr@cbdeng.com>]
Sent: Tuesday, October 28, 2014 7:28 AM
To: Kenneth Wheeler
Subject: Water Treatment Plant

Good morning Kenneth,

This is a little bit of a strange request and not City related at all but I have been tasked with coming up with some high level numbers for a water treatment plant in western Travis County for some MUDs. My hope was that you might have some ballpark idea of what a water treatment plant costs might be per gallon? I am looking at around a 4 MGD plant that will have a raw water barge coming out of the lake. Any assistance you could lend on this would be appreciated. If you know of anyone else that might have some input, that would also be appreciated. Thanks

Carlson, Brigance & Doering Inc.

F3791
Douglas Rummel, Jr., P.E., R.P.L.S.
Vice-President
5501 West William Cannon
Austin, TX 78749
(O) 512-280-5160

(C) 512-627-6417
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WATER TREATMENT PLANT
PRELIMINARY BUDGET
OCTOBER 2014

Docket No 42866
 TCMUD 12 Resp to WTCPUA 2nd RFIs
 Attachment TCMUD 12 RFI 2-14
 Page 3 of 3

	DECRPTION	QTY	UNIT	UNIT COST	TOTAL COST
I.	WATER PLANT				
	4 MGD Plant (Peak Day Demand)	4,000,000	GAL/DAY	\$5.00	\$20,000,000.00
	Raw Water Pipe (15")	15,000	LF	\$80.00	\$1,200,000.00
	Barge	1	LS	\$2,000,000.00	\$2,000,000.00
	Total				\$23,200,000.00
	Engineering & Permitting (10%)	1	LS	\$2,320,000.00	\$2,320,000.00
	TOTAL COST				\$25,520,000.00

QUESTION NO. 2-15

Refer to page 6, lines 6-9. Provide the dates of the referenced discussions and identify the persons involved. Also, provide detailed information as to the location of the additional WTP, the size of such WTP, and information about who was to own and operate such plant.

TCMUD 12'S RESPONSE:

This is the same water treatment plant discussed in response to WTCPUA RFI No. 2-13, which was to be LCRA owned and operated. There was never any detailed information for the plant. The plant was never sized and a site plan for the plant was never developed.

After a diligent search, there are no documents responsive to this request.

QUESTION NO. 2-16

Do TCMUD 11, 12, and 13 share a point of delivery for raw water purchased from the LCRA? If not, please identify all points of delivery for the three MUDs.

TCMUD 12'S RESPONSE:

No, TCMUD 11, 12, and 13 do not share a point of delivery for raw water purchased from the LCRA. TCMUD 11 has a delivery point shared with LMUD, Hurst Creek MUD, and the Rough Hollow South Community HOA. TCMUD 12 and 13 take water from the Highway 71 diversion structure, which is the WTCPUA's diversion point.

QUESTION NO. 2-17

Refer to page 6, lines 15-20. Were you personally involved with the referenced negotiations with the LCRA for the Wholesale Water Services Agreement? If so, please describe the extent of your involvement, providing dates of your involvement, and on whose behalf you were involved. Also, identify all persons who were involved and acting on behalf of TCMUD 12.

TCMUD 12'S RESPONSE:

Yes, I was involved with negotiations with the LCRA for the Wholesale Water Services Agreement. I was involved with managing the process, sat in on meetings, provided business input and communicated with the boards for TCMUD 12. The actual contract negotiation was done by the attorneys. Sue Brooks Littlefield of Armbrust & Brown, PLLC represented TCMUD 12.

QUESTION NO. 2-18

Refer to page 6, line 16. Please provide the time frame for the referenced "extended period of negotiations." Provide all documents in the possession of TCMUD 12 relating to such negotiations. Was TCMUD 12 represented by counsel during such negotiations?

TCMUD 12'S RESPONSE:

TCMUD 12 was represented by counsel during these negotiations – Sue Brooks Littlefield of Armbrust & Brown, PLLC represented TCMUD 12.

