

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
January 11, 2023

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

Directors Present:	Lawrence Christian Larry Burmeier Frank Cooley Don Goff Phil Lanier
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Directors Absent :	None
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Staff Present:	Earl Foster Loyd Smith
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Attorneys Present:	Anne Stanford Kristina Pekkala
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Auditors Present:	Andrea Burgard
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QUORUM:

1. Determine Quorum and Call to Order
Meeting was called to order at 9:30 AM.
Christian declared a quorum of Directors present.
2. Pledge of Allegiance was led by Christian.

CITIZENS

3. None

AGENDA ITEMS:

4. Discussion and possible action on FY22 Financial Audit by Maxwell Locke & Ritter.
 - Foster welcomed Andrea Burgard, CPA of Maxwell Locke & Ritter.
 - Burgard presented highlights of FY22 Audit, saying her firm had met with the LMUD Finance Committee on the previous day and gone through the audit in detail, so this presentation would cover highlights which she then reviewed.

- Burgard said the LMUD audit received an unmodified or “clean” opinion, the highest quality opinion an auditor can issue. This indicates the financial statements are fairly stated in all material aspects.
 - Cooley moved to approve the audit as presented; Burmeier seconded.
 - General Board discussion.
 - Motion passed unanimously.
5. Discussion and possible action to approve quote from GP Equipment for Lift Station on Sunfish.
- Foster said the lift station will be in the easement behind 837 & 839 Sunfish, just south of the cart path. This station will feed to the force main on the golf course. The cost of this has increased by ~\$7K and is now \$52,051. There is a 12 week delivery time, so we need to get this on order so we can proceed with getting contracts for installation.
 - Christian asked if there was any idea on cost of the installation; Foster replied no, we will just have to see. Foster added there will be additional electrical work as well, and that quotes are being worked on and hopefully can be presented to the Board in February or March.
 - Lanier asked if we had other quotes for the Lift Station; Foster said it is hard to get other quotes since we wanted to stay with GP equipment which we had used before.
 - Burmeier asked how far away from the houses will the Lift Station be; Foster replied that it is in the easement behind the houses.
 - Burmeier asked if there was any way to soundproof; Foster replied that we will paint the electrical box and there will be 4” ballards to protect from golf carts.
 - Goff asked if there were any issues with homeowners; Foster said no that there are trees that partially hide it, and we can plant more if needed.
 - Lanier moved to approve the purchase as presented at \$52,051; Cooley seconded.
 - General Board Discussion.
 - Motion passed unanimously.
6. Discussion and possible action to approve quote from Water Systems Consultants for Irrigation water model.
- Foster said we will be able to bring this model in house for the S5 area, and HSD will pay for the water model. We need to model our system to ensure improvements will maintain pressure. We are bringing this area into our S5 permit.
 - Burmeier asked if we pay for it; Foster said we will pay for it, and then invoice Rough Hollow for that amount.
 - Lanier asked what the timeline would be; Foster replied around 60 days, in time for our Spring irrigation.
 - Goff moved to accept the quote for \$21K as presented; Lanier seconded.

