

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
May 19, 2020

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

Directors Present Via Telephone:

John Sayre
Don Goff
Jerry Hietpas
Larry Burmeier

Directors Absent:

Lawrence Christian

Staff Present Via Telephone:

Earl Foster
Loyd Smith

1. Determine quorum and Call to Order
 - Burmeier noted absence of Christian; 4 other Directors present established quorum.
2. Discussion and Possible Action on purchase of Land 7.622 acres from City of Lakeway.
 - Foster reviewed the appraisal of the land noting the value established at \$476,375, which equates to \$62,500 per acre. LMUD will pay for the land if approved out of Bond Funds.
 - Hietpas said that as the Board Liaison to the Land Committee he wanted to note that the purchase of this land was not the primary function of the Land Committee unless they have an alternate solution to recommend.
 - Burmeier said he remembered a trade for land; Foster replied the city was not interested in trading.
 - Hietpas said this land could become attractive to two developers in the future.
 - Burmeier asked where LMUD would get the money; Foster replied it would come from the S-5 Bond Fund, where we have about \$3.5M.
 - Sayre asked what the original purpose of the Bond Money was; Foster replied he didn't have the exact details at hand, but that it included S-5, Reuse, and a Water Pump Station.
 - Hietpas noted we are working on an updated Capital Projects Cash Flow report; Foster agreed.

- Sayre said he wanted to ensure the voters are getting what they voted for; Foster replied that the TCEQ states that the voters vote on reasonable expectations not defined in detail.
- Goff asked if this was considered originally; Foster replied it was added to the cost of the Pond.
- Hietpas said we originally wanted 40M gallons of storage and asked how much this was.
- Foster replied that we were looking for a minimum of 15M or the pond would be a no go; now we are looking at 2 15M gallon tanks-one now and one perhaps 10-15 years later.
- Hietpas asked what our existing storage capacity is; Foster replied 38M at Trophy, 44M at Stewart, and 14M at the Clubhouse facility.
- Hietpas noted that it was advantageous to build storage close to S-5 and the existing pond; Foster replied yes, that there is less piping and we can gravity back into I-5 which keeps the costs down.
- Burmeier asked if this was all for reuse; Foster replied yes and we need to replace the liner at the I-5 pond and have no place to put the water while we are doing it.
- Burmeier said this would produce new income; Foster said yes, that we will have several new reuse customers.
- Burmeier asked if the cost would be about \$6M per tank; Foster said it would.
- Goff asked if we would save money by building 2 tanks now.
- Burmeier said we are increasing S-5 capacity, and asked where Rough Hollow waste goes now. Hietpas said all Rough Hollow waste comes to LMUD now.
- Earl added that we sell back reuse water to Rough Hollow.
- Burmeier asked how we would get a return on the investment; Earl said the return would take many years, but that is part of being a utility and investing in what we need.
- Hietpas said LMUD has to replace the liner in the existing pond, and must have a place to put the water while we do it.
- Goff commented that LMUD would likely never get all the money back.
- Foster agreed, saying the investment was to give us a place to store water while the liner is replaced, plus provide capacity to handle the S-5 expansion.
- Hietpas said LMUD might get income to offset the investment by selling the Stewart road property; Foster said it could be 10 years before the Stewart land could be freed up for sale since we are still using the land for permitting purposes.
- Hietpas said this is a small percentage of the total cost of the investment, and this is prime property for us. He suggested LMUD should make an offer less than appraised value and added that years ago LMUD sold property to the City at a reduced price. He also suggested telling the City that LMUD would make the project aesthetically pleasing.
- Foster reminded all that tanks were being discussed vs. a pond, and wondered why the City would consider taking less than appraisal when they would likely have to justify that reduction.
- Burmeier commented that \$1/2M is minor in the overall scope of the project.

- Hietpas asked if steel tanks were being considered; Foster replied no, that concrete was not that much more expensive and lasted longer.
- Burmeier suggested asking the City if LMUD could pay over time with no interest.
- Goff said maybe a payout of 5-10 years.
- Sayre moved to authorize the General Manager to purchase the land up to the appraised value and ask for terms up to 10 years; Goff seconded.
- General Board discussion.
- Motion passed unanimously.

ADJOURNMENT

The meeting was adjourned at 10:24AM



Minutes approved on the 10th day of June, 2020.

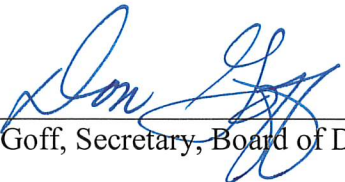


 Loyd Smith, Finance/Administration Manager



 Larry Burmeier, President, Board of Directors

ATTEST:



 Don Goff, Secretary, Board of Directors