

Minutes of Land Committee Meeting of June 21, 2012

Attendees: Robert Knaus, Nick Renneker, Charles Edwards, Earl Foster, Mel Neese

City of Lakeway Request for Land to use for a Recycling Center

Julie Oakley, the Finance Director for the City, presented the status of a proposed recycling center for the City of Lakeway and surrounding communities. This facility would initially be open once a quarter for household recycling and will replace the annual recycling now held at Hudson Bend Middle School. The funding requires that the site be up and running by June 30, 2013.

The city would like to use approximately one-half acre on Stewart Road in the MUD's cedar tract 2. The city wants the MUD to provide this land as a license with a term of at least 20 years.

The Land Committee's comments and conclusion are:

- Given that the value of the half acre essentially represents the MUD's contribution to this effort, is it comparable to the contribution of other parties, namely, the City of Lakeway, Water District 17, the Village of the Hills, the City of Bee Cave and the Hurst Creek MUD? Julie told us how the project is to be financed and that the MUD has no ongoing costs. The Land Committee thinks the value of the land contribution is at least \$40,000. The Board should consider this when reviewing the city's proposal.
- The Committee agreed that a licensing arrangement to the City for a term of 20 years was reasonable.
- The Committee recommends that the actual parcel for the center be next to the service road into our property and that the narrowest practical frontage along Stewart Road be used.

Mayor DeOme also attended this session.

Appraisal of 18.8 acres on Lohmans Crossing

The committee received a copy of some of the appraisal document submitted to the MUD on June 2 from Paul Hornsby and Company. The "Market Value Conclusion" was that it is worth \$3,000,000. A key paragraph in the section on "Highest and Best Use Analysis" (page 8) states *that the most probable physically possible and legally permissible use, subject to the site being rezoned, is for medical office, mixed use commercial or retirement condominium development.*

During the discussion (see below) Earl Foster also read from other sections of the appraisal, which were not distributed, including what comparative sales were used. Also, E.H. “Bubba” Breazeale, a commercial realtor with Turnquist Partners, was in attendance and part of the discussion.

The comments and conclusions by the Land Committee are:

- At face value, the appraisal of \$3 million seemed reasonable. It is slightly less than the appraisal of March 2008 which was approximately \$3.125 million. However, since we have not read the appraisal in its entirety some questions remain.
- The MUD gave H. Dawlett an option to separate approximately 5 acres along the frontage from the remaining 13 acres to develop as commercial. It appears the appraisal considered the entire 18 acres as a single block. A further discussion is desired with the appraiser to discuss if the “separation” adds value or improves near term marketability. This discussion focused on a mixed use of the land for both commercial and senior residential (R-7).
- The consensus of the attendees is for the MUD to retain ownership of this parcel anticipating an increase of value in the future but also to be open to offers that are made during this time.
- There are two factors that we discussed that affect value and holding time: the parcel would not be able to receive wastewater service from WD #17 for three or four years after the initial request; and, while a commercial buyer would have carrying costs for the property, the MUD does not.

Prepared by Robert Knaus on June 21,2012