

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
December 12, 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 John Sayre
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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. Discussion and Possible Action Purchase of equipment from Central Texas Equipment and from EKA Government Sales Experts.

- Foster reviewed the proposed purchases and noted that the Directional Bore Machine was demoed at an actual Lakeway MUD job site on Electra with positive results. The machine bored approximately 120-140' and accomplished the job in about ½ day.
- Goff asked how long the bit would last; Foster replied 6 months to 1 year depending on the type of usage.
- Foster said the compressor would cost \$66,011.90, and the directional bore would be \$203,532.97.

- Hietpas said this is the last piece of the puzzle to complete the OOD WW project. He noted that this was a milestone, and very important to complete. He noted 2 more milestones coming: one is a contractor to complete the Lift Station and Force Main line to S-5, and a third is the expansion of S-5.
 - Foster noted that both the Finance and E&O committees had reviewed the details of the purchase and were in agreement with moving forward.
 - Sayre's asked how long after you decide to purchase will it be ready to operate.
 - Foster responded after our training is complete hopefully in January.
 - Hietpas asked if Foster would elaborate on Purchase vs. Rental.
 - Foster replied that this equipment could not be rented due to the intense training required.
 - Sayers asked how much it would cost to sub contract the job rather than buying the equipment.
 - Foster replied it would be expensive. We did sub one job on Lakeway Boulevard, and it cost us close to \$200 per foot. Contractors are going to make their money back from their investment in the equipment and labor.
 - Hietpas said we are looking at a 4-5 year project, and this equipment will be well used by the time we finish.
 - Sayers asked what the approximate life of the equipment would be.
 - Foster replied that it would be considerably longer than a contractor who was using it constantly; he believes it will last a long time.
 - Goff asked about a maintenance program, and Foster replied we will have one just as we do on all large equipment we purchase.
 - Burmeier asked how much we needed to approve today and when would the work start. Foster replied approximately \$270K, and if approved we will issue the P.O. and get our training in January. We will take delivery of the equipment as soon as our training is complete.
 - Hietpas asked about competitive bidding, and did we get the best price?
 - Foster said this is Government Sales through Buy Board which provides a place for Governmental Utilities to take advantage of the best prices, and that we are getting the best price available.
 - Hietpas moved that we approve the purchase of the air compressor and the directional boring machine for the price quoted here. Goff seconded.
 - Burmeier asked if we could put the price in the motion.
 - Hietpas amended his motion to include the price of approximately \$270K; Goff seconded the friendly amendment.
 - General Board discussion.
 - Motion passed unanimously.
5. Discussion and Possible Action on Zebra Mussel control at Raw Water Intake and related Pay App #2.

- Foster reviewed the completion of the facility with pictures of the structure, and stated the final payment to the contractor is to be \$48,715.55.
 - Hietpas asked Foster to discuss the equipment and the process.
 - Foster said we have a pump skid ordered to deliver the chemical into our raw water piping system that goes up to our treatment plant and our tank on Trophy Dr. We are looking at a couple of chemicals one being Sodium Permanganate which is a strong oxidizer and a chemical that is not fun to deal with. We are looking at another Chemical called Earthtech that has a copper ion in it that helps keep the mussels from attaching to the inner walls. It is environmentally safe, so we could actually take it down to the barge. That would allow us protection all the way down to the barge.
 - We will have to do lead copper testing by rule once we began delivering the chemical into our system. This involves us getting 60 homes to help us with testing, and then another 60 homes 6 months later. Since we are required to do our lead copper testing in 2019 anyway, Foster would prefer we begin feeding so that we don't have to do the tests again in 2020 or 2021.
 - Burmeier asked if this was a cooperative effort; Foster responded that it is LMUD, Hurst Creek Mud, MUD 11, and Rough Hollow HOA that all own and participate in the cost of the barge.
 - Sayre asked if we pay the whole \$48K; Foster replied LMUD will pay 59%.
 - Hietpas asked what others on the Lake are doing; Foster replied they are all looking at the same solutions we are.
 - Hietpas asked if the treatment would affect the taste or smell of the water. Foster replied that the smell would improve when the lake turns over.
 - Sayre's moved that LMUD pay our portion of the Pay App; Hietpas seconded.
 - General Board discussion
 - Motion passed unanimously.
6. Discussion and Possible Action to Invest into FNC or CDARS per our Investment Policy.
- Foster explained that LMUD has had better results from FNC than CDARS in terms of interest rates, responsiveness, and reports, and that the Investment Committee is recommending moving all funds to FNC as the CDARS CD's mature.
 - Hietpas asked if all funds would still be spread for security, and if the funds will still be laddered.
 - Foster responded that all funds will still be FDIC insured, and all CD's will still have varying maturing dates within the next two years.
 - Christian noted that LMUD is not investing in FNC, but in CD's in individual banks and administered by FNC. He also pointed out that LMUD cannot invest bond money into CD's.
 - Christian moved that the approximately \$1.5M that has matured at CDARS be moved over to FNC per our stated investment policy. Sayre seconded.

