

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
July 8, 2020

On March 13, 2020, Governor Abbott issued a disaster proclamation certifying that the novel coronavirus COVID-19 poses an imminent threat of disaster for all counties in the State of Texas. Governor Abbott also issued Executive Order GA-08 (March 19, 2020), which was extended by Executive Order GA-14 (March 31, 2020), requiring all Texans to take actions to slow the spread of COVID-19 by minimizing social gatherings and in-person contact with people who are not in the same household until April 30, 2020.

INSTRUCTIONS FOR PUBLIC PARTICIPATION

On March 16, 2020, Governor Abbott suspended various provisions of the Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. Pursuant to that suspension, the Board will meet via telephone and members of the public will not be allowed to attend this meeting in person.

PURSUANT TO THE STATEMENTS ABOVE PUBLISHED ON THE AGENDA, THIS MEETING WAS HELD VIA TELECONFERENCE.

The Board of Directors met in REGULAR session at 9:30AM at 1097 Lohmans Crossing, Lakeway, Texas, with the following participating by telephone:

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| Directors Present: | Lawrence Christian Jerry Hietpas Don Goff John Sayre Larry Burmeier |
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| Staff Present: | Earl Foster Stephanie Threinen |
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QUORUM:

1. **Determine Quorum and Call to Order**

Meeting was called to order at 9:30 AM.
Burmeier declared a quorum of Directors present.

2. Pledge of Allegiance was led by Burmeier.

CITIZENS

3. None

AGENDA ITEMS:

4. Citizens: Items listed on the Agenda.

- Foster stated that Bill Hayes, VP, HSD Holdings, LTD. will speak to Agenda Item #5.
- Hayes said that the balance of the zoning was recently approved with the City of Lakeway so we can move forward with the project. We would like to take the balance and divide it into three closings. The first would be January, 2021 and would include the majority of the residential piece up towards Rolling Green and would Lohmans Spur to be extended and Main Street from the Eastern Boundary all the way to Lohman's Crossing. The second closing would be around January, 2022, and the third closing would be around September, 2022. This is the longest case scenario, and we might be able to accelerate these closings.
- Hayes added that we would make up all of our deferments on extension fees and as part of that phase of construction LMUD has a Reuse line that needs to be extended to Lohmans Crossing and we would bear the cost of that at a cost of between \$200-225K. As consideration for this, we would ask that our extension fees be reduced to \$15K and beyond that first closing of January, 2021 extension fees would be dropped to \$10K.
- Hietpas asked if there were any teeth in the extension fees; the said he guessed if HSD wanted to extend it in the future, LMUD could re-evaluate the extension fees; Hayes agreed that sounded correct.
- Hietpas asked if Hayes said they were extending Lohmans Crossing; Hayes said they would extend Lohmans Spur and Main to Lohmans Crossing in the first closing.
- No action was taken.

5. Discussion and Possible Action on a proposed "Seventh Amendment to Commercial Contract-Unimproved Property" by and between the District and HSD-Holdings, Ltd., pertaining to the sale of land generally situated at 1829 Lohmans Crossing, Lakeway, Texas.

- Foster reviewed the proposed closings and noted the difference in what Hayes presented to be extension fees remain at \$15K at Third Closing vs. \$10K Hayes presented.
- Sayres noted dropping the fees to \$15K seems big; Foster replied that HSD is relaying the 10" Reuse Line which is about \$225K which makes up the difference.
- Sayres said it still seems disproportionate.
- Christian pointed out the fees remain at \$15K throughout the rest of the closings.
- Burmeier said that amounts to about 3% which is more than we could get on CD's; Foster replied that CD's are down to .35% or lower.
- Hietpas stated he liked the idea of LMUD not having to relocate the Reuse line; transferring that to HSD relieves LMUD of headaches; Foster agreed.
- Hietpas moved that LMUD accept the Seventh Amendment as presented with the three closings, the \$15K extension fees, and the relocation of the Reuse Line; Goff seconded.

