

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
April 9, 2025

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 Phil Lanier Frank Cooley Don Goff 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. None

AGENDA ITEMS:

4. Discussion and possible action to go out for RFP for Financial Auditor for Fiscal Year Audit.
 - Foster said the Finance Committee is concerned that we have used the same auditing firm for 6 years. Staff is concerned since the last time we issued an RFP we only had 3 responses. He added that Covid changed a lot of things, one being that personal relationships with auditors are much less likely since everything is done remotely now and there are not in person relationships with auditors. We need to know if we should submit the RFP to our current auditors as well. Our current auditors do change the personnel that conduct our audits.

- Christian said that as a former auditor himself, it is not a practice to change auditors unless there is a reason the client is unhappy with current auditors. He added he doesn't see the value in changing unless there are issues. In Austin, we don't have that large pool of firms to consider; we currently use the largest firm that does municipal auditing in this area. I would vote to keep our auditors now.
- Goff asked if there is any legal requirement for us to change; Foster replied no.
- Lanier asked if we had any issues with our current firm; Foster replied no that we had some very complicated issues that took them a while to research, so it wasn't as deep a dive the first year. The next year, they knew more and it was deeper so it is a learning process for any new auditor.
- Buddin asked if changing the auditors every 5 years a best practices or just recommended. Foster said I think it is just a rule of thumb, and don't know that it's a best practice.
- Stanford said she had never heard of it being a best practice. The Districts we represent don't go out with RFPs unless they think they can get a better price or if they are unhappy with their consultant in general. There is a period of time the auditors have to spend getting to know the District. She added we don't change auditors unless there is a problem. You can do whatever you want legally.
- Lanier asked how much our auditors price has increased over 6 years; Foster replied it's probably 3-5% per year, a very minimal amount.
- Foster said another thought is to evaluate it year to year.
- Cooley said you're giving up the value of going through the learning curve by going to a new auditor; unless there is some good reason for making the change I think they should be included in whatever RFP we issue.
- Christian said I think the question is should we even entertain the RFP.
- Cooley said I think the RFP process ensures that we are getting fair value in the marketplace.
- Christian said if you put out an RFP and you get 3 quotes you don't know the value of these new firms.
- Cooley said that's part of the value of going through the process.
- Foster said our price is lower than it was 7 years ago with our previous auditor, and I believe it is very reasonable.
- Cooley said the RFP process gives the Board assurance that we're paying a fair value. Excluding our current auditors from the RFP gives up the value of the learning curve they have.
- Smith said the last RFP we did, we purposely did not ask for pricing, but qualifications, procedures, and that type of thing. The Board felt like it was not a matter of price, but of making sure we are getting the best value.
- Christian asked how you compare a firm that has done a great job for us for 6 years to a firm that says they will do a great job.
- Foster said we just have to look at their references that they are doing.
- Christian said that is comparing our actual experience to someone else's.

- Stanford said the reason it is done this way is that you pick the most qualified firm based on qualifications, and then you negotiate a price. If the price is not satisfactory, then you go to the next most qualified firm. The RFP give you the opportunity to negotiate a price.
- Lanier said maybe we should table it and look at it on a year to year basis.
- Foster said I would recommend that we just don't make a motion; if we table it, we have to address it again at the next meeting.
- Christian said I would say we just go ahead with the RFP; that seems to be the consensus. I would prefer we just go ahead with the current auditors.
- Buddin asked if there was any danger in going out for RFP, that all the bids would come in higher; Foster said all of the auditors have a pretty good feel for what it takes for a District our size and the price would be negotiated.
- Buddin said so the only downside is the time and effort Staff has to put into it; Foster agreed.
- Christian opened the floor for a motion to proceed with the RFP; no motion was made.
- Foster said if there is no motion it dies.
- Christian said the item died for lack of motion, and we will proceed with the current auditors.
- Buddin confirmed with Cooley that Cooley is the Board Liaison to the Finance Committee, and asked Cooley to relay to the Committee that the Board really appreciates their doing their job with everything on the Finance side and that we discussed it and worked through it.
- No action was taken.