- Burmeier asked if this motion allows anything maturing later at CDARS to be moved to FNC.
 - Foster said Christian's motion was just what has matured as of this date.
 - Christian amended his motion to include all future maturing CD's at CDARS and to close the CDAR's account once all CD's have matured in 2020. Sayre accepted the amendment and seconded.
 - General Board discussion.
 - Motion passed unanimously.
7. Discussion and possible action on Progress of Out of District pressure sewer system for the first 17 sections of Lakeway Phase 1.
- Foster updated the Board on progress to date and said we expect to start construction on Phase I by April, 2019. He presented a Gantt Chart and noted it would be updated as the project progressed. He said we have had several emergency situations where septic's have failed, and we are connecting those as we can to the sewer system.
 - Foster noted that we will be using Stephanie Threinen as a public liaison to give the customers advance notice of when we will be working around their property. There were some complaints on the Electra project that we did not inform residences ahead of time, and by increasing Threinen's consulting arrangement to 40 hours per month she should be able to greatly improve this advance notice to the homeowners before construction begins. She will also be contacting LCRA to get septic plans for those who opt to hook up to the sewer system. She will be the face of LMUD in the OOD WW Project. Foster noted we are trying to come up with a title for her.
 - The title "Public Information Liaison" was suggested; Foster said he liked that.
 - Hietpas moved that we approve a budget of 40 hours per month generally for a LMUD Public Liaison role for Out of District Wastewater Pressure Sewer System and Treated Wastewater Irrigation Project.
 - Burmeier asked if the role should have a life.
 - Christian asked if the motion was a little restrictive; Foster said it was.
 - Hietpas withdrew the motion.
 - Hietpas moved that we budget for generally 40 hours per month for a Lakeway MUD Public Liaison Consultant; Goff seconded.
 - Sayre asked if this had a finite life, or is it forever.
 - Hietpas stated that is the Board's job to cut it off; Foster said it was his job.
 - Christian said he agreed with Hietpas, since we have an Engineering Consultant. This is just another Consultant.
 - Sayre asked if we should limit it to 40 hours, and could this imply we should have gone out for bids?
 - Hietpas amended his motion to add "per the proposal dated April 2018 from Beyond Green Media and the Owner Stephanie Threinen". Goff accepted the amendment and seconded.

- Burmeier suggested the motion be amended by adding “to be reviewed annually”. Hietpas accepted the amendment. Goff accepted the amendment and seconded.
- General Board discussion.
- Motion passed unanimously.
- Hietpas stated that the Gantt Chart was mostly historical, and doesn’t show future plans. Those questions will come up.
- Burmeier stated this is just preliminary.
- Foster stated this Gantt Chart was just getting us to the point where we could begin to plan in more detail. We are just now finalizing our plans on the Golf Course, and we will develop details about where we start and how we progress.
- Sayre asked if by April we expected to have a full plan; Foster replied yes.

8. Discussion and Possible action on Financials, Calendar

- Foster reviewed the financials and stated he was comfortable with the accuracy of the calendarized budget now. Our revenue and expenses are in line.
- Hietpas asked about paying off bonds. Foster said we have just refunded the 2009 Bonds, and paid off \$1.2M of that debt.
- Hietpas noted when the land sale occurred, we first thought we would pay off more bonds, but that now we know can do a whole lot better than that.
- Christian noted by managing the process, we will not have to issue more bonds in the foreseeable future.
- General Board Discussion
- No Action was taken.

CONSENT AGENDA:

- Burmeier stated he would like to discuss Item 10, but not pull it; he would like for us to explain the Code Chapter.
- Foster explained this has to do with the Exclusion of the Land that is now MUD 11, 12, & 13. There was special legislation to allow us to exclude this land, and this is codifying it. This is specific to Lakeway MUD.
- Hietpas asked if this in any way inhibits MUD’s 11, 12, &13 for any future changes they may want to make; Foster said no, not to my knowledge.

Christian moved to approve all items on the Consent Agenda as presented; Hietpas seconded. Motion passed unanimously.

9. Approve Minutes of Regular Meeting on November 14, 2018.
10. Approve proposed Code Chapter for Lakeway MUD.
11. Approve updated Notice to Purchaser Information Form.

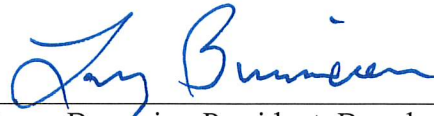
ADJOURNMENT

The meeting was adjourned at 10:50 AM



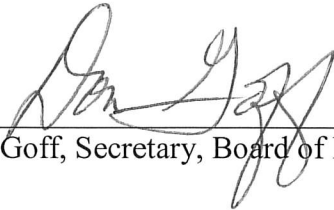
Loyd Smith, Finance/Administration Manager

Minutes approved on the 9th day of January, 2019.



Larry Burnmeier, President, Board of Directors

ATTEST:



Don Goff, Secretary, Board of Directors

