

**OFFICIAL MINUTES OF THE CITY COUNCIL
TOWN HALL MEETING
LAGO VISTA, TEXAS
JANUARY 22, 2015**

BE IT REMEMBERED that on the 22th day of January, A.D., 2015, the City Council held a Town Hall Meeting at 6:30 P.M., at K-Oaks Clubhouse, 7000 Bar-K Ranch Road, in said City, there being present and acting the following:

CALL TO ORDER, CALL OF ROLL AND PLEDGE OF ALLEGIANCE

| | | | |
|---------------|----------------|------------------------|--------------------------|
| Randy Kruger | Mayor | Melissa ByrneVossmmer | City Manager |
| Dale Mitchell | Mayor Pro Tem | Danny Smith | Police Chief |
| Richard Bohn | Council Member | Starr Lockwood | Accounting Manager |
| Ron Smith | Council Member | Barbara Boulware-Wells | City Attorney |
| D'Anne Gloris | Council Member | Belinda Kneblick | Assistant City Secretary |
| Ed Tidwell | Council Member | | |
| Darrel Hunt | Council Member | | |

The numbering below tracks that of the agenda, whereas the actual order of consideration varied, primarily for the convenience of the guests.

1. City Council Convenes Town Hall Meeting – Mayor and Council

Mayor Kruger called the Town Hall Meeting to order and recognized that all Council Members were present. Mayor Kruger led the Pledge of Allegiance.

Mayor Kruger mentioned we do have a protocol for the meeting and we have a facilitator for this meeting.

2. Introduction of Town Hall Meeting Facilitator Ron Cox

Melissa Vossmer introduced herself and introduced the facilitator, Ron Cox. She also expressed her appreciation to the citizens and council.

3. Overview of Town Hall Meeting Format

Ron Cox outlined how the meeting will proceed.

4. Review of Questions Received Prior to January 16, 2015 and Responses Provided on City Website

Melissa Vossmer read questions submitted prior to meeting and stated these questions have been answered and posted on the website.

Shirley Davis:

1. What does the Park and Recreation Department do?
2. Do you believe the Planning and Zoning Commission discourages new business enterprises when it turns down requests for re-zoning in areas in Lago Vista?

William Selph:

1. Questions pertain to the Highland Lakes Golf Course/Proposed Hotel/Permanent Clubhouse.
 - A. Where do things stand at the moment?
 - B. What are the remaining issues to be resolved?
 - C. What is the process to finally resolve all of the issues?
2. How much longer will the \$10.00 drought fee continue to be on the water bills?
3. What is the current financial condition of the two Lago Vista golf courses?

Tina Mangrum:

1. Running two golf courses at a yearly loss in the six figures prevent Lago Vista from having sidewalks, City Parks etc.?
2. Buying and maintaining two golf courses at a yearly loss in the six figures contributes to rising water rates?
3. Why would the City of Lago Vista compete with a private business?
4. Who sets prices for beer and golf fees? Are they in line with other courses in the area? Ms. Mangrum answered: No. She called four other courses and the average for beer is \$3.19, the high being \$3.50 and low being \$3.00.
5. Why would the City move into a double-wide trailer that does not conform to building standards of the City?
6. Why are there a multitude of vacant and abandoned buildings in Lago Vista? Is this caused by City policies and what is the City doing to change this trend?

Robert J. Valentine:

I would like a comparison of what the City spends annually on the swimming pool and on each of the two golf courses. Mr. Valentine further clarified he would like a three (3) year comparison.

Larry Levy:

1. What determination was used by the City to select the separating strip between lots 1cb and 18m, to put in lines to transport water providing services for the City and a nearby development in the area?
2. What document gave the City the idea that they owned the property that was selected and do you know why that document was done in the first place?
3. Had anyone from the City itself, reviewed this judgment that was agreed to for potential errors, after it was signed?
4. Can you tell us about the relationship of the NRC and the LVPOA? Have there been any other issues regarding these two entities and the City?
5. Were any participants of those entities specifically named as defendants?
6. Did the case also include "unknown" parties as defendants?
7. Was the City aware that citation of notification in the Westlake Picayune failed to show legally required information for "unknown parties" also targeted in this judgment, in accordance with Rule 115 of the Texas Rules of Civil Procedure; or that the records of the lawsuit to not contain any "statement of the evidence, approved and signed by the Judge" to support the judgment; and that the records very possibly show that the "unknown owners" were not effectively represented and, therefore, not afforded due process of law; nor that the appointed Attorney Ad Litem for the "unknown parties" appears to be the only attorney requested that the City would use along with the fact, there is nothing which purports to make a payment allowance to the Attorney Ad Litem, making one wonder by whom or how much he was paid?
8. Was anyone made aware that the Attorney Ad Litem did not even write a response on behalf of the "unknown parties" that he was to represent?
9. Do you know if anyone reviewed the Texas Supreme Court opinions delivered in the 1940 case of Cantley v Gulf Production Co. or the 1994 Texas Supreme Court case of 1994 of Rogers v Ricane Enterprises regarding already decided cases of the Texas Supreme Courts in Trespass to Try Title actions along with the definition of Separating Strips to avoid situations like this?
10. Did you know that a complete chain of title run, from before this City was incorporated, to the present on lots 18m and 1CB that border this strip, shows absolutely no dedication for public use where those lines now reside?
11. Have you read in any attorneys opinion, the words that this Agreed Judgment, at least to the party that owned the properties on either side of this separating strip was considered by that Attorney to be a complete SHAM subject to collateral attack to have this judgment set aside so the owner can prove sole ownership of the Separating Strip?
12. Does the City feel that, if the facts bear out as presented previously, through the meticulous explanation of the legal and factual bases for ownership of the separating strip, that, indeed this will result in a public taking of property by the City and would therefore, deny the owner(s), and possibly the other owners of the almost 90 pieces of property in this one judgment, due process, afforded under both the Texas and US Constitution?

