

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
May 13, 2009

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

Directors Present:	Kay Andrews Jerry Hietpas Allan Hitchcock Tom Priddy Tom Rogers
Staff Present:	Margaret Cathey Richard Eason Roger Fry John Hastings
Others Present:	Mike Willatt, Attorney

QUORUM

1. Determine Quorum and Call to Order.

President Rogers declared a quorum of Directors present and called the meeting to order.

CITIZENS

Karen Bradford read a statement that encouraged the Board to put everything regarding financials (audit, budget) on the District website. Also include a statement on the water bills advising customers to go to the website for more information. She had a booklet of her specific recommendations for transparency for each board member. She also said that she had submitted an open records request for Mike Willatt's billable hours stating that he was indeed a public servant working for the customers of the District.

Mel Neese read a statement with recitations from the Open Meetings Act. He wanted to know if there were policies and rules for committees; who appoints committee members (the President does). He wants to make sure the District's committees are in compliance with the Act. He suggested that the website show who is chairperson of the Committees, and who has voting rights. He also wants change to allow anyone to request an item be placed on the Board agenda; he gave several suggestions on how this can be accomplished. Rogers said he evaluates the requests for agenda items, and decides on what goes on the agenda. Neese read where the Attorney General has opined that agenda items should be put on if two board members so wish.

Andrews questioned the sequence of the agenda items – Staff Report; Citizens Participation; and then Board discussion. She said that Board discussion should come before

Citizens Participation. Eason said the District sequence follows what the City does, but stated that the District could do it in whatever sequence they prefer.

Eason reported that Tommy Farrell's wife had spine surgery and is going back into surgery. Randy Lester's wife has had bone marrow replacement and is recovering.

AGENDA ITEMS

3. Water facilities including barges, pipelines, treatment plants and distribution systems, including E-5 & tank & pipeline, WCID #17 Interconnect, W-3/BP-1 construction and W-3 Permanent Office.

The B-2 barge's power supply is across the cove and has become unsafe. We have de-energized it. We are obtaining proposals for new power wiring and conduit. This barge keeps water in I-1 for the Live Oak golf course irrigation.

E-5 construction is on schedule; should be complete by the end of the month. Haythem is having a ground breaking ceremony tomorrow right next to the tank and the area on his site may need to be tidied up. The pilasters have not been installed, but the final surface textures have been applied to the tank. The landscape plan was submitted last October and has been approved by the City. The incentive date for the contractors to finish early is the end of May. There will be a chain-link fence around the tank with barb-wire at the top. Five years from now, only the top 1/3 of the tank will be visible. Neese and Andrews wanted the driveway and ladder moved away from the street side so as to be hidden from view. Buddy Cook explained that his front door faces the elevated tank on Rolling Green and he doesn't even notice it; it's well maintained; he has never seen the ladder (ladder is inside the stem). The tank ladder might be utilized about once a month by District employees and/or third-party inspectors. For security reasons, the ladder is located in the front part of the tank. Ernest Altgelt observed that changes at this time would be very expensive. John Hastings asked the audience members and Andrews if they would rather have a concealed driveway and ladder or security measures that better assures them of safe water.

District #17 interconnect procedures have been discussed with the staff; we are refining the modeling; proceeding with detailed design.

W-3/BP-1 upgrade is up and running; performing well; site work still needs completion.

W-3 Office preliminary design has been approved. The E&O Committee recommends considering a LEED (Leadership in Energy and Environmental Design) certified building; it would be the first in Lakeway. This idea was not in the original scope for the design; requirements are not yet concrete; some increase for design and construction; will be identifying the cost increases; possibly 10-15% increase. The original architecture contract is ~\$20K. Hietpas made a motion to authorize up to an additional \$10K for design. Priddy seconded the motion. Motion passed unanimously.

Rogers noticed signs at City Park stating the lake water was polluted. It does not impact the District's water quality because of this type of pollution, this area is far from the intake and we have a disinfection process. Elsa Hopkins stated that the City probably posted the signs because they take bacteriological samples and post notice if the area is unsafe.

The District's Water and Wastewater Risk Management Plan was recently updated and submitted to the EPA; staff will be attending training requirements.

4. Wastewater facilities including collection systems, pipelines, treatment plants, holding ponds and irrigation systems, including LS #6 construction and Collection System Odor Control.