5. Discussion and possible action to approve leak relief at 603 Robindale.

- Foster said the customer has not appeared for the Board Meeting to discuss this Leak Relief and added he did research the email notifications going to the customer and discovered that the email sent were going into the customer's SPAM file.
- Cooley said this adjustment is so large it should be deferred to the next meeting in order for the customer to be able to respond to any questions the Board may have. My motion is to defer this item to the next meeting so they have the opportunity to prepare and provide any justification they have for this substantial amount of leak relief and to notify them that it is on the next meeting agenda; Lanier seconded the motion.
- Buddin asked Foster if they had given you or the office the steps they went through to fix it and that they were responsive.
- Foster said what we do is look at the policy and does it meet those requirements. We don't go into the details of how they fixed it as much as the Board would. After they notify us that it is repaired, we check the meter again to ensure no usage, and if there is no usage we proceed with the adjustment.

- Christian said it appears the customer has been non-responsive and asked if that is true; Foster replied he believes they were out of the country at the time, so they just weren't here.
 - Christian said it's hard to give \$6K relief when we don't get any feedback from them.
 - Cooley said rather than speculate on what has happened, we need some record of evidence as to what happened. My pool is 15,000 gallons, and this is 600,000 gallons, or 40 times the size of my pool. I just think we need to give them one more chance to discuss this with us.
 - Buddin said they did get it fixed at a cost of \$40K; Cooley said in one day they leaked three times the size of an ordinary pool. Why did it occur, when did it get caught, why wasn't it reported, and other questions.
 - Foster said they do have a separate fill that could have been shut off, but we don't know what happened.
 - Christian said we are all saying we need a response from the owners.
 - General Board discussion.
 - Motion passed 4 votes For and 1 Against.
6. Discussion and possible action on easement release between Lots 37-B and 36-A Challenger.
- Foster said this easement release is a bit different than usual since it involved 2 owners and 2 lots. They are changing the lot line, and the easement is 5' on one side and 7 ½ ' on the other.
 - Lanier asked if we had any future plans for the easement; Foster replied no.
 - Cooley asked if there were other easements; Foster said only drainage and electrical.
 - Cooley moved to approve the Easement Release on Lot 36A as presented; Goff seconded.
 - Motion passed unanimously.
 - Lanier moved to approve the Easement Release on Lot 37B as presented; Buddin seconded.
 - Motion passed unanimously.
7. Discussion and possible action to approve updated Water Conservation Plan.
- Foster explained this is a 5 year revision to our plan required by the Water Development Board and reflects our plan to reduce GCPD over the next 5 years through best practices and update our numbers to reasonable targets.
 - Cooley asked if we would be able to meet these numbers; Foster replied yes if we get the equipment we need to find leaks like we did in 2020 and added that the one day irrigation schedule will reduce the usage numbers as well.
 - Cooley said the Leak Detection equipment is an incremental expense but needed.

- Lanier moved to approve the updated Water Conservation Plan as presented; Cooley seconded.
 - General Board Discussion.
 - Motion passed unanimously.
8. Discussion and possible action to approve Pay Application #10 for Prota, Inc. for S-5 Water Recycling Plant Expansion.
- Foster indicated Pay Application #10 has been reviewed by both the Engineer and the General Manager.
 - Lanier moved to approve Pay Application #10 as presented; Cooley seconded.
 - General Board discussion
 - Motion passed unanimously.
9. Discussion and Possible action to approve Walker Partners invoice for completion of Basis of Design Report for W-3 plant expansion.
- Foster explained that this Basis of Design Report enabled Walker Partners to begin Engineering the W-3 plant expansion project.
 - Goff moved to approve the Walker Partners Invoice as presented in the amount of \$45,500; Buddin seconded.
 - General Board discussion.
 - Motion passed unanimously.
10. Discussion and possible action to approve Amendment #1 to agreement for Professional Services with Walker Partners, LLC for Engineering of W-3 Plant Expansion.
- Foster said this Amendment updates the original estimate to \$13.8M.
 - Goff asked what the original estimate was; Foster replied around \$10M, but now we are combining the W-3 Plant Expansion and the Recovery which can save some money, and we have 8 months for Engineering before we can start construction.
 - Cooley asked if this could be adjusted down; the rep from Walker said we will try, and plan to use all American made parts so this could help.
 - Buddin moved to approve Amendment #1 with Walker Partners, LLC as presented; Lanier seconded.
 - General Board discussion.
 - Motion passed unanimously.
11. Discussion and possible action to approve BuyBoard Proposal from Fuquay, Inc. to rehab Coating for L-12.
- Foster explained that this is a coating failure that is damaging the concrete, and we need to renew the coating.

