

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
April 10, 2024

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 Don Goff Phil Lanier Frank Cooley Jason Buddin
Directors Absent :	Larry Burmeier
Staff Present:	Earl Foster Loyd Smith
Attorneys Present:	Anne Stanford (Via Phone) Emily Kirby

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 to approve New Gen Strategies & Solutions proposal to conduct Water and Wastewater Cost of Service and Rate Design Study.
 - Foster said this is a Rate Analyst we have used before, and that we will need a rate study prior to our Revenue Bond issue. The cost for the study will be not to

exceed \$32.5K. He added that Stanford had sent him an email saying certain statements are required in a contract like this.

- Stanford said all of the contracts we enter into have to have certain verifications if the company you are contracting with has 10 or more employees. Texas is requiring those companies to sign verifications saying that they did not boycott Israel. If you are having someone work on like your Wastewater System or your Electronic systems you have to have a verification stating that they are not related to China in any way.. There are quite a few of those now, so I was just sending the message that when you approve any agreements you do so subject to any verifications being added to the agreement.
 - Foster said he would get with New Gen if the Board approves this to get the verifications added.
 - Goff said we've used these people in the past; Foster replied yes, a couple of years ago when we were doing our out of district project, they reviewed the rate model and confirmed for us that we were doing it right. This is a more in depth study; they will look at our cost of service and our fixed and variable costs to make sure our base rate are correct. They will also look at our drought rate and define what that should be.
 - Goff asked what the time frame is; Foster said I think they said they would be done in July.
 - Lanier added that it says 3 months; Foster said that timing would be about right for our Revenue Bonds in the August/September time frame.
 - Lanier said it looks like they will also do a cash flow analysis to determine feasibility of future projects, and asked if this is required every time we do a new Revenue Bond.
 - Foster said we haven't had one since I've been here in 14 years, so it was time to do one. If we wait another 10 years, we would probably only have to do the cost of service segment so it would be simpler or scaled down. This is a deep dive to make sure I am dotting all my "I's".
 - Lanier asked if we could repeat what was said about the qualifications; Foster asked Stanford to comment.
 - Stanford said all agreements will be subject to verifications and said she and Foster can meet and decide which ones are appropriate on this and other agreements the Board is approving.
 - Foster said so subject to appropriate verifications.
 - Christian said if no other comments, he would entertain a motion.
 - Lanier moved to approve the proposal as presented subject to the appropriate verifications being added; Cooley seconded.
 - General Board discussion.
 - Motion passed unanimously.
5. Discussion and possible action to approve changes to Drought Contingency Plan, additional drought rate and practices concerning enforcement.
- Foster said we have had two customer meetings plus one at the Lakeway Men's breakfast. All were well attended, maybe about 100 at each meeting. The last

meeting was a bit more controversial at times. I was presenting Stage 1, 2, 3 and 4. Stage 3 is kind of the gray area. Stage 2 we go to one day irrigation when the combined storage falls below 900K acre feet (A/F), or 1.1M A/F because we could move depending on triggers from the inflows. Stage 3 when we fall below 750 A/F and I was saying inground irrigation systems would be prohibited including soaker hoses and drip irrigation if they are connected to the automatic system. There was a little bit of push back on that; one gentleman questioned the validity of barring drip irrigation. I had seen a study that said drip irrigation is not as efficient and he disagreed with that and that's fine. Then the issue came up of how you deal with someone that is handicapped. So, because of those meetings and the way WCID 17 is set up, I added allowing inground irrigation once per week only up to the 6 hours from 12AM to 6AM. WCID 17 allows hose end sprinklers, and I believe inground is more efficient so I believe we should go with inground. We'll figure out how to police that and make sure people are complying.