Documents related to my involvement may be found in Attachment 2-18, which pursuant to PUC Proc. R. 22.144(h) is available for inspection at 4401 Westgate Blvd., Ste. 330, Austin, Texas 78745. Please contact Miguel A. Huerta at (512)494-9500 to arrange an appointment for inspection of the documents.

QUESTION NO. 2-19

Please provide an explanation of the reason why TCMUD 12 did not protest the rates that were effective on January 1, 2013. Provide all documents that relate to the decision to not protest the rates.

TCMUD 12'S RESPONSE:

At the time, despite questions concerning the methodology used by the WTCPUA, there was a belief that the WTCPUA would work with its wholesale customer group in a meaningful manner. Please see Attachment 2-19.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12 AND TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 13
MINUTES OF JOINT BOARD OF DIRECTORS' MEETING**

November 27, 2012

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A joint meeting of the Boards of Directors of Travis County Municipal Utility District No. 12 ("TC MUD 12") and Travis County Municipal Utility District No. 13 ("TC MUD 13") was held on November 27, 2012, at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice for TC MUD 12 is attached as **Exhibit "A"** and a copy of the Certificate of Posting of the notice for TC MUD 13 is attached as **Exhibit "B"**.

The roll was called of the members of the Board of TC MUD 12:

Daniel L. Robertson	-	President
Robert R. Griffith	-	Vice President
Melissa Miller	-	Secretary
Jim Henry	-	Asst. Secretary
Sue Wall	-	Asst. Secretary

And all of the Directors were present, except Director Henry and Director Wall, thus constituting a quorum.

The roll was called of the members of the Board of TC MUD 13:

Richard Fadal	-	President
Michael Matz	-	Vice President
Jesse Kennis	-	Secretary
Louis Granger	-	Assistant Secretary
Sean Mills	-	Assistant Secretary

And all of the Directors were present, thus constituting a quorum.

Also present at the meeting were Allen Douthitt of Bott & Douthitt, PLLC; Joe DiQuinzio of JadCo Management, Inc.; Jeff Crawford of Jones-Heroy & Associates, Inc.; Robert Anderson of Crossroads Utility Services, LLC; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Robertson and Director Fadal called the meeting to order at 12:05 p.m. Director Fadal stated that the Board of TC MUD 13 would first consider approving the Sworn Statements and Oaths of Office for the Directors deemed elected on November 6, 2012. Upon motion by Director Kennis and second by Director Granger, the Board of TC MUD 13 voted unanimously to approve the Sworn Statements and Oaths of Office of Directors Kennis, Granger and Mills.

Director Robertson stated that the Board of TC MUD 12 would consider approving the Sworn Statements and Oaths of Office for the Directors deemed elected on November 6, 2012.

{W0562008.1}

After discussion, upon motion by Director Griffith and second by Director Miller, the Board of TC MUD 12 voted unanimously to accept the Sworn Statements and Oaths of Office for Directors Robertson and Henry.

Director Fadal stated that the Board of TC MUD 13 would next consider the election of officers. Director Kennis moved to keep the same slate of officers. Upon second by Director Mills, the Board of TC MUD 13 voted unanimously to keep the same slate of officers.

Director Robertson then stated that the Board of TC MUD 12 would consider the election of officers. Upon motion by Director Miller and second by Director Griffith, the Board of TC MUD 12 voted unanimously to keep the same slate of officers.

Director Robertson stated that the Board of TC MUD 12 would next consider approving the consent items on the Board's meeting agenda: the minutes of the September 25, 2012 Board meeting; the Amended Resolution Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Board attached as **Exhibit "C"** and a revised District Registration Form. Upon motion by Director Griffith and second by Director Miller, the Board of TC MUD 12 voted unanimously to approve the consent items.

Director Fadal then stated that the Board of TC MUD 13 would consider approving the consent items on the Board's meeting agenda: the minutes of the October 2, 2012 Board meeting; the Amended Resolution Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Board attached as **Exhibit "D"** and a revised District Registration Form. Upon motion by Director Kennis and second by Director Granger, the Board of TC MUD 13 voted unanimously to approve the consent items.