- General Board discussion.
 - Motion passed unanimously.
7. Discussion and possible action to approve “Public Utility Commission rules regarding extreme weather emergencies, including issuance of one-time notice to customers and adopt Amended Rate Order”.
- Foster explained that we need to amend the rate order to comply with PUC rules, and asked Kristina Pekkala, Attorney to elaborate.
 - Pekkala said you may recall in October we updated our Rate Order. In 2021 the PUC changed the rules to prevent utilities from cutting people off during an extreme weather event such as freezing, flooding, or whatever for nonpayment. Since those rules came out in 2021, there was a lot of public feedback because the rules were vague, ambiguous, and unclear as to what the obligations were for utilities in the event of an extreme weather emergency. We modified our Rate Order in October 2022. At the end of October, the period for Public Comment closed for the PUC. Then at the beginning of November the PUC issued clarification on the rules that puts a little more detail on what the Utility needs to provide. There are specific things about how much time a Utility has to do that and about when the District has to respond among other things. So, the Rate Order we have from October is compliant, but we are just updating to reflect the new clarifications that came out. In addition to those clarifications that came out, the PUC also requested that all utility providers give a one time notice to all customers that there have been rule changes and basically refer them to the utility provider about the PUC rules, so the public knows about the modifications. So that’s what we are trying to do today.
 - Foster replied the notices would be mailed with the bills
 - Burmeier asked what if we had turned the water off two weeks prior, do we have to turn back on; Pekkala said that’s a good question, I would have to look at it but I think there’s a distinction to be made between disconnecting service in the normal course of business versus extreme weather conditions, and whatever the Rate Order says would be acceptable. I think these new rules are for existing customers that still have service connected.
 - Burmeier said these events usually happen in just a day or two, so do you turn the water on and then back off or what do you do?
 - Pekkala said that’s a good question; I’d have to look into it. But you have to use discretion; this is just the bare minimum the District has to do. The District can provide more than what the rules allow for.
 - Foster said in this instance he would be calling the attorneys and the Board President for guidance.
 - Pekkala asked when the District was planning on sending out the notices; Foster replied they would be mailed with the bills; those that are on email billing would receive theirs via email.
 - Pekkala said we may need to check that; it says it needs to be sent by January 31.
 - Cooley moved to approve the Rate Order amendment as presented; Goff seconded.
 - General Board Discussion

- Motion passed unanimously.
8. Discussion and possible action on status of Out of District pressure sewer system for Lakeway Phase 1 & 2 Secs. 1-17.
- Foster said there we have completed 327 installs to date, and 90 in 2022. There were 6 in November and 6 in December. We are now boring on Bermuda and having to do it off road since Bermuda was recently resurfaced.
 - Burmeier asked if we have reuse irrigations scheduled; Foster said we hope to begin installing on Phase 1 in early spring; there have been some complications that have delayed us temporarily from beginning to connect.
 - General Board discussion.
 - No action was taken.
9. Discussion and Possible action on GM Report, Financials, Calendar.
- Foster said Revenues are well above plan and expenses are slightly under plan; for the second month of the new fiscal year, we look good financially.
 - Goff asked how much we budgeted for inflation; Foster said he didn't remember the exact number he used but based it on ratio's from the previous years.
 - Christian asked if there had been any pull back on price increases; Foster replied that they don't seem to be increasing as fast as last year, and some are flat.
 - Christian said in some areas lumber and steel are pulling back; Foster said it has flattened out.
 - Foster said we had a leak on an 8" line at Schooner and Lakeway Blvd. which was discovered around 7AM on Monday; our crews worked until 2AM Tuesday morning finishing up the repairs. The line was not originally bedded properly and had been leaking for some time.
 - Burmeier asked who installed the line; Foster replied it was installed in the 1980's, probably by Lakeway Partners who did a lot of similar work during that time.
 - Burmeier asked if there were any records about other lines they may have installed; Foster said it is a real cost/benefit issue when looking for old leaks. We do some of that, but it's usually better to wait and let the leaks surface before we try to repair. We will be doing some more leak detection when we can; LCRA has a Leak Detection Device we were able to borrow at one point and are hoping we can again.
 - Lanier asked if we issued a Boil Water Notice; Foster replied yes to about 30 homes. We flush the lines good after repair and before taking the sample for testing.

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.

Lanier moved to approve the consent agenda; Cooley seconded. Motion passed unanimously.

10. Approve Minutes from Regular Board meeting December 13, 2022.

ADJOURNMENT

The meeting was adjourned at 10:12 AM.



A handwritten signature in blue ink, appearing to read "Loyd Smith", is written above a horizontal line.

Loyd Smith, Finance/Administration Manager

Minutes approved on the 8th day of February 2023.

VICE A handwritten signature in blue ink, appearing to read "Larry Bunnick", is written above a horizontal line.

President, Board of Directors

ATTEST:

A handwritten signature in blue ink is written above a horizontal line.

Secretary, Board of Directors