- General Board discussion.
 - Motion passed 4-1; Sayre voted no.
6. Discussion and possible action on Pay App #3 for Austin Engineering for Out of District Waste Water Force Main, Lift Station & S-5 WRP Improvements.
- Foster said he and the Engineer have approved this Pay App; they have completed the bore under Lakeway Blvd, Trophy, and the entrance to the swim center. They have completed their work at S-5 and are ready to pour the slab, and are moving along pretty good.
 - Hietpas asked if there had been any change orders job to date; Foster replied there had not. Hietpas asked if any are contemplated; Foster said no. Hietpas asked how their completion affects the connecting of new customers; Foster replied that the completion date is estimated January, 2021. LMUD will be testing, and will be utilizing it somewhere around late December, 2020 or January, 2021 barring weather delays or anything. At that point LMUD will be ready to start connecting at hole Number 1 on Live Oak Golf Course.
 - Burmeier asked if the ~\$1M we have paid came from Bond money; Foster said yes.
 - Hietpas moved to approve payment to Austin Engineering as presented; Sayre seconded.
 - General Board discussion.
 - Motion passed unanimously.
7. Discussion and possible action on update of purchase of Land 7.622 acres from City of Lakeway.
- Foster said he and Christian met with the Mayor and City Manager last week and they preferred LMUD pay up front for the land vs. over time. The cost of the land is \$476,375.
 - Hietpas asked if we believe the land will meet our needs; Foster said yes.
 - Hietpas asked if there would be any zoning problems; Foster said no.
 - Burmeier asked if the main reason we are doing this is to supply reuse to MUD's 11, 12, & 13; Foster said no, that we have no backup to replace the lining in the existing pond. This will give us a place to store the water.
 - Christian asked where the funds are coming from; Foster replied we have construction money we plan to use, and we will discuss in the August meeting.
 - Burmeier asked if there were any alternatives; Foster said we could only put one tank on the land we have. With the new land we can put two tanks, one in the future.
 - Sayre moved to buy the land per the proposal and appraisal; Hietpas seconded.
 - General Board discussion
 - Motion passed unanimously.

8. Discussion and possible action on engagement Letter from Maxwell Locke & Ritter for FY 20 audit.
 - Foster reviewed the letter and noted only a small increase.
 - Christian said we were pleased with their audit last year, and moved to approve the letter as presented; Goff seconded.
 - Sayre asked if there were any laws about when we have to change auditors; Foster replied there are none, only recommendations that a change be made every 3-5 years.
 - General Board discussion.
 - Motion passed unanimously.

9. Discussion and possible action status of Out of District pressure sewer system for Lakeway Phase 1, Secs. 1-17.
 - Foster reviewed progress of project stating the front 9 at Live Oak is complete, approximately 50,375 feet of pipe has been laid with stacked sewer and reuse lines to avoid cutting separate ditches. We have about 28,000 feet of pipe left to lay that will go into about 13,000 feet of ditch (back 9). Costs are on target with the exception of contractor cost which came in about \$1.3M higher than anticipated. Total cost will be about \$9.3M. 35 early connections live and generating revenue; another 25 on list have paid early connection fee. Total to be connected in Phase 1; 324 homes with 80% anticipated to connect.
 - Sayres asked how many houses on the front 9; Foster said 324, and we're estimating 80%, so about 259; which is about 33% of the entire project that will be connected (1K houses total.)
 - Sayres asked how many houses could be connected in January; Foster replied we will start on hole #1 and work our way through hole #9. We will have 3 crews concentrating on hooking new customers up.
 - Sayre asked if that will include hooking up to reuse; Foster said initially we will hook up sewer only, then come back and hook up reuse-too complicated to do both at the same time.
 - Sayre said from an environmental standpoint, that's the right thing to do.
 - General Board Discussion.
 - No action was taken.

10. Discussion and possible action on Financials, Calendar.
 - Foster reviewed the financials noting LMUD is in good financial shape in regard to budgeted revenues and expenses.
 - August meeting is scheduled for August 12; Foster asked opinions on in person or teleconference.
 - Sayre said meeting should be teleconference; Christian said in person. Hietpas said control for social distancing is possible, and he prefers in person. Hietpas said we should wait to decide; Christian agreed.

- Burmeier said the workshop (August 26) needs to be in person; Foster said we have some time to decide. Christian mentioned Zoom is easier. Foster said he is used to Teams, but could look into Zoom.
- Foster asked if everyone would be available August 26; responses were “yes” and “I think so”.

CONSENT AGENDA- The following consent items may be approved by one Board vote. Any Director may pull consent items from the consent agenda for discussion.

Sayre moved to approve the consent agenda; Goff seconded. Motion passed unanimously.

11. Approve Minutes of Regular meeting June 10, 2020.
12. Approve Expenditures over \$25,000 June 2020.

ADJOURNMENT

The meeting was adjourned at 10:52AM



Loyd Smith, Finance/Administration Manager

Minutes approved on the 12th day of August 2020.




Larry Burmeier, President, Board of Directors

JERRY HIETPAS

ATTEST:



Don Goff, Secretary, Board of Directors