Director Robertson and Director Fadal then recognized Mr. DiQuinzio for purposes of receiving the manager's report. Mr. DiQuinzio provided updated aerial photographs of the project, attached as **Exhibit "E"**, and reviewed them with the Board. He explained that Highlands Phase 1 Section 5 was paved and complete, and the first builder take-downs would occur around the end of the year. He stated that Highlands Phase 1 Section 6, also in TC MUD 12, was also paved and that he was working on letters of substantial completion so he anticipated builder sales to occur soon. He stated that Highlands Phase 1 Section 7, in TC MUD 13, should be paved during the month of December. Mr. DiQuinzio stated that 39 homes were under construction in the community across all price points, which was strong for the current time of the year.

Mr. DiQuinzio advised the Boards that they were not going to use Lakeway Municipal Utility District's ("Lakeway MUD's") engineer to do the water balance model, due to timing issues. He stated that he was working on getting Dr. James Mierchen engaged for that work, noting that the model would be based on Lakeway MUD's original model, but would also be made flexible enough that it could be modified to apply to a stand-alone plant. He reminded the Board that this work was being paid for by the developer. He indicated that he hoped to have the report completed by the end of January. Mr. DiQuinzio advised the Board that he had engaged Jay Joyce of Expergy to do a system-wide rate study, which would include an analysis of the rate increase implemented by the West Travis County Public Utility Agency ("PUA"), and explained that the increase was 15% across the board and had been made with very little input from the public. He stated that Mr. Joyce's preliminary study had been sent to the PUA, and that there would be a meeting held to discuss the increase and the study. He added that he felt the PUA was willing to work with the customer group. In response to a question by Director

Kennis, Mr. DiQuinzio explained that Mr. Joyce's comments were based on questions regarding methodology and apparent internal inconsistencies.

Mr. DiQuinzio then described the proposed rate order amendment for TC MUD 13 and noted that TC MUD 12 would also need to adopt a rate order in anticipation of builders coming in during the next two months. Mr. DiQuinzio noted that some rate adjustments were anticipated to be made in January, based on the PUA increase and the rate analysis being done by Mr. Joyce. Director Griffith moved that the Board authorize Director Robertson to do a final review and approve and execute the rate order. A copy of the TC MUD 12 order so approved is attached as **Exhibit "F"**.

Upon motion by Director Mills and second by Director Matz, the Board of TC MUD 13 voted unanimously to approve the amended Rate Order attached as **Exhibit "G"**. Mr. DiQuinzio then advised the Board that the Lower Colorado River Authority ("LCRA") had agreed to ask for permission to modify the releases from Lake Travis to the rice farmers, noting that it was not as significant of a reduction in water released as in the prior year and that he anticipated it would have a fairly detrimental effect upon lake levels. He noted that the lake was currently at 42% of total storage and, if a release was made, it would reduce the lake level to 36%. He stated that there was no significant rainfall event anticipated. He stated that this was still being monitored by the customers who had firm water contracts, who paid substantially more than the rice farmers who had interruptible water contracts that cost much less.

Director Robertson and Director Fadal stated that the Boards would next receive the bookkeeper's report and recognized Mr. Douthitt. Mr. Douthitt presented the updated bookkeeper's report attached as **Exhibit "H"** for TC MUD 12 and **Exhibit "I"** for TC MUD 13. Mr. Douthitt called the Board's attention to the payments out of the bookkeeper's account made since the last meeting and the two transfers, one into the bookkeeper's account and one into the District's system fee account, for TC MUD 12. He noted that the per diems to Directors Wall and Henry would need to be voided due to their absence from the meeting. Upon motion by Director Robertson and second by Director Miller, the Board of TC MUD 12 voted unanimously to approve the transfers and payment of the bills and invoices as presented, with the exception of the voids noted. Mr. Douthitt then reviewed the list of disbursements for TC MUD 12 and noted that he was requesting approval of the transfer from the District's lock box account to the operating account as set forth on page one of his updated report. Upon motion by Director Kennis and second by Director Granger, the Board of TC MUD 13 voted unanimously to approve the transfers and the payment of the bills and invoices as presented.