- Goff asked what the life span of the coating is; Foster said it varies, but about 25 years on this one.
 - Buddin asked where this is pumped to; Foster said this is pumping to a bypass to discharge and is just temporary.
 - Christian asked how close to homes is this, and how long will the repairs last; Foster replied maybe 25-30 feet and will last for 3-4 days.
 - Colley asked if we have informed residences; Foster said we will ahead of actual work.
 - Lanier asked if we have worked with Fuqua before; Foster replied yes, for several years.
 - Lanier asked where; Foster replied at Dragon and Rough Hollow for example.
 - Goff moved to approve the BuyBoard proposal from Fuqua as presented in the amount of \$33,387.50; Lanier seconded.
 - General Board discussion.
 - Motion Passed unanimously.
12. Discussion and possible action to approve BuyBoard proposal from Fuquay, Inc. to rehab Coating for L-6.
- Foste said this is a smaller failure at L-6 that is failing at the water line.
 - Lanier moved to approve the BuyBoard proposal from Fuquay, Inc. as presented in the amount of \$25,575; Cooley seconded.
 - General Board discussion.
 - Motion Passed unanimously.
13. Discussion and possible action to approve BuyBoard proposal from Fuquay, Inc. to rehab 348 feet of mainline at 128 Crestview.
- Foster explained that this is to repair clay pipe with cracks and will be done with cure in place pipe which is a pipe inside another pipe.
 - Cooley aske what the service life is; Foster replied maybe 40 years.
 - Lanier asked if this was synthetic; Foster said he didn't know.
 - Lanier asked if it decreased flow; Foster replied very little.
 - Lanier moved to approve the BuyBoard proposal from Fuquay, Inc. as presented in the amount of \$48,500; Cooley seconded.
 - General Board discussion.
 - Motion passed unanimously.
14. Discussion and possible action to approve replacement of discharge piping at L-2
- Foster said this is a major lift station on Rough Hollow Drive that goes to S-5. It was replaced in 2016 and has become corroded and is failing. This is a deep lift station.
 - Goff said this lasted 9 years; Foster replied yes, but this one will last longer.
 - Cooley asked why the bids are so different; Foster said he didn't know.

- Lanier said he would have thought that Prota would be lower as much as we have spent with them.
 - Foster said we would only go with Elite if Tim was managing the project.
 - Lanier asked if we were not comfortable with Zone's bid; Foster said no.
 - Cooley asked if Elite would commit to Tim managing the project; Foster said yes, but it has to be in writing.
 - Stanford said we are not allowed to negotiate a BuyBoard quote after the fact.
 - Christian asked if we could go out for rebid; Stanford said we shouldn't since that would not be in the spirit of the law.
 - Foster said we don't want to delay this, that we have one set offline now.
 - Cooley said we should get it in writing and select the low bid.
 - Buddin said if something should go wrong, the GM would come back to the Board; Foster said yes.
 - Lanier moved to approve the Elite bid of \$51,968 as presented along with a written commitment from Elite that Tim would manage the project; Cooley seconded.
 - General Board discussion.
 - Motion passed unanimously.
15. Discussion and possible action to approve quote for water loss detection equipment from Gutermann, Inc.
- Foster said this is to locate water leaks underground so they can be repaired. We used like equipment borrowed from LCRA in 2019 and it detects sound through the pipes to locate leaks. We have already detected a leak in the demo that was done for us. In 2019, it took us a year to go through the whole system. The equipment allows us to pinpoint the leak so we don't have to dig up a lot of land and streets to find the leak. This helps reduce our water loss.
 - Cooley asked how accurate it is; Foster said it locates a leak within 1 inch.
 - Lanier asked if it works when there are two different leaks; Foster replied that it pinpoints both.
 - Christian asked if it communicates the information by cellular; Foster replied yes, a big improvement over 2019 when we had to download the information.
 - Cooley asked if there was a payback; Foster said yes in less than 2 years by reducing our water loss.
 - Christian asked if we had the staff to handle the work; Foster said yes, we still have the same employee that used the equipment in 2019.
 - Lanier asked how much we could reduce the water loss; Foster said 5-10%, and we are above the threshold now and have to get it fixed.
 - Christian asked how long to get the equipment; Foster said within 2 weeks.
 - Lanier moved to approve the quote from Gutermann, Inc. in the amount of \$35,772.10 as presented; Goff seconded.
 - General Board discussion.
 - Motion passed unanimously.
16. Discussion and possible action to lease LMUD property for a cell tower.

