

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
June 10, 2009

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

Directors Present:	Kay Andrews Jerry Hietpas Allan Hitchcock Tom Priddy Tom Rogers
Staff Present:	Margaret Cathey Richard Eason Tommy Farrell John Hastings
Others Present:	Mike Willatt, Attorney

QUORUM

1. Determine Quorum and Call to Order.

President Rogers declared a quorum of Directors present and called the meeting to order.

CITIZENS

None.

AGENDA ITEMS

3. Water facilities including barges, pipelines, treatment plants and distribution systems, including E-5 & tank & pipeline, WCID #17 Interconnect, W-3/BP-1 construction and W-3 Permanent Office.

Eason summarized the events of the E-5 tank construction up to the June 1st completion. The contractors were substantially complete 15 days early and will receive a bonus of \$7500 as budgeted. This tank tripled our water storage capacity. The landscaping, rock wall and paint finishing is next. The final color of the tank is arctic ice, selected by Andrews. The pilaster and arches will be a light gray with green undertones, which was selected to blend with the greenery. The original allowance from the Board for landscaping and architectural treatment was \$200K; arch finish is \$114,600 with \$47,600 original landscaping plan. Berms will be raised and still be under budget; rock wall will also be raised around the front side; these costs are not determined.

District #17 interconnect is in the detail design phase. W-3/BP-1 is substantially complete; contractor is currently working on another job that was time sensitive and will

complete our project later this summer. The contractors have complimented the District on good project management.

The E&O Committee reviewed a presentation by the architect for the W-3 Office, incorporating LEEDs. The office can likely be certified as silver. With a few changes, the design will be submitted for a “gold” LEEDs certification. The cost differential needs to be identified. The District can ultimately end up with a showplace for an environmentally friendly project and public education. For these reasons LEED certification is a good investment and will pay for itself in time.

We had a peak day of 3.7M gallons last month; summer is definitely here. We are under voluntary watering limitations.

A. Change Orders #4 & #5 for pipeline.

The E-5 pipeline is in the site restoration phase. Obstructions were located within the pipeline route, so changes had to be made, thus change order #4 is being submitted. The connection for Retama was also changed, thus change order #5 is being submitted. The E&O Committee are comfortable with both costs. Hietpas made a motion to approve CO #4 for \$22,360.73 and CO #5 for \$14,957.39. Priddy seconded the motion. Motion passed unanimously. The City had complimented the District for its professionalism during the construction in a very public area.

4. Wastewater facilities including collection systems, pipelines, treatment plants, holding ponds and irrigation systems, including LS #6 construction and Collection System Odor Control.

Since we have not received any rain, there is less flow into the plant (no I&I). Reuse customers are using lots of water; we are now transferring lake water into the ponds. Reuse customers will need to follow the watering schedule (irrigate between 10p-7a). There is a leak problem with one of the automatic valves while transferring; valve will be repaired. A customer remarked that Yaupon GC was irrigating during the rainfall; Eason will contact them to see if they have installed a rain sensor. Unlike all other reuse water users, the GC has a special contract with the District, whereby they have their own lake water usage contract with LCRA, and pay the District for pumping that lake water to them.

The District received a complaint about the appearance of the old S-1AB site (near L-1). It has now been cleaned up and being irrigated. A 2” conduit was found to be unsafe, which supplies power to the barge. We have received a proposal for \$8800 to make the area safe. This system is critical to the golf course’s irrigation, and it is currently not needed by the District. The Board asked about who was going to pay for the safety compliance. Eason will meet with the new LGC administration and explain the contract they have with us.

Tommy’s staff has cleaned 29,000 feet of main lines; continue to clean entire system. 90% of the pipes have been cleaned within the past five years. The staff has identified 30% of homes that do not have cleanouts at the street.

L-6 is complete; Odor Control design and survey is underway.

5. Capital Improvements Plan, including W-3 Sludge Collector, S-5 Fine Bubble and S-4 Maintenance Building.

None of these projects are moving forward at this time.

6. Policy on Agenda Items.

Rogers stated that historically, Board policy was for the President to set the agenda. The proposed policy allows anyone to request an item be placed on the agenda with the consent of two Board members. Hietpas requested that Cathey be allowed to edit/translate the agenda request. There are no deadlines in the policy on when items need to be submitted. The policy covers this in general. Hitchcock made a motion to approve the policy. Priddy seconded the motion. Motion was passed unanimously.

7. Committee Appointments.

Rogers stated there is no law or policy governing committee appointments and that he has made them. He requested that anyone who wanted to comment or suggest any rules on how to appoint committee members should submit their comments/suggestions to Cathey. Alan Tye is the COL liaison to the District, and Rogers asked Andrews to be the Board's liaison with the COL. Andrews accepted. Rogers also stated that anyone that is a District customer, whether they are ID or OD can serve on our committees. Wholesale customers are not included.