Director Robertson and Director Fadal then stated that the Boards would receive the engineer's report and recognized Mr. Crawford. Mr. Crawford stated that the contractor for all of the construction projects was the same, and that they had been very busy for the past 12 months. He presented Pay Estimates No. 4, 5 and 6, attached as **Exhibits "J", "K" and "L"**, and Change Order No. 3, attached as **Exhibit "M"**, for Lakeway Highlands Phase 1 Section 5, which he noted was 99% complete. He stated that Section 6 was 97% complete. He then presented Pay Estimates No. 3 and 4, attached as **Exhibits "N" and "O"**, and recommend approval. Upon motion by Director Robertson and second by Director Griffith, the Board of TC MUD 12 voted unanimously to approve the report, including the Pay Estimates and Change Orders, as presented.

Mr. Crawford presented Pay Estimates No. 4 and 5, attached as **Exhibits "P" and "Q"**, for Section 7A, and recommend approval. Director Mills asked why the project would be fully funded if it was at 27% complete. Mr. Crawford stated that the engineer's report had not been updated and the project was actually 97% complete. Director Fadal asked for a copy of the

updated report and Mr. Crawford agreed to provide this. Director Mills moved approval of the Pay Estimates, with notation that the project was 97% complete. Upon second by Director Kennis, the motion was unanimously adopted.

Director Robertson then stated that the Board of TC MUD 12 would receive the operator's report and recognized Mr. Anderson. Mr. Anderson presented his oral report.

Director Fadal then stated that the Board of TC MUD 13 would receive the operator's report and recognized Mr. Anderson. Mr. Anderson presented the report attached as **Exhibit "R"** and stated that TC MUD 13 had two occupied connections and 19 accounts. He stated that TC MUD 13 had no 90-day delinquent accounts and that he had no write-offs to present. He stated that all lab results were satisfactory. Mr. DiQuinzio inquired about the chlorine residual in the Districts and Mr. Anderson stated that in TC MUD 13 the residual was good, and that it was lower but within legal limits for TC MUD 12. Mr. DiQuinzio asked for a historical analysis of this issue for his meeting with the PUA. Mr. Anderson stated that there was no report for TC MUD 12, but agreed to provide the report for TC MUD 13 to Mr. DiQuinzio, as requested.

There being no further business to come before the Boards, the meeting was adjourned.

(SEAL)

Melissa Miller, Secretary
Board of Directors of TC MUD 12

Date: _____

(

(SEAL)

Jesse Kennis, Secretary
Board of Directors of TC MUD 13

Date: _____

(

{W0562008.1}

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12
MINUTES OF BOARD OF DIRECTORS' MEETING**

January 22, 2013

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Travis County Municipal Utility District No. 12 was held on January 22, 2013, at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Daniel L. Robertson	-	President
Robert R. Griffith	-	Vice President
Melissa Miller	-	Secretary
Jim Henry	-	Asst. Secretary
Sue Wall	-	Asst. Secretary

and all of the Directors were present, except Director Wall, thus constituting a quorum. Also present at the meeting were Allen Douthitt of Bott & Douthitt, PLLC; Joe DiQuinzio of JadCo Management, Inc.; Robert Anderson of Crossroads Utility Services, LLC ("Crossroads"); Jeff Crawford of Jones-Heroy & Associates, Inc.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Robertson called the meeting to order at 12:04 p.m., and stated that the Board would first consider approving the minutes of the November 27, 2012 Board meeting. Upon motion by Director Griffith and second by Director Robertson, the Board voted unanimously to approve the minutes.

Director Robertson stated that the Board would next review the District's Code of Ethics and Financial Investment, Travel and Professional Services Policy, Investment Strategy. Director Robertson noted that the list of qualified brokers had been amended to add a new bank, Pioneer Bank, recommended by the District's bookkeeper. After discussion, upon motion by Director Miller and second by Director Henry, the Board voted unanimously to approve the Resolution Confirming Annual Review of the District's Code of Ethics and Financial Investment, Travel and Professional Services Policy, Investment Strategy and Amending List of Qualified Brokers attached as **Exhibit "B"**.