The staff continues to clean lines in the collection system and maintain manhole coatings for corrosion and odor control. The Odor Control capital program is moving forward with design criteria. LS #6 is substantially complete. LS #1 is being cleaned up due to a complaint from a customer. The lot on Rolling Green/Lohmans Crossing is presumably using reuse water. The ponds have less than 10MG, so it looks like we will be buying and moving a lot of lake water this summer. Staff is working on flow meter issues. North Lakeway Village is producing a small amount of wastewater.

5. Capital Improvements Plan, including W-3 Sludge Collector, S-5 Fine Bubble and S-4 Maintenance Building.

None of these projects are moving forward at this time.

6. Drought Contingency and Water Conservation Plan.

Changes in legislation required some revisions and resubmission of the plans; new rules require specific goals; we need to be compliant with the State and LCRA. The lake will probably be at the trigger level by the end of the summer. One change to correct a backward effective time was discussed on page 7. If/when the lake gets below 640', we will have to investigate how to move the barge. The golf courses have their own raw water contract with LCRA. Hitchcock made a motion to approve the plans. Priddy seconded the motion. Motion passed unanimously.

7. Resolution Requesting Release of Series 2009 Bond Proceeds from Escrow for E-5 tank and pipeline.

Bonds sold yesterday. Hitchcock made a motion to approve the Resolution. Priddy seconded the motion. Motion passed unanimously.

8. Order Calling Outstanding Bond Anticipation Note, Series 2008.

The District did not have enough cash on hand to build E-5. We were on a tight schedule, so we opted to obtain short term funding with a BAN from Wells Fargo. Bonds are a longer process. The first call date on the BAN is June 15th. Since bonds were sold yesterday, it just makes sense to pay off the BAN, so the District is not paying interest on both the BAN and bonds. We will pay a minor penalty for calling it early; the BAN is a one-year note. Hitchcock

made a motion to call the BAN on 6/15/09. Priddy seconded the motion. Motion passed. Andrews voted no.

9. Proposed Legislation.

The bill is scheduled for a committee meeting this morning at 9:30. We hope to see the end shortly. A Committee substitute is to include ours and the City's amendments. The lobbyist that was hired to assist in the legislation has a contract until June. The PR firm is scheduled to remain through January. Rogers will put the contracts on the next agenda for discussion.

10. Feasibility and Cost of Audio/Visual Equipment for Recording Board meetings.

Rogers stated that there has been no decision to record the meetings. The City does it, but we have no idea of the potential cost. Ernest Altgelt suggested that we contact the High School and Concordia College to see if the film/government department would film the meetings. Eason will investigate.

CONSENT AGENDA – Hitchcock made a motion to approve the consent agenda. Hietpas seconded the motion. Motion passed. Andrews voted no.

11. Approve Minutes of Regular Meeting of April 8, 2009.
12. Approve Minutes of Special Meeting of April 15, 2009.
13. Approve Cash Disbursements and Payroll Journal for April 2009.

Andrews had several questions regarding disbursements. She questioned the procedure of why Margaret was reimbursed for travel costs instead of charging to a District credit card. The reason was the District credit card is typically maxed out, which has a low max limit. Andrews requested documentation.

14. Approve Quarterly Report of Funds Summary (January – March).
15. Approve Leak Adjustment for City of Lakeway.

The credit was for \$2,835.91.

16. Approve Capital Expenditures 09-06 Water meter boxes (\$10,000).

A customer complained about the new boxes saying the lids are too big and heavy; Eason will discuss with our meter reader.

17. GENERAL MANAGER'S REPORT.

- Hietpas asked Eason for assurance that everything was ready to go on start-up of E-5 while Eason was on medical leave.
- Moody's upgraded our bond rating from A2 to A1
- Holt contract is for generator maintenance; Hietpas asked if this could be done in-house; Eason said no; we focus on core business.

- Fire hydrant maintenance was suspended since last year, because it is not an annual requirement.

ADJOURNMENT

The meeting was adjourned at 11:40 am.

Respectfully Submitted,

Margaret A. Cathey, Assistant Secretary/Treasurer

Minutes approved on the _____ day of _____, _____.

President, Board of Directors

ATTEST:

Secretary, Board of Directors