- Cooley said when you say 6 hour, you don't mean continuously for 6 hours, but a period during which they can irrigate; Foster replied correct-and that is between midnight and 6AM because you are in a better time when evaporation is not as much.
- Christian said they can still run it for 6 hours if they wanted to; Foster replied they can.
- Goff asked how you separate that from the irrigation system; Foster replied that it is the entire system, not separated.
- Christian added that you just set your clock.
- Foster said just from the customer feedback we got at the meetings, and I tried to say the same thing (no irrigation) at all three of them, that there would be no irrigation in Stage 3 so I could hear the feedback with no back and forth. We got a lot of push back in the last meeting; a lot of people were very vocal about allowing something. With WCID 17 allowing the hose end sprinklers, it makes more sense to me that we allow inground which is more efficient. When we get to Stage 4, we will only allow hand watering for trees and foundations.
- Goff asked if soaker hoses will be allowed in Stage 4; Foster replied yes for foundations as long as it is not tied to your irrigation system.
- Cooley said allowing 6 hours is inconsistent with the gravity of the situation. We're on the verge of not being able to supply drinking water, and we are going to allow potentially 6 hours of continuous irrigation; Foster replied our stance in the beginning was no irrigation but then you have the City of Austin and WCID17 both on limited one day irrigation, and other utilities following suit. In Stage 4, everyone shuts off all irrigation, but on Stage 3 that is not the case.
- Goff said he has adjusted all 12 stations on his system to 15 minutes and hasn't noticed any difference from what he was doing before, so maybe we don't need 6 hours; Foster replied that we could go to 3 hours, but what LCRA adopted was up to 6 hours so we can do less than 6 hours if the Board wants to. I am just presenting what we are proposing, and even though it is not consistent with the environment we are in, it is consistent with other utilities.

- Christian asked if we were in Stage 3 now; Foster replied no, but probably will be in July and we could be in Stage 4 as early as September.
- Foster said the other change is in pools; we put a moratorium on new pool installation, but after talking to the City it's very hard for them to work with different pool rules from different utilities, so I have put in the plan that pool installations will be allowed by variance which in some stages would require them to haul in water and in Stage 4 having to have a pool cover which will be hard for us to police. We can tell when they are filling the pool and could fine them for not having a pool cover. We also changed the fines from \$200 to \$500 for the first violation and from \$500 to \$1,000 for the second. We do have shut off for the third violation, but we could work with them to find out what is going on; we don't want to shut anyone off.
- Christian asked what happens if a customer is shut off; Foster replied if we shut someone off, there will be negotiations back and forth. The customer is going to have to comply, and we will ask them how they are going to comply. One way to do it would be for us to go help them with their controller to verify it is on the proper schedule. We might ask them to disconnect their irrigation system, so there are some things we could go back and forth on
- Christian asked if two weeks later they violate again what happens; Foster said it's going to be hard since we haven't been there, so we just have to figure out what works. Hopefully we can figure out what works and how we can get them to comply. If that doesn't work, we will have to figure out another step, add it to the DCP, get that change approved and enforce. It's new ground; we haven't been there before.
- Goff asked what a pool cover costs; Foster said there is a range of different prices. He added that some people said kids or pets could get trapped thinking the pool cover was safe; I didn't respond to that because it's up to the homeowner to decide what's best for them and for them to make sure their pool is secure. The ownness is not on LMUD.
- Goff said if the pool cover is \$10K, you could pay a lot of fines before investing that. Foster replied that an automatic one could be as much as that.
- Cooley said he just bought one for \$150.
- Christian said most pools are not rectangles. Cooley said you can take scissors and cut them.
- Foster said that is the gist of the changes; once approved, we will move to Stage 2, still on one day irrigation and new banners will be going up.
- Cooley said he would like to make a pitch for reducing the 6 hour period to no more than 3 hours.
- Christian said he understands that, but we still get back to the thing where Districts are doing different things in the same City and causing so much confusion that I would vote for being consistent with other Districts. We are likely going to Stage 4 anyway and that will solve the issue.
- Cooley said between 12AM and 6AM there are not that many people out there to observe. The way we have it in the evening, at least there is some likelihood that you will see a leak and be able to address it.