Director Robertson then stated that the Board would review the District's Written Procedures for Post Bond Issuance Federal Tax Compliance. Ms. Littlefield

{W0567966.1}

confirmed that the District's bond counsel was not recommending any changes to the procedures at this time. Mr. Douthitt confirmed that his firm was responsible for the bulk of monitoring for the compliance. After discussion, upon motion by Director Robertson and second by Director Miller, the Board voted unanimously to approve the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Tax Compliance attached as **Exhibit "C"**.

Director Robertson then stated that the Board would receive the manager's report and recognized Mr. DiQuinzio. Mr. DiQuinzio reported that Highlands Sections 1-5 and 1-6 were complete and the developer expected to have housing starts within the next 30-60 days. He advised the Board that Sections 1-1 through 1-7A were complete and had been paved. He stated that there would be a good mix of builders, and that sales and closings were still strong. Mr. DiQuinzio reported that the preliminary plan for Highlands Phase 2, consisting of about another 420 lots, had been submitted to the City of Lakeway and that he anticipated final plats would be submitted on four additional sections in the current year, all of which would be in the District. Mr. DiQuinzio reported that the new water balance model had been completed and indicated that there was sufficient capacity in the existing Lakeway MUD effluent pond to add about another 245,000 gallons of wastewater treatment capacity at the current Lakeway MUD plant. He noted that this would expedite the permit and expansion processes. Mr. DiQuinzio stated that he hoped to have the summary from the engineer who prepared the report by the end of the week, after which he would schedule a meeting with the Texas Commission on Environmental Quality. Mr. DiQuinzio stated that the rate study was underway and that he hoped to present the recommendations at the Board's February meeting. He stated that the PUA rate study was also complete and that he had scheduled a meeting with the PUA's director and rate analyst at end of the month.

Mr. DiQuinzio then advised the Board that the Lake Travis ISD had requested construction water from the District. Ms. Littlefield noted that the District would need to confirm that there was not a problem selling the water supply outside the boundaries of the District under the terms of its wholesale contracts. Mr. Anderson stated that the additional water use could improve the District's flushing water situation. Director Robertson asked if there was a formal, written request and Mr. DiQuinzio stated that there was not, but the request had come in through the project engineer. The Board then discussed additional costs and limits under the wholesale contracts. After discussion, the Board generally agreed that the District should conditionally agree to provide construction water at 115% of retail rates, subject to any necessary approvals and the right to terminate service if there were any adverse effects on the District's customers. Upon motion by Director Henry and second by Director Miller, the Board voted unanimously to authorize the District's consultants to pursue any approvals necessary to provide limited construction water as discussed and to authorize the provision of temporary out of district construction water at a temporary service rate of 115% of the District's retail rates, subject to those approvals.

Director Robertson stated that the Board would next receive the bookkeeper's report and recognized Mr. Douthitt. Mr. Douthitt presented the updated bookkeeper's report, attached as **Exhibit "D"**, and reviewed it with the Board. He noted he had two transfers to present, as summarized on page one of his report, to transfer funds into the District's bookkeeper's account and into the District's Water System Fee account. He also reviewed the disbursements out of the bookkeeper's account that had been made since the date of the last meeting to pay quarterly payroll taxes. He then reviewed the list of disbursements being presented for approval, and called the Board's attention to the allocation of various fees between the three Lake Travis area districts. He noted that the per diem to Director Wall would need to be voided due to her absence from the meeting. Mr. Douthitt stated that the District was ahead of plan on the expense side, but would be requiring developer funding of \$65,000 within the next month or two unless all property taxes were paid by the end of the month. Upon motion by Director Miller and second by Director Griffith, the Board voted unanimously to approve the payments, with the exception of the per diem to Director Wall, and the transfers as presented.