- Foster explained that this is just the first step in possibly leasing some of our property on Highlands Blvd for a Cell Tower; if this is approved, then KGI Wireless would go to the City of Lakeway to possibly get it approved. Rough Hollow has bad cell service. There could be people that come out against it.
- Goff asked how tall it would be; Jeremy Kampen (with KGI Wireless) said it would be about 180' and single pole.
- Buddin asked if it would interfere with anything we are doing; Foster said no.
- Buddin asked if there were any options to disguise; Kampen said KGI Wireless would work with the City on that and KGI tried to target an area where there were other structures so it would not stand out too much.
- Cooley asked if any consumer concerns would be managed by the City; Foster replied yes. Kampen said any political issues are managed by the City; LMUD is just leasing the property.
- Goff asked if LMUD has any liability; Foster said we will have to involve the City in that.
- Sanford asked how long the lease would be; Foster said the initial lease would likely be 5-10 years, but thinking long term would last 25-30 years. Foster reminded all that this is just starting the process, that this is not signing a lease.
- Buddin asked if there is any cell equipment on any of our other structures; Foster replied no.
- Foster stated his is not a fan of this, but there is a need in the community, so he is just recommending that we cooperate with the City initiative on this issue.
- Cooley moved to approve beginning the process of leasing the property; Goff seconded.
- General Board discussion.
- Motion passed unanimously.

17. Discussion and Possible Action on a Resolution Authorizing Execution of Closing and Sale Instruments for "Parcel 2" (pertaining to the 7.219 Acre Tract of Land Being More Particularly Described on Exhibit A Attached Hereto and Incorporated Herein for all purposes) pursuant to that "Commercial Contract-Unimproved Property by and between the District and HSD-Holdings, Ltd. dated effective March 31, 2016, as amended.

- Foster said this is the Board approving Christian and Foster to complete the closing of this portion of the land sale. This land is behind our Water Tank and the Police Station and is \$1.6M for this portion.
- Goff asked if the Developer would continue to pay the Extension Fees until the rest of the sale closes; Foster said the payments of the Extension Fees will continue at the same amount (\$20K) until the final closing of the land later this year.
- Buddin moved to approve authorizing Christian and Foster to execute the closing; Lanier seconded.
- General Board discussion.
- Motion passed unanimously.

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

- Foster said February was an off revenue month, so not much to discuss. We are at 37% of annual budgeted revenue for the year and at 40% of budgeted expense for the year, so we are on the right track.
- Foster said one day per week watering restrictions went into effect in March, and it appears it will go to 5 hours per day once per week around August.
- Cooley asked if we have any special individual communications with the upper tier users; Foster replied no, it will take more manpower to contact those individually.
- Cooley said maybe we could randomly check with the high end users; Foster said we can try; it will take more time.
- Cooley said if we can just do 10 over the next 2 months in might help.
- Foster said we now have ~1,500 customers using Watersmart, and reminded everyone that even the ones that don't sign up still get the leak alerts.
- 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; Goff seconded. Motion passed unanimously.

19. Approve Minutes from Regular Board meeting March 12, 2025.

ADJOURNMENT

The meeting was adjourned at 11:13AM.

Loyd Smith, Finance/Administration Manager

Minutes approved on the 14th day of May 2025.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

