

Minutes  
Lakeway Municipal Utility District  
Board of Directors Meeting  
December 3, 2008

The Board of Directors met in SPECIAL session at 9:30 a.m., 1097 Lohmans Crossing, Lakeway, Texas, with the following:

Directors Present:	Kay Andrews Jerry Hietpas Allan Hitchcock Tom Priddy Tom Rogers
Staff Present:	Richard W. Eason Margaret A. Cathey
Committee Members Present:	Mel Neese, Land Use Frank Black, E&O Dennis Brown, E&O Ike Herrick, E&O PA Penley, E&O Al Tyson, FAA
Others Present:	Mike Willatt

## AGENDA ITEMS

### 1. Capital Improvements Plan – Water Storage Tank (E-5).

Yesterday, the City Council voted 5-2 in favor of rezoning the E-5 site to GUI and allowing it in its proposed location. The District is advertising for bids. A pre-bid meeting is scheduled for tomorrow, 12/4/08 at 1:30pm. Several contractors have asked for plans, so the Board room should be crowded at the meeting. Alan Phillips will talk to the contractors and then take them out to “walk the site”. The bid opening is scheduled for next Tuesday, 12/9/08, but we will likely defer that a week to give all contractors enough time to review the plans and submit a bid. There is no down side to postponing until 12/16; an addendum can be issued. There are two water tank contractors that meet the requirements and several more contractors for the piping contract (two separate contracts). Eason has discussed with Sue Potter on where the spoils from excavation might go; the new hospital site. Eason and Phillips are hesitant on dividing up the contract into three – the third one being excavation. They prefer single source responsibility for the tank and site preparation. The City still has concerns over the landscaping of the tank. Steve DeGroot, landscape architect will submit a letter stating that he will be able to “hide” the tank. Shannon Burke, COL Planning, is out of town until next Wednesday, so the plans will be reviewed once he returns. The City must still sign off on the plans. The question of whether to bid out the landscaping in a separate contract was discussed; contractors may not want this part of the contract; another addendum could be issued for this. Irrigation may be done separately also. The project should be substantially complete and operational by around June 1. The contract is for 150 days from the Notice to Proceed. The contract should start around January 5<sup>th</sup>. Final completion, with cleanup, is 180 days. The contract calls for \$250 penalty per day after 150 days. Black stated that the penalty was a little low; suggested \$500 a day. Dave DeOme, in the City Council meeting, suggested that the District offer an incentive bonus on getting the job done early. Hietpas asked the question, what is the advantage of getting it done earlier than June 1<sup>st</sup>? Brown stated that the District needs to have the tank ready to go as soon as possible, because the dry weather prediction looks like it is here for a while. The incentive offer is a gesture of goodwill to the City’s suggestion. Hitchcock made a motion to include a \$500 per day penalty beyond the contract period; include \$500 reward on completion before the contract period, not to exceed 15 days for both contracts. Hietpas seconded the motion. Motion passed unanimously.

### 2. Bond/BAN Sale.

Paul Phy joined the meeting via speaker phone. Phy stated he had a BAN bid sheet from Wells Fargo. Their bid is for \$3M at 4% and to close on December 16<sup>th</sup>. The BAN would come due on 12/15/09. They would allow a prepayment in full after June 15<sup>th</sup> at 100.6%; decreasing .1% each month until the one year mark (you pay a premium if you pay out before it's due). The District can sell bonds in the spring to repay the BAN. If the BAN is not repaid in December 2009, the rate would increase to 5%. Wells Fargo will move forward in obtaining credit approval. The Board will need to finalize the approval and sign papers at its next regular meeting on December 10<sup>th</sup>. A BAN is quicker and easier to obtain than selling bonds; also the cost of issuance is less – ¼ of 1% to Phy with a small issuance cost (~\$200). If the 19 acres sells, the District can also repay the BAN with that money. Hitchcock made a motion to accept the offer of \$3M at 4% from Wells Fargo. Priddy seconded the motion. Motion passed unanimously.

3. District Property – CT-1 – 19 Acres.

The District has a signed earnest money contract with Haythem Dawlett with a down payment of \$100K. The feasibility period expires tonight with a closing on December 5<sup>th</sup>. Hitchcock made a motion to extend a maximum of six months in one month increments per the previous draft agreements at \$13,054 a month earnest money; grant a pipeline easement by 12/31/08; grant an access easement at closing; amend PUD with the correct tank acreage and the feasibility period ends today 12/3/08. Rogers seconded the motion. Motion passed unanimously.

ADJOURNMENT

The meeting was adjourned without objection at 10:23 a.m.

Respectfully Submitted,

\_\_\_\_\_  
Margaret A. Cathey, Assistant Secretary/Treasurer  
Board of Directors

Minutes approved on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors