

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
November 10, 2021

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

Directors Present: Jerry Hietpas
Larry Burmeier
Lawrence Christian
John Sayre
Don Goff

Directors Absent: None

Staff Present: Earl Foster
Loyd Smith

QUORUM:

1. Determine Quorum and Call to Order

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

2. Pledge of Allegiance was led by Hietpas.

CITIZENS

3. None

AGENDA ITEMS:

4. Discussion and possible action on Second Amendment to Wholesale Wastewater Agreement with Travis County WCID #17.

- Foster reviewed the amendment and noted that applications for service would now be forwarded to LMUD from WCID #17 to keep LMUD updated on any new applications.
- Hietpas said this agreement is a formal agreement between LMUD and WCID #17 for LMUD to treat wastewater from certain customers of WCID #17.
- Hietpas asked if Foster was recommending approval of this amendment; Foster replied yes.
- Sayre moved to approve the amendment as presented; Goff seconded.

- Hietpas said the mainline was already in place, and this change would not result in additional costs to LMUD for installation. He also noted that this wastewater would be processed at the LMUD Palos Verdes plant.
 - General Board discussion.
 - Motion passed unanimously.
5. Discussion and possible action on Ninth 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 explained that this request from HSD-Holdings is to change the order of closings putting closing #3 (\$3.7M) first with closing #2 (\$1.6M) to follow and extend closing dates from January 2022 and September 2022 to July 2022 and January 2023 and continue to pay the extension fees of \$15K per month.
 - Goff asked if they might close on both earlier; Foster replied that they have always indicated that possibility.
 - Foster said one concern might be if they didn't close on #2, would LMUD be left with a landlocked parcel and explained how that parcel would not be landlocked.
 - Goff asked if the road would be 2 lane or 4 lane; Foster replied Lohmans Spur will be 4 lane and he thinks Bella Toscana will be 2 lane, but he isn't sure.
 - Christian said under the current agreement, closing #2 happens first; Foster agreed.
 - Sayre said #2 was first because that is what HSD wanted, not because we wanted it that way; Foster agreed.
 - Christian asked if we closed on #3 first, and HSD walked away from #2, would #2 have any value? Foster said it would not if it were landlocked, but we have two options to provide access and prevent landlock.
 - Foster said even if HSD didn't close on #2, LMUD would still come out ahead in his opinion.
 - Hietpas said LMUD doesn't believe HSD will walk away from #2, that this is just a "what if" discussion; Foster agreed and said that HSD has always told us exactly what they need, and they are paying for changes through the extension payments.
 - Sayre said he doesn't see any reason not to do it; Goff agreed.
 - Foster said this amendment changes the required closing dates, but gives HSD the option to close anytime earlier.
 - Hietpas said that closing #3 is the only piece of the sale that is in the LMUD District, so we will be providing water and wastewater services and that will start sooner by switching the closings.
 - Christian moved to approve the Ninth Amendment as presented; Burmeier seconded.
 - Sayre said he believes Foster is right, that even if we are left with #2 we are still ahead and he believes we ought to do it.
 - General Board Discussion.
 - Motion passed unanimously.

6. Discussion and possible action to approve Hoover Construction Pay App #4 on Project #4 OD wastewater project along Corinthian, Highlander, and Dragon and Pay estimate for December work on next project.
- Foster said Pay App #4 is for work performed. They have completed the Corinthian and Flamingo Project and are ready to tie in customers. I also asked Hoover to submit a Pay App for November since the Board will not meet in December. This estimate is “not to exceed” so if Hoover does more work than that in November, he would not get paid for it in December. If the Board is not comfortable with this, we might need to meet in December just to approve this Pay App.
 - Hietpas asked if this was all Project #4, and didn't the Board approve Projects #5-8 last meeting; Foster said Hoover is working on #5 now, and the Board did approve #5-8 last month.
 - Sayre moved that the Board approve Hoover Construction Pay App #4 on Project #4 OD wastewater project along Corinthian, Highlander and Dragon in the amount of \$38,673.76 and approve the Pay estimate for December in the amount of \$24,790.01 on the next project.
 - Goff seconded the motion.
 - Burmeier asked if this was a part of the overall amount we have approved in the past; Hietpas said this is part of phase 2. Burmeier ask how much that was and said that was not bounded in a total dollar amount. Foster said the Board approved a total dollar amount, and these Pay Apps keep an eye on it as they are completed.
 - Foster asked Burmeier if that's what he was asking; Burmeier said yes, I'm just trying to figure it out.
 - Goff asked if we are staying within budget.
 - Foster said what he thought he heard was we have already approved this project, are we approving it again.
 - Sayre said we are approving the subs, and we have only approved up through project #8.
 - Hietpas said we have approved an estimated amount for the Out of District Wastewater Project, or we approved the project and included a cost estimate. This is some of that work, and it is in Phase 2. All of the Phase 2 work is a part of the original estimate.
 - Burmeier said he understood that; did they bid on this work that we are approving? Is that something we are supposed to be doing?
 - Sayre said yes, and we did.
 - Foster said when we bid out Project 1 we had multiple bidders. Hoover Construction was considerably lower than the other bids on Project #1. Since then, we have added more work. Since Hoover was so much lower than the others, and the time factor of Hoover being able to do it when we need it caused us to continue with Hoover. If you want me to open this up to other bidders, I can definitely do that.
 - Burmeier said I just don't want us to get in trouble, that we are dotting the I's and crossing our T's; Hietpas said I think we have done that, and Foster added I think we have.

