

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
May 9, 2018

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

Directors Present:	Lawrence Christian Larry Burmeier Don Goff Jerry Hietpas Tom Brewer
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Directors Absent:	None
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Staff Present:	Earl Foster Loyd Smith
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QUORUM

1. Determine Quorum and Call to Order

Meeting was called to order at 9:30 AM.
Burmeier declared a quorum of Directors present.

2. Pledge of Allegiance was led by Burmeier

CITIZENS

3. None

AGENDA ITEMS:

4. Administration of Oath of Office to newly elected members for the Board of Directors.

- The Oath of Office was administered to newly elected Directors Larry Burmeier and Jerry Hietpas by Loyd Smith, Notary Public for the State of Texas.

5. Discussion and Possible Action on Codifying or repealing an Old Piece of Legislation.

- Foster explained that this action is codifying Special Legislation in 1997 that excluded the land that we call today Rough Hollow and the Highlands. Since this

legislation has been in place, they need to codify it. We have presented it to our attorney who recommends we agree to this, and after that the legislation will pass a law that will complete the process.

- Hietpas asked what would happen if the Board did not agree to codify it; Foster said that they had to pay off some bonds to pass the legislation and our attorney recommends codifying the legislation.
- Foster said he saw no repercussions from codifying the legislation.
- General Board discussion.
- Hietpas moved that the Board codify the Old Piece of Legislation dealing with the Lakeway MUD Exclusionary Agreement; Brewer seconded.
- Motion passed unanimously.

6. Discussion and Possible Action Consenting to Partial Assignment of “Mediated Settlement Agreement By and Between Larry Neimann, Trustee The Schmidt Tract Partnership, and Lakeway Municipal Utility District” Dated March 24, 2000 to Lakeway 620, LLC.

- Foster explained that Neimann has closed on the sale of approximately 9.5 Acres and wants to assign the LMUD agreement limiting the LMUD spraying on Cedar Tract 2 to the new owners. Neimann has since sold the majority of the rest of the land covered by the agreement.
- Hietpas asked if we knew who the new owner is; Foster replied that it doesn't matter since we have an agreement for the entire original 154 acres.
- Burmeier stated passing this does not change anything we have been doing; Foster concurred.
- Hietpas stated he doesn't like passing this when we don't know the new owners.
- Foster said that by passing it we are not changing anything we have already passed and the new owners can't do anything else to create issues.
- Hietpas suggested tabling this issue for one month to get answers to the issues.
- Foster said our attorney reviewed and prepared the resolution and stated there is no change to LMUD's position by passing this.
- Burmeier stated he sees no problem passing this since it changes nothing we are already doing.
- General Board discussion.
- Christian moved that the Board approve the Resolution as presented; Goff seconded.
- Motion passed 4-1; Hietpas voted against.

7. Discussion and possible action to approve Out of District pressure sewer system for the First 17 sections of Lakeway.

- Foster reviewed the plan to offer OOD sewer service Phase I to the Live Oak Golf course. He explained we get calls often from citizens in this area that need sewer service due to septic failure, sale of home, etc. Phase I is 324 homes that includes houses, patio homes, and condos. A survey was sent out in January to all 1,000 homes in the First 17 Sections. 631 responses were received, and 80% of those

submitted positive responses to the survey. This means just over half of the 1,000 have indicated willingness to connect to the sewer system. Foster also indicated he has found seed money to start the project, but the customers will pay it back 100%. The total project for Phase I & II is \$18M.

- Foster stated that we will go out for bid to relocate a lift station to Flamingo at the end of the runway as well as a force main to our S5 plant. This cost will be \$1.9-\$2.0M. The main line, installation of grinder pumps, and disabling of the septic systems will be done by MUD employees and will cost approximately \$4.8M. We will plan to hire two additional employees for the project. The total cost of Phase I will be approximately \$7.1M. Some of this amount will be allocated to Phase II of the project. Contingencies have been included in the estimates to avoid overruns.
- Phase I will take approximately 3 years to complete.
- Hietpas noted that LMUD has NO authority to force ANYONE to connect to the LMUD sewer system. The program is entirely voluntary.
- The total cost per home will be \$18K, which will be paid back at the rate of \$60 per month for 25 years. This payment will stay with the home via a Notice to Purchaser; when a home is sold, the \$60 per month is passed to the new owner.
- LMUD performed a Pilot Project on Lakeway Drive to verify the numbers used in the calculations above.
- Christian noted that the Finance Committee had reviewed the project in detail and recommends approval.
- There will also be a reuse line installed in the Live Oak system in order to allow those customers to use reuse water for irrigation.
- Citizen Felix Benavides of 333 Star addressed the Board and indicated he supported the program and had some questions about the project.
- Citizen John Hoopingarner of 801 Bermuda stated he had put in a new septic system 5 years ago and several of his neighbors are weekenders. Burmeier reminded him that the program is strictly optional.
- Goff asked how we would publicize the project if approved. Foster replied that through public meetings, print media, website information, and mail and email to potential customers.
- Hietpas moved to approve Phase I of the project to begin immediately; Christian seconded.
- Hietpas stated that these 1000 homes with septic's had been a festering sore in Lakeway for many years and that in the past it had been too costly to correct. He stated that this project could put an end to the issue over time.
- Motion passed unanimously.

Burmeier stated that since Item 8 will be discussed in Executive Session authorized by the Texas Open Meetings Act, Chapter 551, Section 551.072 discussing real property matters, Item 8 will be moved to the end of the Agenda.

Brewer moved to approve items 9, 10, and 11; Goff Seconded. Motion passed unanimously.

9. Discussion and Possible action on Financials, Calendar

- Foster reviewed the financials and stated that LMUD continued to be in good financial standing
- Foster reminded the Board that the June meeting is rescheduled to June 20, and the July meeting is cancelled.

CONSENT AGENDA:

- 10. Approve Minutes of Regular Meeting on April 4, 2018.
- 11. Approve Expenditure to the Reynolds Company \$15,603.75

The Board went into Executive Session at 11:01AM in accordance with Texas Open Meetings Act Chapter 551 Section 551.072.

The Board returned to Open Session at 11:23AM in accordance with Texas Open Meetings Act Chapter 551 Section 551.072.

8. Discussion and possible action on the "Fourth Amendment to Commercial Contract Unimproved Property by and between the District and HSD-Lakeway Holdings, Ltd." pertaining to the sale of land generally situated at 1931 Lohmans Crossing, Lakeway, Texas.

- Goff moved to approve the Fourth amendment as presented; Hietpas seconded
- Motion passed unanimously

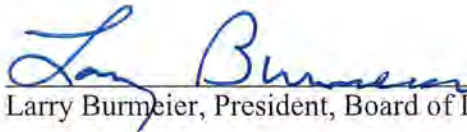
ADJOURNMENT

The meeting was adjourned at 11:24AM



Loyd Smith, Finance/Administration Manager

Minutes approved on the 20th day of June, 2018.



Larry Burneier, President, Board of Directors



Don Goff, Secretary, Board of Directors