

Minutes  
Lakeway Municipal Utility District  
Board of Directors Meeting  
February 13, 2019

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

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AGENDA ITEMS:

4. Discussion and Possible Action to recognize Marshall James for passing his B Surface Water License.

- Foster said we would like to recognize Marshall James for passing his B Surface Water License, making James a Double B Operator. The exam for B Surface Water is difficult, with a low percentage passing the test each time. He noted James Operates S-4, our East Wastewater plant. Foster noted that James has been with LMUD since 2006, and is a valuable member of our team.
- James thanked everyone for the recognition, and thanked Roger Fry, Raf Mendoza, and Earl Foster for their help in his preparation.
- The board congratulated and thanked James.
- No action was taken.

5. Discussion and Possible Action on approving the FY 2018 Audit by PMB Helin Donovan.
- Foster introduced Chris Bona, Partner, and Jonathan Smith, Audit Manager, Assurance and Audit, both with PMB Helin Donovan, LLP (PMB).
  - Bona introduced himself to the Board and said he has been with PMB for 12 years, the last 3 of which he has been a Partner. He deals mainly with Public Sector organizations. Bona noted he and Smith met with the Finance Committee and reviewed the Audit results.
  - Hietpas asked if LMUD was required to have this Audit; Bona responded LMUD is required to have an annual Audit.
  - Bona said PMB is issuing an unqualified opinion on LMUD, which means there were no material weaknesses discovered, and no instances of financial non-compliance. Bona noted there were three non-material adjustments around timing of billing cutoff for the year, allowance for uncollectible taxes receivable, and one invoice that was paid in FY19 that should have been applied to FY2018 financials. Since none of the three were material, the Auditors and Management agreed not to make the adjustments.
  - Hietpas said LMUD is entering into projects that may change the LMUD revenue stream, and asked if auditors should be involved. Bona said the firm would be willing to look at LMUD projects at any time, but that this was not in the scope of the Audit.
  - Burmeier said the effects on Revenue would be slow; perhaps next year (FY20) might be the time to have the auditors look at LMUD projects.
  - Hietpas said it had been 7 years since an internal audit had been performed and perhaps it was time for another.
  - Christian noted the Finance Committee discussed this last week, and it may be time for another internal audit.
  - Bona reviewed various aspects of the financials.
  - Hietpas asked about LMUD's financial position and debt.
  - Bona replied LMUD is in a strong position with the current Net Worth. He noted that the pension is 95% funded, and that anything above 80% is good. He also pointed out that our Utilities Revenue were sufficient to cover our normal operations activities.
  - Burmeier said LMUD is definitely going in the right direction.
  - Christian moved to accept the FY2018 audit as presented; Goff seconded.
  - General Board discussion
  - Motion passed unanimously.
6. Discussion and Possible Action on changing the name of the APC Committee to the HR Committee.

- Foster explained that HR Committee better described the functions of the unit.
- Goff said it was time for a terminology update.
- Hietpas moved to change the name of the APC Committee to the HR Committee; Christian seconded.
- Hietpas noted that Section 4 Item 5 states that Committee Members are re-appointed every two years.
- Christian said the Board could have an agenda item in June every year to review committee members.
- Sayre said it is stated that the Committee Chair presents an evaluation to the Board Quarterly.
- Hietpas noted the Committee Minutes serve that purpose.
- Phil Lanier, Chairman of the E&O Committee, stated that since the E&O Committee meets once a month, quarterly updates would be redundant.
- Sayre asked if Lanier sees needs about membership.
- Lanier said no, the Committee performs well, and the only problem is getting and keeping Committee members.
- Goff stated the same holds true for the APC (HR) Committee even though they may not meet but every 2-3 months.
- Hietpas repeated that minutes serve the communication purpose, and that LMUD has upgraded the quality of Committee members.
- Hietpas noted that Section 1:13 allows for only 1-year extension for Special Exceptions, and made a friendly amendment that the wording be changed to “extensions” to allow flexibility if needed.
- Christian accepted the friendly amendment.
- General Board discussion.
- Motion passed unanimously.

7. Discussion and possible action on leak request for 133 Firebird.

- Foster explained that this leak adjustment is over \$2K, and policy states that the Board has to approve any adjustment of this magnitude. He also noted that staff had reviewed the request and is in agreement it should be approved.
- Hietpas moved to approve the adjustment; Sayre seconded.
- General Board discussion.
- Motion passed unanimously.