- Goff asked if we are on budget; Foster said we are over the original budget by about \$1M. Doing this mainline work is better using a contractor. It costs us slightly more, but it allows us to start doing installs. Some of the overage is due to cost of materials, and the lift station and force main bids were higher than we had anticipated. We are able to push some of that cost over to S-5 expansion.
 - Goff asked where the money would come from for the overage; Foster replied from the sale of the land.
 - Hietpas asked if it was time for us to look at an update on cost; Foster said yes, now that Fiscal Year has ended I am working on it and will present in January.
 - Sayre said with the force main completed that gives us the opportunity to do more emergency hookups at \$4,500 a pop, so the offset is pretty good; Foster agreed.
 - General Board discussion.
 - Motion passed unanimously.
7. Discussion and possible action on approval of Quote from GP Equipment for Lift Station on Corinthian.
- Foster said this Lift Station would service the mains laid on Corinthian and Dolphin.
 - Hietpas asked if the location had been approved; Foster said he was working with the City to get that done.
 - Sayre moved to approve the quote as presented; Burmeier seconded.
 - Sayre said we need to do this, and the price is reasonable.
 - Foster mentioned that the vendor is the same one we buy grinder pumps from.
 - Sayre asked if we seal the pumps; Foster said yes, with concrete and there is a panel.
 - General Board Discussion
 - Motion passed unanimously.
8. Discussion and possible action to approve Hoover Construction proposal for installation of 2-inch line along Firebird Project #9 and installation of Corinthian lift station Project #10.
- Foster explained this is for installation of 800 feet of 2" line on Firebird, and installation of the Corinthian Lift Station.
 - Hietpas asked why the need on Firebird; Foster replied for emergency hookups.
 - Hietpas asked if this would open other opportunities for more connections on Firebird; Foster replied definitely.
 - Sayre moved to approve Project #9 in the amount of \$29,186.75 and Project #10 in the amount of \$35,062.50; Christian seconded.
 - General Board discussion.
 - Motion passed unanimously.

9. Discussion and possible action to approve Professional Services agreement with Castleberry Engineering & Consulting, PLLC and James R. Glaser Engineering & Consulting, PLLC.
- Foster said it is our practice to renew professional contracts annually; these new contracts include a 3% increase in rates. The new contracts have been presented to the E&O Committee.
 - Hietpas said the question is do we want to continue to get our engineering done in this manner.
 - Sayre moved to approve the Castleberry and Glaser engineering contracts as presented; Goff seconded.
 - Hietpas said these two engineers control 80% of LMUD projects along with our E&O Committee. This has been a very effective way for us to manage our Capital Projects.
 - Sayre asked if one person on staff could be cheaper.
 - Burmeier said 5 years from now we may not need a full time person.
 - Sayre asked if we do anything for training engineers; Foster replied they are required to complete continuing education each year.
 - Christian wanted to ensure they are independent contractors; Foster said they meet all the criteria.
 - General Board discussion.
 - Motion approved unanimously.
10. Discussion and possible action to approve invoice for new water meters for our fixed network.
- Foster said this invoice is for the new meters we will be installing beginning after Thanksgiving.
 - Hietpas asked why we would be switching out the meters; is there a problem.
 - Foster said we have been in pilot with these meters for over a year, and that the new meters will allow LMUD to be alerted to leaks when they occur without having to wait until the next meter reading.
 - Sayre said we have an obsolescence problem with our old meters; Foster agreed.
 - Hietpas asked if we are comfortable with the training on the new system; Foster replied yes.
 - Christian moved to approve the new fixed network meters at a cost of \$1,056,720 as presented; Sayre seconded.
 - Hietpas noted that when he asked earlier if there was a problem, he knew there wasn't but he just wanted the public to know we are on top of it.
 - General Board discussion.
 - Motion passed unanimously.
11. Discussion and possible action to approve Asphalt repair, for Out of District pressure sewer line installation along Highlander and Dragon by Lone Star Paving.

