

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
June 12, 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
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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
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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. Michael Paule, 212 Palos Verdes Dr., Lakeway, TX 78724 Request to Address the Board During Agenda Item #4.

AGENDA ITEMS:

4. Discussion and Possible action on Drought Contingency Plan.
 - Foster said the LCRA announced that they are moving to Stage 1 which is triggered by combined storage of 1.1M Acre Feet, and the Lakes are now at 1.2M acre feet as a result of recent rains. He added that LMUD will just be following our Drought Contingency Plan by moving to Stage 1 at this point, and he believes most other area water utilities will be doing the same. He added that if the forecast holds, we will likely go back to Stage 2 in the Spring of 2025.

- Goff asked when the move to Stage 1 would be effective; Foster replied that technically it already is, but that we will not plan to publicize it for another ~2 weeks since we are doing some work at the Water Plant we would like to complete before announcing it.
- Christian said he would like to stay in Stage 2, but we don't want to get back into another situation where one resident is on one Stage and his neighbor is on another which was very confusing to the public.
- Foster noted that moving to 2 day does not double the use of water; our historical records show that the increased water usage is around a 25% when moving to twice per week irrigation.
- Cooley said with respect to Item 4, I would like to make the following statement:

As a preliminary matter, I intend to vote in favor of Item 4. However, I wish to express my concerns regarding the Drought Contingency Plan we adopted from LCRA. Item 4 will move LMUD from Stage 2 (one day a week watering) to Stage 1 (two day a week watering). This may and likely will increase the demand for water on our system. The reason for the change in Stages is the fact that the Highland Lakes combined storage is now 23,000 acre feet above the 1.1 million acre feet threshold. That is a mere 2% margin above the threshold. The move to Stage 1 will apply to not only LMUD, but to all LCRA firm customers. In my view, this thin margin and its lack of longevity do not warrant doubling the number of watering days. In addition, we are just at the beginning of the summer and there are reports of a massive heat dome coming our way. I am very concerned that increased watering under these conditions will lead to a much more serious crisis later on. I understand that these are the terms of the current DCP LCRA recommended and that we adopted. For that reason, I believe we must and should honor our commitment. However, at the next reasonable opportunity, I believe we should advocate for a more responsive and responsible DCP. Here are a few suggestions:

- Require that changing from one Stage to another be based on being above the trigger for a period of time, say 1 or 2 months.
- Require that LCRA or the firm customer be allowed to assess then-current conditions (approaching summer or forecast drought conditions) when deciding whether to move from one Stage to another.
- Require that LCRA make an assessment whether the Highland Lakes can meet firm load with the additional demand associated with moving from one Stage to another.

These are a few conditions that come to mind. I am sure there are others.

For now, I believe we should honor our current DCP and advocate for changes that will make the DCP more protective of our precious water supplies.

- Citizen Paule spoke in support of moving to Stage 1 and stated he appreciated the consistency of the Board. He encouraged the Board to comply with the Drought Contingency Plan and maintain credibility with the Public. He encouraged the Board to publicize conservation changes the Public should be aware of and noted that the City of Lakeway has made changes to allow more conservation measures in landscaping.
 - Lanier asked when we will notify the Public; Foster said according to the LCRA and our Drought Contingency Plan, we have been in Stage 1 for a week and a half. We are just slowing down the messaging for 2 weeks while we finish the work on our Water Plant. We will continue our conservation messaging.
 - Christian said the messaging is important because many people keep the same timing for each zone when they move from once to twice per week irrigation.
 - Buddin asked how this will affect agricultural release; Foster replied it won't since it is too late for them to get any more releases this year except for Garfield.
 - Lanier moved to activate Stage 1 per the LMUD Drought Contingency Plan; Goff seconded.
 - General Board Discussion.
 - Motion passed unanimously.
5. Discussion and possible action to approve quote for concrete for fence at Palos Verdes Plant.
- Foster explained that we have an old wooden fence at the back of our easement between our plant and citizen's homes. The fence needs to be replaced with a higher more effective structure, and this concrete base will be the foundation for the fence. We sent out for several bids, but only got one response for \$40,480.
 - Cooley asked if this seemed like a reasonable bid; Foster said it fits previous work this company has done for us.
 - Christian noted this quote was for the concrete and the post settings.
 - Goff asked what the purpose of the fence was; Foster said to reduce noise, dust, and odor.
 - Christian stated the current fence is Cedar; Foster agreed.
 - Cooley asked if there were customer concerns; Foster replied yes, and she is happy with this solution.
 - Lanier asked why concrete; Foster replied that it allows an increasingly higher foundation due to the slope of the land.
 - Lanier asked if it could be dirt; Foster replied that it would be a lot of dirt and concrete would be more efficient.
 - Buddin asked how much the total fence project would be; Foster replied about \$65K.
 - Cooley moved to approve the quote for \$40,480 as presented; Buddin seconded.
 - General Board discussion.
 - Motion passed unanimously.

6. Discussion and possible action to Approve Quote for Simulated Stone Fence at Palos Verdes Plant.
 - Foster said this completes the fence in Item #5 for the railings, posts, and panels for the fence. Also included is ~\$6K for completion of the fence at Malabar.
 - Lanier asked what material the fence was made of; Foster replied it is a composite.
 - Goff asked what the expected life of the fence was; Foster replied he wasn't sure, but it would likely out-last all of us-perhaps 40 years?
 - Lanier moved to approve the quote as presented; Cooley seconded.
 - General Board Discussion.
 - Motion passed unanimously.