- Foster said one of the things he was thinking about was an irrigation audit that will define how much each zone is putting out and no more than one inch per week is what we are looking for. But, in this short time frame to do an audit for everyone would be impossible. Eventually we want to have someone who can do that on a regular basis, but not this year.
 - Goff said so you are saying in Stage 4 all MUD Districts around here will be on once per week with a maximum of 6 hours; Foster replied that's Stage 3 and Stage 4 no irrigation will be allowed.
 - Goff moved to approve the Drought Contingency Plan as presented; Lanier seconded.
 - General Board discussion.
 - Motion passed 3Ayes and 1Nay.
 - Cooley said he does not believe the 6 hours is consistent with the seriousness of the situation and he thinks the 12AM to 6AM time period for the watering is not going to provide the visibility of potential leaks on the system.
 - Christian said duly noted.
6. Discussion and possible action to Approve HIPAA Business Associate Agreement, Administrative Services agreement, and Stop Loss Policy for Curative Insurance Company.
- Foster said this is from our Health Insurance provider and there are two resolutions that had not been approved and signed. Cooley had some questions and Foster will review them with our attorney's.
 - Christian asked Cooley if he had some questions.
 - Cooley said there were some minor things, the most important was we need to have a designated person with whom we correspond and right now it is blank.
 - Foster said he would work with our Agent Michelle on that; it would probably be her would be his guess.
 - Christian asked if members of the Board need to read these things; Foster replied that they are resolutions and that's why I brought them to the Board and they require signatures.
 - Christian said these are contracts; Foster agreed.
 - Christian asked if our legal counsel has looked at these; Foster said he had sent them and asked Stanford if she had a chance to look at them.
 - Stanford said yes and noticed they didn't have the appropriate verifications in them and one of the contracts had an indemnification that limits the coverage to the amount we have paid them for that year for their services and the Board is not limited at all. A lot of times these agreements are not negotiable because you are dealing with large entities but I am suggesting that we at least make the request that if they are limited on their exposure we want to have limited exposure too. The verifications are something that they have to sign or you can't be in contract with them in the State of Texas. That would be my two cents in our exposure and compliance with the law.

- Foster said so I think we could go back to them with some changes that the Attorney's recommend and see if they will accept them. They may not, but at least we can try but they have to sign the verifications.
 - Christian said and then bring it back to the Board; Foster agreed.
 - Lanier moved to table the item; Goff seconded.
 - Foster said by tabling this item it would go on the May agenda.
 - General Board Discussion.
 - Motion passed unanimously.
7. Discussion and possible action on status of Out of District Pressure sewer system for Lakeway Phase 1 & 2 Secs. 1-17.
- Foster said we had 6 new connections and we are starting to run into some tough installs. We may have a couple that we can't do, or I don't know how we are going to do them. They have steep inclines or terraces that we may not be able to deal with.
 - Christian said those may be the homeowner's responsibility; Foster replied that the connections were never a guarantee, and that they may have to employ a private contractor to get them done. Lanier asked if these were in like a Sunfish area; Foster replied yes.
 - Cooley asked if we could refuse those we can't do; Foster replied yes, this was always an option.
 - Cooley said some of these homeowners may face needing to replace their septic system but won't be allowed to do that; Foster agreed and said those may have to hire private contractors.
 - General Board Discussion
 - No action was taken.
8. Discussion and possible action to approve Hoover Construction Pay App #3, Phase 2 force main improvements Eagle and pay App #1 for Tartan & Lido.
- Foster stated Hoover has completed Eagle and is working on Tartan and Lido. Work is going well and we are pleased with Hoover's results.
 - Lannier moved to approve the Pay Apps #1 & #3 as presented; Goff seconded.
 - General Board discussion.
 - No Action was taken.
9. Discussion and possible action to approve Resignation Letter from Board member Larry Burmeier.
- Foster said Burmeier submitted his letter of resignation at the last Board meeting in March so we just need to accept the resignation of Larry Burmeier. He added that Burmeier moved out of District so had to resign.