- Foster said Lone Star Paving came to us from the City and we ask them for a bid to repair Highlander, Flamingo, and Dragon. It is hard for us to get asphalt.
 - Burmeier said he thought we wouldn't have to do this since the City is doing overlays.
 - Foster replied that the City wants these areas repaired prior to overlay so they would not sink later.
 - Sayre moved to approve the proposal from Lone Star Paving for \$14,918.75 for 275 square yards of asphalt as presented; Burmeier seconded.
 - General Board discussion.
 - Motion passed unanimously.
12. Discussion and possible regarding Second Amendment to Revised and Restated Exclusion and Development Agreement between Lakeway MUD and Rough Hollow Development Ltd., as successor in interest to Lakeway Partners, LLC.
- Foster stated this original exclusion agreement signed in 1998 or 1999. We have about 1500 customers on it now that we wholesale wastewater to and another 300 we serve water to on this side of Rough Hollow. In 2012, the barge was purchased from LCRA. Rough Hollow has been paying LMUD \$13,900 per month toward their part of the Barge purchase, and still owe 10 more monthly payments. Rough Hollow has also been paying \$500 per month for S-5 maintenance. Since we now have 1,500 Rough Hollow customers, that is enough to cover the maintenance and Rough Hollow has asked LMUD to discontinue the monthly charge. They have sent LMUD a check for \$126,918 to cover the 10 months owed which will clear their debt.
 - Hietpas asked if they maintain their 400,000 gallons wastewater agreement; Foster replied yes, and serving the 300 customers water.
 - Hietpas asked what the advantage of doing this is for LMUD.
 - Sayre said it's what's fair.
 - Foster said the intent of the \$500 charge for S-5 maintenance was to ensure LMUD is being paid for maintenance, and the 1,500 customers now pay for that through billing.
 - Hietpas said Sayre is right; it makes it fair.
 - Sayre moved that the Board approve the Second Amendment as presented; Christian seconded.
 - General Board Discussion.
 - Motion passed unanimously.
13. Discussion and possible action to approve changes to rate order.

- Foster explained that the changes pertain to the Grinder Pump policies that needed cleaning up. Some existing owners have their Grinder Pumps covered by their homeowner's insurance and don't want to pay us a fee.
 - Hietpas asks if the change makes it fair; Foster said now it is in writing.
 - Sayre said if they call us for service, they have to pay for it.
 - Christian moved to approve the changes as presented; Sayre seconded.
 - General Board discussion.
 - Motion passed unanimously.
14. Discussion and action to approve Easement release Lakeway Section 3 Lots 357 and 358 at 613 Cutlass, Lakeway, Texas
- Foster explained the two lots were combined, and the easement still exists between them. LMUD has no problem with releasing the easement.
 - Sayre moved to approve the release as presented; Goff seconded.
 - General Board discussion.
 - Motion passed unanimously.
15. Discussion and possible action on status of Out of District pressure sewer system for Lakeway Phase 1, Secs. 1-17.
- Foster said everything is going well, that we are in the high 80% of customers opting in. There are around 100 installs to date, and 30+ self-installs committed. Foster said he is really proud of the crews; they were able to complete 10 installs last month plus one self-install.
 - Hietpas said we had about 1,100 homes in the Old Lakeway area and at one point and our survey showed about 80% would connect. How are we doing and how many have we done from the beginning.
 - Foster said we are in the high 80% range, maybe approaching 90%. I think we are approaching 100, maybe a little above 100.
 - Burmeier asked about our backlog; Foster said emergencies are down to about thirty now and the backlog is about one year out which lends opportunities for self installs.
 - Sayre said it will take us 10 years to complete; Foster said if the self-installs continue to grow it could be less.
 - Sayre asked about phase 2; Foster replied it is about 2 years out now.
 - Sayre said we will be about 80% complete with the force main when we get to Phase 2; Foster said he believes so, that Phase 2 main should be complete within 2 years.
 - General Board Discussion.
 - No action was taken.
16. Discussion and possible action on Financials, Calendar.

- Foster reviewed financials and noted FY2021 was a good year, beating Revenue and Expense budgets.
- Sayre noted that the excess funds would go into short term capital; Foster agreed.
- Foster said as of now, there is no Board meeting in December.
- Goff asked since the Board is not meeting in December, is there anything special planned for the employees; Foster replied we will be taking Thursday and Friday off Christmas and New Years weeks.
- Goff said he meant anything because of performance; Foster said we don't have anything planned.
- Sayre said the Board should congratulate the whole team for the financials, and asked Foster to pass it on to the team for an outstanding year. Several Board members voiced agreement.

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.

Christian moved to approve the consent agenda; Burmeier seconded. Motion passed unanimously.

17. Approve Minutes of Regular Board meeting October 13, 2021.
18. Approve Notice to Purchaser.

ADJOURNMENT

The meeting was adjourned at 11:15AM



Lloyd Smith

 Loyd Smith, Finance/Administration Manager

Minutes approved on the 12th day of January 2021.

Gerald J. Hietpas

 Gerald J. Hietpas, President, Board of Directors

ATTEST:
Don Goff

 Don Goff, Secretary, Board of Directors