Director Robertson then stated that the Board would receive the engineer's report. Mr. Crawford presented the report attached as **Exhibit "E"** and confirmed that Sections 1-5 and 1-6 were essentially complete. He presented Change Order No. 4 for Section 1-5, for the raising of the manholes, and recommended approval. He also presented Change Order No. 2 for raising manholes in Section 1-6 and recommended approval. He stated that he was not recommending approval of the final pay estimates until all close-out documents were received. Upon motion by Director Henry and second by Director Miller, the Board voted unanimously to approve the Change Orders, as presented. Mr. DiQuinzio stated that he expected that the final pay estimates and acceptance of the projects would be on the Board's February meeting agenda.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)

Melissa Miller, Secretary
Board of Directors

Date: _____

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12
MINUTES OF BOARD OF DIRECTORS' MEETING**

February 26, 2013

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Travis County Municipal Utility District No. 12 was held on February 26, 2013, at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Daniel L. Robertson	-	President
Robert R. Griffith	-	Vice President
Melissa Miller	-	Secretary
Jim Henry	-	Asst. Secretary
Sue Wall	-	Asst. Secretary

and all of the Directors were present, except Director Griffith, who arrived later, thus constituting a quorum. Also present at the meeting were Allen Douthitt of Bott & Douthitt, PLLC; Joe DiQuinzio of JadCo Management, Inc.; Robert Anderson of Crossroads Utility Services, LLC ("Crossroads"); Jeff Crawford of Jones-Heroy & Associates, Inc.; Sue Brooks Littlefield of Armbrust & Brown, PLLC; and Ryan Maddox and Ian Boyd of Lennar Homes of Texas Land and Construction, Ltd. ("Lennar").

Director Robertson called the meeting to order at 12:04 p.m. and stated that the Board would first consider approving the minutes of the January 22, 2013 Board meeting. Upon motion by Director Robertson and second by Director Miller, the Board voted unanimously to approve the minutes.

Director Robertson stated that the Board would next receive the manager's report and recognized Mr. DiQuinzio. At this time, Director Griffith arrived at the meeting. Mr. DiQuinzio reported that there had been strong development and homebuilding activity in the three Travis County districts, noting that the developer had completed Phase 1, Sections 5, 6 and 7A and that builder contracts were in place, with home construction expected to start soon. He reported that there had been good progress on the water balance models, noting that both the monthly and daily models had been submitted to Lakeway Municipal Utility District ("Lakeway MUD") for review and that some additional information that had been requested by Lakeway MUD's engineer had been submitted on February 21st. Mr. DiQuinzio added that a follow-up meeting with the Lakeway MUD general manager had been set for March 4th to discuss a term sheet to revise the master water and wastewater agreement, the amendment of the

wastewater permits and the process for utilizing the Lakeway MUD plant and pond and the developer's irrigation acreage to provide the additional wastewater capacity needed for The Highlands. He stated that the good news coming out of the water balance model was that it was possible to add about 250,000 gallons of capacity to the Lakeway MUD site without expanding the existing pond and that, with this additional capacity, only about 150 acres of irrigation land would be required. Mr. DiQuinzio stated that the excess irrigation land could be used to provide additional service or potentially be developed. He explained that the sewer situation was rapidly becoming clearer and that he expected it to become even clearer after the March 4th meeting.

Mr. DiQuinzio then reported that the rate study was almost complete, and that a rate order revision would be presented in conjunction with the draft budget in March. Mr. DiQuinzio confirmed that he had been appointed to the West Travis County Public Utility Agency's (the "PUA's") wholesale customer committee and advised the Board that he, Mr. Douthitt and Mr. Anderson had met with the PUA's representatives to discuss the PUA's wholesale rate increase. He added that one reason the District's rates had gone up more than other wholesale customers was due to a peaking factor that had been imposed and that he had explained that the peaking was caused by flushing usage as a result of on-going chlorine residual problems. He stated that the PUA's representatives had acknowledged that the Lower Colorado River Authority's (the "LCRA's") records and the PUA's due diligence were poor. Mr. DiQuinzio stated that they had subsequently met with the PUA's representatives at the pump station and found that, at one time, there had been a chlorine injection system at the pump station, but that it had been removed before the PUA's closing. He added that the PUA had agreed to a more consistent and frequent testing program to determine if there was still a chlorine problem, but that he expected the water quality to be better due to increased turnover as a result of development in Sweetwater. Mr. DiQuinzio then stated that the PUA had tentatively approved the District's provision of temporary construction water for the Lake Travis ISD elementary school site, and noted that the PUA Board had approved entering into a Memorandum of Understanding with the District to allow it to provide the temporary construction water. He added that the MOU was currently being drafted by the PUA's attorney. Mr. DiQuinzio noted that permanent service would be provided by Lazy Nine Municipal Utility District.