- Christian said he thought everyone already knew that and said he would entertain a motion to accept the resignation.
 - Lanier moved to accept Burmeier's resignation as presented.
 - General Board discussion
 - Motion passed unanimously.
 - Christian said Burmeier had been on the Board for several years and had served on the Finance Committee before joining the Board.
10. Discussion and possible action to approve "Appointment to Fill a Vacancy on the Board of Directors".
- Foster said that we have a candidate (Jason Buddin) that had expressed interest in the Board and became a member of the Finance Committee in 2022, and then reviewed Buddin's Bio.
 - Christian said he would entertain a motion at this time.
 - Lanier moved to approve the appointment of Jason Buddin to the Board; Cooley seconded.
 - General Board discussion.
 - Motion passed unanimously.
11. Administration of Oath of Office to newly appointed member for the LMUD Board of Directors.
- Smith administered the Oath of Office to Buddin and welcomed him to the Board.
12. Discussion and possible action to approve Application for Wastewater service under Wholesale Wastewater Agreement with WCID #17.
- Foster explained that this is part of the process of LMUD serving wastewater needs of WCID 17 customers in North Lakeway. This application is for a Convenience Store and Gas Station. He went on to explain that this is normal course of business but likes to bring it before the Board so they are aware.
 - Lanier said he appreciated the communication.
 - Christian asked if the \$24K was what LMUD got for this application; Foster said yes that it is for 3 LUE's at \$8K per LUE.
 - Lanier moved to approve the application as presented; Buddin seconded.
 - General Board discussion.
 - Motion passed unanimously.
13. Discussion and possible action on a request of the General Manager to do a recorded interview on the potential of the worsening drought.
- Foster said he wanted to bring this request to the Board; an individual who is running for local office wanted to do a recorded interview about the drought. Foster said he let the individual know we do not get involved in politics and by

doing that it looks like we are supporting this candidate. I wanted the Board to know about this situation and guide me on it. He wants to put this recording on his website, and he is running for political office, and I don't feel comfortable doing it.

- Stanford said it is not legal for us to use any of our resources to support any political campaign, so I am going to request that this not happen, and I am happy to speak to this individual. I have a one page pamphlet I can share with the Board that explains what you can or cannot do regarding campaigns.
- Christian agreed, saying it's the appearance of it. If he had wanted to do it before his announcement of candidacy or after the election that would be a different thing.
- Stanford agreed, saying the fact that he wants to put it on his website makes it seem more related to his campaign.
- Christian said he admired the candidate's strategy.
- Foster asked Stanford if we need to take action based on her input; Stanford said no that this is just informational that we are going to say no to him.
- Goff asked if Foster was going to talk to the individual; Foster replied he would probably have our attorneys' send him the one page letter regarding why we can't do this or maybe I should. I will visit with the attorney's to determine how to proceed.
- General Board discussion.
- No action was taken.

14. Discussion and possible action on GM Report, Financials, Calendar & Expenditures over \$25,000.

- Foster reviewed financials and said we are in a good position on revenue and expenses.
- Foster said we have paid for the Holt generator at the B4 Barge, and it is up and running.
- Cooley asked if this was a shared cost; Foster said yes that we pay for 59% of it.
- Foster added that the generator at BP2 is installed; not up and running but working with Austin Energy to get it completed. Once completed, we will be in compliance with SB-3.
- Buddin asked if this was funded; Foster replied no, it was a result of Senate Bill 3 that we had to do it.
- Lanier asked about dual feed; Foster explained we have 2 feeds from PEC that come from 2 different substations, and we also have Texwarn who would come in and help us if both failed.
- Cooley asked if our generators could feed the grid and get us a rebate; Foster said Austin Energy is the only one that offered that and he is still looking into that.
- Cooley said at peak usage times, it might make sense to generate power and feed it to the grid; Foster replied certain times (like 2-4PM) if we wanted to come off the grid, they would give you a rebate back for coming off.

- Cooley said what he was asking was if we could generate power and send it to the grid; Foster said he didn't know the answer to that.
- General Board Discussion.
- No action was taken.

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; Buddin seconded. Motion passed unanimously.

16. Approve minutes from Regular board meeting March 13, 2024.

ADJOURNMENT

The meeting was adjourned at 10:41 AM.



Loyd Smith, Finance/Administration Manager

Minutes approved on the 8th day of May 2023.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