7. Discussion and possible action on status on Out of District pressure sewer system for Lakeway Phase 1 & 2 Secs. 1-17.
 - Foster said we had 8 new connections in April, one of which was a self-install. Our goal each month is for 6, so we had a good month. The contractor worked on Lakeway Drive, Wee Scott, and Sunfish, and finished Tartan.
 - Lanier said we still have the condos to complete; Foster agreed saying we are planning to do them this fall. Each condo will have it's own grinder pump, and there are some complications with the electrical.
 - General Board Discussion
 - No action was taken.

8. Discussion and possible action to approve Hoover Construction Pay App #3 Phase 2 force main improvements Tartan & Lido and pay App #1 for Capri.
 - Foster said we still have retainage withheld.
 - Cooley asked if we audited the Pay Apps; Foster replied yes that the variable is Global Fill which is hard to estimate.
 - Cooley moved to approve the Pay Apps as presented; Buddin seconded.
 - General Board Discussion.
 - Motion passed unanimously.

9. Discussion and possible action to approve Water Services and System Operations Agreement with TCMUD#12.
 - Foster reviewed changes to 4.01 in the contract saying we should combine contracts with TCMUD #12 so reservation fees don't have to be paid on both. We will increase our contract amount, and they will cancel theirs.
 - Stanford added that TCMUD #12 will be releasing their contract to LMUD.
 - Cooley said the water can be used for anything; Foster replied yes that it will be LMUD's water, and TCMUD #12 will be a permanent customer of LMUD.

Foster added that the Board has tentatively approved this already, and it will happen in 2026 or sooner.

- Cooley said then LMUD would be providing the billing; Foster replied yes, and the service.
- Lanier said we may need another staff member to handle the load; Foster agreed.
- Foster read the revised part that changed.
- Cooley asked if there was an official definition of when we assume retail services
- Stanford said that is subject to the final changes and the construction being completed and there is some language that if they try to back out and we have expended money then they have to pay. I have some final tweaking in there.
- Cooley said it is a significant change in ownership, so we do have a final time line in there; Stanford agreed.
- Goff said we may have to add a person for billing, and for service; Foster said we should be able to use our people coming off of the ODWW project to fill that need.
- Buddin asked if those MUD's will then dissolve; Foster said no, they still have bonds to pay off with taxes, but the revenue will be all ours.
- Buddin said so when the debt is paid off, they could dissolve.
- Foster said the City of Lakeway is supposed to take them over.
- Stanford said she doesn't know what their agreement is with the City, but sometimes there is an agreement that once it is completely built out and over 95% of the debt is paid then the city will take over that area and it would be part of the city for tax purposes.
- Cooley said that doesn't mean they would take over operations; Stanford said it means they would take over any existing agreements.
- Goff said so that means we would be working with the city if they took them over; Foster said we're talking about 20-25 years out.
- Cooley said it never makes sense for the city to take over operations of a small set of former MUD's. It would be much more economically efficient for Lakeway MUD to do that.
- Lanier moved to approve the Agreement as presented subject to Legal Council's final review; Goff seconded.
- General Board discussion
- Motion passed unanimously.

10. Discussion and possible action to approve nomination and election procedures for Board Officers and elect Officers.

- Christian said he would allow each member to state their preferences and said he would prefer to remain President
- Goff said he would prefer to remain Secretary
- Cooley said he would prefer to remain Treasurer.
- Buddin nominated Phil Lanier for Vice President
- Lanier said he would accept Vice President.

- Buddin moved that Lanier become Vice President; Goff seconded.
- General Board discussion.
- Motion passed unanimously.

11. Discussion/Action on Liaisons for E&O, Finance, and HR Committee.

- Christian said he would like to confirm that the current Liaisons are Lanier, E&O Committee; Cooley, Finance Committee; Goff, HR Committee. All three indicated their willingness to continue in their roles.
- Christian said we are not limited to one Liaison per committee, and suggested Buddin as a Co-Liaison.
- Foster said Buddin would be good on the HR Committee; Goff added that you learn a lot on the HR Committee.
- Buddin agreed to being a Co-Liaison on the HR Committee.
- Christian confirmed the above position assignments.
- No action was taken.

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

- Foster said we are at 52% of budgeted revenue and 55% of budgeted expenses year to date, so we continue to be in good shape financially.
- Cooley asked about changing to monthly billing; Foster replied that has been investigated before and decided against.
- Foster reviewed the lead copper service line report the government is requiring for houses built prior to 1986 and reported progress on the report due in October 2024. He added there is no lead on our side, and 87% of homes in Old Lakeway have been inspected with no lead copper found.
- Foster reviewed the Open House event and the pleasing results. Buddin said Kudos were due to Stephanie for a great job.
- Foster said he would circulate some dates for a July meeting to Board members and said we would have meetings on August 14th & 28th and September 11th & 25th.
- General Board discussion.
- Motion passed unanimously.

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.

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

13. Approve minutes from Regular board meeting May 8, 2024.

ADJOURNMENT

The meeting was adjourned at 10:51 AM.



Loyd Smith, Finance/Administration Manager

Minutes approved on the 17th day of July 2024.



President, Board of Directors

ATTEST



Secretary, Board of Directors

