

**A RESOLUTION ADOPTING AN AMENDED
OUT OF DISTRICT WASTEWATER SYSTEM EXTENSION POLICY**

WHEREAS, the District has established that there is wastewater capacity to serve some Out-of-District (OD) retail customers, and

WHEREAS, to serve these customers, they must connect to the District's wastewater system using their own funds,

WHEREAS, these new customers must adhere to the District's process to connect, therefore

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
LAKEWAY MUNICIPAL UTILITY DISTRICT THAT:**

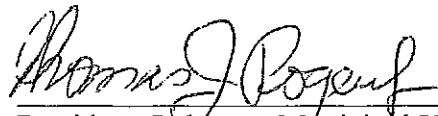
1. The District may provide retail wastewater collection, treatment, storage and disposal services through new extensions and connections to its system to those properties approved by a City of Lakeway ordinance or resolution. Owners of properties desiring OD service shall obtain the required City approval.
2. The District recognizes that the existing collection system is not capable of serving all potential new OD System extensions. Therefore, OD service applications will be evaluated with regard to the impact on the existing system. Applications for OD wastewater service shall be made to the District in writing. Such applications must include information specifying who is requesting service, service location(s) and be accompanied by a non-refundable payment of \$100 for each property that could be served by the System extension to the property of the applicant requesting OD service, i.e. each property that could practicably be served by extension as determined by the General Manager. The District will make a determination as to the impact and feasibility of service to the property(s). If the determination is that the District's existing facilities cannot accommodate the request, the request will be denied.
3. All costs associated with the System extensions and new connections will be borne by the Customer. Cost data associated with the System extension will be provided to the District upon conveyance. Such data will be summarized in a minimum of three categories: 1) grinder pump stations, 2) homeowner's service lines, and 3) System extensions within right of ways and streets.
4. The owner will obtain and deliver to the District a two year Maintenance Bond for the System extension from the contractor making the installation at the time of acceptance and conveyance to the District. The Maintenance Bond shall name the District as beneficiary.
5. System extension main line ownership will be conveyed to the District upon acceptance by the District.
6. OD volume determinations and wastewater volume rates apply.

7. The Customer will be responsible for finding neighbors to join in to defray his/her costs for the System extension. For sixty months after conveyance of the System extension to the District, if/when an additional customer is connected to the extension, the additional customer will pay the District a pro-rata amount of the original cost of the System extension. The amount will be determined by the District. This payment, less an administrative charge of \$100, will be divided among the participants in the System extension. The payment will be made to the current homeowner of record as available from tax records. (The participants may make arrangements for this eventuality should they sell the property.) After sixty months, there will be no new connection reimbursement. In circumstances negotiated between the District's Engineering & Operations Committee and a responsible association, subject to Board approval, the association may determine the reimbursement terms and may extend the reimbursement period up to ten years. Subsequent tie-ins to the System extension must be approved by the District and are subject to Capacity Reservation Fees.
8. All proposed extensions to the System will be engineered by a Registered Professional Engineer approved by the District and must consider the limitations of the District's System.
9. System extensions in the street right-of-way must be approved by the City of Lakeway.
10. The tie-in point to the existing System will be selected by the District.
11. New construction of main lines will be done by a contractor approved by the District.
12. Service lines and customer grinder pump stations will be constructed by contractors approved by the District subject to the District's rules and regulations, including inspection.
13. All construction will be subject to inspections, at the owner's expense, and approved by the District. Final tie-in from the service line to the main line will not be made until all inspections have passed.
14. Ownership and maintenance of electrical, maintenance and/or replacement costs of wet-well, pumps, controls, and service lines shall be as provided in the District's rules and regulations.
15. There will be no connections across rear or side lots. All service connections will be to the front of the lot where all new System extensions will be placed. Corner lots may have two front options.
16. System extensions may be by gravity or pressure main as determined by the District's engineer.
17. Line sizes will be specified for the System extension by the District's engineer.
18. All construction activity including service lines and main lines will be documented at the Customer's expense by "as-built" drawings prepared, submitted and approved prior to


final tie-in.

19. After connection to the District's System, existing septic systems must be abandoned in a manner prescribed by the LCRA.
20. The District's engineer will prepare technical guidelines and/or specifications for System extensions, service connections, wet wells, pumps, controls, drawings and all other aspects to standardize new OD customers' connections as well as In-District grinder pump installations. These guidelines can be adopted and modified by the District's E&O Committee.
21. OD wastewater service shall be subject to all of the District's fees, rates, and charges, in addition to the 'Capacity Reservation Fee' provided for in the following paragraph. OD wastewater service rates are equivalent to In-District rates as set forth in the District's Rate Order.
22. The District anticipates that it will not have capacity to serve all potential OD retail customers. All OD retail customers who desire wastewater service, or who want to reserve wastewater service capacity, shall pay a Capacity Reservation Fee. The non-refundable Initial Capacity Reservation Fee for a single-family residence (one LUE) shall be \$1,925 if paid on or before January 1, 2010. This Initial Fee will escalate \$125 each year following, beginning January 1 of each calendar year. For customers who pay the Initial Fee and delay connection to wastewater system, an Escalation Fee of \$125 shall accrue on January 1st of each calendar year after the year in which the Initial Fee is paid, and shall be due at the time of connection to the wastewater system. (Example: In June, 2009, customer pays \$1,925 Initial Capacity Reservation Fee, then requests hookup for service in 2014, the Escalation Fee will be an additional \$625). For existing residences, any reserved but unused LUEs revert back to the District after five years with no refund. Initial Fees paid prior to December 8, 2004, the period will be ten years. For vacant lots, the Initial Fee shall reserve capacity indefinitely. The amount of this Capacity Reservation Fee is subject to change at the sole discretion of the District's Board of Directors. The Capacity Reservation Fee for other than a single-family residence shall be as determined by the Board of Directors. All money received from payment of the Capacity Reservation Fee shall be used solely for the purpose of operating and maintaining the District's water and wastewater system. No funds from the payment of the Capacity Reservation Fee shall be used for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to providing retail wastewater service to OD customers.

PASSED AND ADOPTED THIS 21st day of October 2009.



President, Lakeway Municipal Utility District



Secretary, Lakeway Municipal Utility District