8. District Website content.

The District has updated the website over the past two months. Rogers asked Hietpas if he would chair the website committee to oversee the requests of information to be placed on the website. The Committee will make recommendations to the Board on the contents for Board approval.

9. Existing District Orders, Resolutions, Policies, and other Rules.

The list of orders, policies, etc. is long and some are outdated. Rogers stated that he would like to see at least five of these documents placed on the agenda each month to recommend any necessary changes. Hitchcock and Hietpas would like an entire set of the documents. Staff will review and make comments on the contents.

10. Out of Town Conferences for Board Members.

There are two upcoming conferences, AWBD and CASE, one in Corpus and one in South Padre Island. The most recent Ethics/Travel policy states that the Board must approve Director travel. Priddy made a motion to allow one Director to go to CASE and one Director to go to AWBD. Hitchcock seconded the motion. Motion passed unanimously.

11. Mid Year Rate Audit.

The FAA Committee reviewed the mid-year audit and the District is in excellent shape. We are 9% over budget for revenue; 10% over budget in expenses; and 7% overall. Hietpas questioned certain expenses compared to last year. Regular Time is up 7½% YTD. Workers Comp is up 31%, but the District has no control; it is what the state charges. Group Insurance is up 32% and was budgeted for. Richard said YTD is not as good a gauge as comparison with Budget. Bad debt is up from \$181 to \$18,086 because our collection agency did not record previous Bad Debt. The District changed to another collection agency.

12. COLA/Merit Recommendations for FY 2010.

Ray Associates has formally recommended a 2.5% COLA and 1.5% Merit pool. APC members Rogers and Carlson recommended 5% total, and P A Penley 4½%. Hietpas does not see where this is justified. He said the past three years ratios of raises compared to ECI have gone up every year, and the same is true compared to CPI. He wants to know what the competition is doing. Hietpas said last year, the City of Lakeway's total was 3% and will be hard pressed to give that much this year. Ray reported that 2.68% was the ECI to utilize for the coming year. Hietpas urged the Board to consider 2.5% COLA and 1.0% Merit. Rogers said that comparing the District to Austin or Lakeway is not relevant, and ECI has limitations. Rogers stated that anything below 2.5% merit was insulting to the employees. Priddy made a motion to recommend 2.5% COLA and 2.5% Merit. Rogers seconded the motion. Andrews made a motion to table the discussion. Hietpas seconded the motion. Andrews & Hietpas voted yes; Priddy, Rogers and Hitchcock voted no; motion to table failed. Andrews stated she has no faith in Ray Associates. Rogers called for a vote on the original motion. Priddy, Rogers & Hitchcock voted yes; Andrews & Hietpas voted no. Motion passed.

The Board adjourned for a lunch break at 11:55 am.

The Board reconvened at 1:00 pm. Jerry Hietpas was absent.

13. Legislation.

A. Consultant Contracts.

The District hired Christian and Associates to help defend the District when the City tried to take us over. Legislation ended without any action. All contracts have expired except Christian, which continues until February 2010. We can cancel this contract with 30 days notice. Rogers stated that many statements have been publicly made, which were inaccurate and damaged the District's image. We need to restore the District's public image and Christian can

help us do that. Andrews spoke for Hietpas who asked why we are spending money on the 14% of the unsatisfied customers from the survey (since 86% are satisfied with the District). Andrews also spoke for Mel Neese; he complained that the newsletters were “old” news in the Waters Edge. Andrews made a motion to cancel Christian’s contract. The motion died for a lack of a second.

CONSENT AGENDA – Hitchcock made a motion to approve the consent agenda. Priddy seconded the motion. Motion passed unanimously.

- 14. Approve Minutes of Special Meeting of May 1, 2009.
- 15. Approve Minutes of Special Meeting of May 6, 2009.
- 16. Approve Minutes of Regular Meeting of May 13, 2009.
- 17. Approve Cash Disbursements and Payroll Journal for May 2009.

Andrews had several questions regarding disbursements.

- 18. Approve Capital Expenditures 09-02 Chlorine mixer for S-4 filers (\$20,000).
- 19. GENERAL MANAGER’S REPORT.
 - LCRA applied to TWDB for an interest free loan to implement a “green” project of providing high-efficiency toilets (HET) to their customers. LCRA wants us to participate in the marketing efforts; should not be any direct costs, possibly overhead costs. Board was concerned over installation procedures and storage of HETs. We need more information on what specific participation they want from us.

ADJOURNMENT

The meeting was adjourned at 1:33 pm.

Respectfully Submitted,

Margaret A. Cathey, Assistant Secretary/Treasurer

Minutes approved on the _____ day of _____, _____.

President, Board of Directors

ATTEST:

Secretary, Board of Directors