8. Discussion and possible on Contracting with Steger and Bizzell to finalize annexation of 22 acres with the PUC.

- Foster explained that this work was needed in order to prepare to annex 22 acres into the LMUD District and fix boundaries that currently go through houses on Rolling Green. This property is on the Cedar Tract and is located between Brookdale and the Church property. We have to fix it, and WCID17 has to agree.
- Burmeier said he wanted to see how much the cost is before approving.

- Hietpas said the Board could approve “not to exceed \$40K” which would allow us to manage the process.
  - Sayre asked if we had had positive experience with Steger and Bizzell; Foster replied we had, particularly in regard to GIS.
  - Hietpas moved to approve the contract not to exceed amounts in the proposal; Sayre seconded.
  - General Board Discussion.
  - Motion passed unanimously.
9. Discussion and possible action to approve quotes for painting exterior of E-2 elevated water tank on Rolling Green and inspection by HOT Inspection Services, Inc.
- Foster noted that this painting needs to be done by April 1 this year due to weather conditions, etc. He recommended the first bid, Trey Evans at \$71.5K.
  - Hietpas asked if we should change the lettering on the tank since we have changed our logo; general consensus was we should keep it the same but rotate the lettering a bit so it would be more visible on Lohmans Crossing.
  - Hietpas moved to approve the painting and the inspection in accordance with the selection by the General Manager; Goff seconded.
  - General Board discussion.
  - Motion passed unanimously.
10. Discussion and possible action to approve quote for connecting reuse at Highlands Lift Station to Highlands Blvd irrigation system, at S-5 Plant and at corner of Trophy and Highlands.
- Foster stated this project is to serve Highlands Reuse water for irrigating the Blvd. This will give us live data to validate our irrigation water model.
  - Burmeier asked when this would be done.
  - Foster replied that work would start tomorrow and finish in 10 days.
  - Hietpas moved to approve the JBS quote dated Feb 6, 2019 for Lakeway MUD Reclaimed Water Project at a cost not to exceed \$70K; Sayer seconded.
  - General Board discussion.
  - Motion passed unanimously.
11. Discussion and possible action on Progress of Out of District pressure sewer system for the first 17 Sections of Lakeway Phase I.
- Foster reviewed the progress to date and stated we are close to breaking ground at Live Oak Golf Course.
  - Sayre asked when the projected start dates are.
  - Foster replied April 1 for the Golf Course, and October 2019 for the Airpark.
  - Burmeier said we need better estimates on the timing and costs.
  - Foster said the cost estimates are good, and the timing will be more defined as we get into the Project further.

- General Board Discussion.
- No action was taken.

**Burmeier stated that since Item 12 would be discussed in Closed Section per the Texas Open Meetings Act Section 551.074 Discussing Personnel Matters that Item 12 would be moved to the end of the Agenda.**

13. Discussion and possible action on Financials, Calendar.

- Foster reviewed the Financials and stated the District continues to be in good shape.
- The possibility of moving the June meeting to June 5 and cancelling the July meeting was discussed. These items will be finalized at the March meeting.

**CONSENT AGENDA**

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

14. Approve Minutes of Regular Meeting on January 9, 2019.  
15. Approve expenditures over \$25,000.

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12. Discussion and possible action on Personnel Matters. Board discussion could be held in Executive Session under Texas Government Code, Section 551.074.

**The Board adjourned to Executive Session at 11:40AM.**

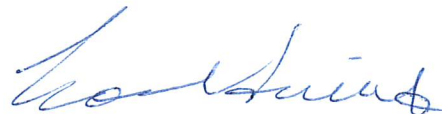
**The Board returned to Open Session at 12:18PM.**

- No action was taken.

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**ADJOURNMENT**

The meeting was adjourned at 12:20PM

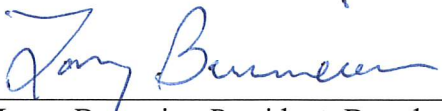


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Loyd Smith, Finance/Administration Manager

Minutes approved on the 13th day of March, 2019.



  
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Larry Burmeier, President, Board of Directors

ATTEST:

  
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Don Goff, Secretary, Board of Directors