Ms. Littlefield then reviewed a proposed rate order revision with the Board, noting that most of the changes, such as those relating to the grinder pump inspections, had previously been discussed, and many others were not substantive, but that the revision did include an update to the connection fees for water which the District was required to collect and pay to the PUA. She noted that the connection fees had increased as a result of the PUA's increase in its impact fees, and that the revised fees would be effective for all newly platted sections. Upon motion by Director Robertson and second by Director Wall, the Board voted unanimously to approve the revised rate order attached as **Exhibit "B"**.

Director Robertson stated that the Board would next receive the bookkeeper's report and recognized Mr. Douthitt. Mr. Douthitt presented the updated bookkeeper's

report attached as **Exhibit "C"**, and reviewed it with the Board. He noted he had two transfers to present, one from the District's operating account to the bookkeeper's account and one from the District's tax account to the operating account, as summarized on page one of his report. He then reviewed the disbursements out of the bookkeeper's account that had been made since the date of the last meeting and the list of disbursements being presented for approval, and called the Board's attention to the payments to Lakeway MUD and the PUA, as well as the District's share of the wastewater reservation fee paid to Lakeway MUD by Travis County Municipal Utility District No. 11. He stated that the District's tax collections were up-to-date and so no developer funding would be required for several months. Upon motion by Director Griffith and second by Director Miller, the Board voted unanimously to approve the payments and the transfers as presented.

Director Robertson then stated that the Board would receive the engineer's report. Mr. Crawford presented the report attached as **Exhibit "D"** and confirmed that Sections 5 and 6 were complete. He presented Pay Estimate No. 7 and Final for Section 5, attached as **Exhibit "E"**, and stated that he had received all close-out documents and recommended acceptance of this section for operation and maintenance. He also presented Pay Estimate No 5 and Final for Section 6, attached as **Exhibit "F"**, and confirmed that he had received all close-out documents and recommended acceptance of the project. Mr. DiQuinzio confirmed that the contractor had done a very good job. Upon motion by Director Robertson and second by Director Henry, the Board voted unanimously to approve the Pay Estimates and acceptance of both projects, as recommended.

Director Robertson stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield explained that Rough Hollow Development, Ltd. ("*Rough Hollow*") had contracted to sell approximately 27 acres of land in the District to Lennar and, as a part of the sale, had agreed that Lennar would be entitled to any reimbursements for the internal utility infrastructure constructed by Lennar. She presented the Amendment to Utility Construction Agreement attached as **Exhibit "G"** and explained that this amendment deleted the 27 acres of land being sold from Rough Hollow's reimbursement agreement with the District. She also presented the Utility Construction Agreement with Lennar Homes Land and Construction, Ltd, attached as **Exhibit "H"** and stated that it was on the same basic form as the reimbursement agreement with Rough Hollow, but that Rough Hollow would retain all obligations to make advances to the District under its contract and so those obligations had not been included in the new agreement. She then introduced Mr. Boyd to the Board and Mr. Boyd explained that Lennar would be building under the Village Builders name and would be constructing a duplex product, priced in the high 200,000's and low 300,000's. He stated that Lennar was scheduled to close the next month, but still had a few questions. Mr. Boyd introduced Mr. Maddox, noting that he was the development manager and very familiar with the MUD process. Ms. Littlefield recommend approval of the amendment and agreement, contingent upon closing, noting that she would hold the documents until she was provided with a deed confirming that closing had occurred. Upon motion by Director Wall and second by Director Henry, the Board voted

unanimously to approve the Amendment to Utility Construction Agreement and the Utility Construction Agreement, contingent upon the closing.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)

Melissa Miller, Secretary
Board of Directors

Date: _____