5. Questions, Comments and Suggestions

Ron Cox asked if the questions read are some of the questions that people have tonight. Also, would you like to hear the answers to the read questions or start asking your questions? Public would like to start asking questions.

Melissa Vossmer stated there are some questions that have been submitted in writing this evening and they are as follows:

1. Mr. Levy comments on judgment and separation strip.
2. Jimmy Lynam, what is a town of 6,000 doing owning 2, 18 hole golf courses. Especially where we had an offer on one of them.
3. Brian Atlas wants to speak, no specific question.
4. Michael Panter, why there is not a funded youth/sports park?

Ron Cox stated we will categorize these questions into "policy questions and administrative questions" and write these questions on the board. Start with questions.

The questions and answers listed below did not necessarily transpire in the order of the meeting, primarily for the convenience of understanding.

Policy Questions:

1. Michael Panter, would like to see a youth sports program, sport fields.
2. Clive Rutherford, When could we expect an economic development program?
3. Jim Otwell, Tori's steakhouse is proud to host the chambers casino night. Question is to Dale Mitchell, why did you lobby the chamber to move the casino night to K-Oaks from Tori's? Mayor in last meeting you refused to continuing to discuss hotel negotiations unless I resolve some legal issues that our attorneys are currently handling.
4. Jim Otwell, do you believe you should have handled things differently? Mr. Otwell proceeded to play a recording from Leander.
5. Larry Levy, spoke of property issue from 2009 judgment.
6. Earl Horn, heard rumor that Mayor is discouraging people from going to steak house at Highland Lakes? Why does it cost more to build in Lago Vista than it does in surrounding cities?
7. Why is the City not as cooperative with the school as they should be?
8. Enrique Lopez, Development Services challenges?
9. Bryce Welch, suggested to sell both golf courses to bring in google fiber.
10. Brian Atlas commented on the City defaulting on agreements.
11. Brian Atlas asked why taxes have been raised?
12. Jane Brunswick, why are the elections keep moving around?
13. Enrique Lopez, process for hiring City Manager? Committee? Question about hiring Mr. Portugal. What process did you use to hire the most important job for the City? Did the City help pay the electricCity for the irrigation?

Jimmy Lynam, is it strange that this is the first public meeting that the City Manager has attended?

Melissa Vossmer responded she has attended every council meeting and this is the first public forum meeting of this type she has attended.

Mayor Kruger stated, they're all public.

Joel Sullivan-McNew, interested in hearing the results of questions

Administration Questions:

1. Unintroduced female, have the voting records been made public? If so, where? If they have not, will you commit tonight to making those available before the deadline to sign up for running for City Council to un-seat the current councilmen?
2. Clive Rutherford, feels the differences between the City and the developer of the Highland Lake Hotel could be avoided if the City had a professionally staffed economic development program. To target and attract new businesses and helping existing businesses.
3. Nancy Oliver, it is her understanding that all construction has been stopped on our alternate water intake supply that we're seeking for the future and Mr. Otwell is suing us for half a million dollars over that issue.
4. Has the City brought suit against Mr. Otwell for denying us the right to have potable water that we are going to get because the lake is running dry, we need some water in the future?
5. Hud Helm, communications between City and community has to go through website, which has been mismanaged for the last two months. Would like to see a summary of meetings on website.
6. Enrique Lopez, real estate agent in Lago. Called Tessera and Trivisso, they sell lots for \$40,000 to \$100,000; why can't you sell a lot here in Lago for \$5,000?
7. Water/waste water services to all of City?
8. Development Services challenges?
9. Robin Pond, resurfacing roads that have been dug up for water lines, is there enough money in the budget to resurface roads?
10. Has Lago Vista reviewed what we are paying police department, are we competitive, do we have the resources needed to address the needs in our community?
11. Bryce Welch, property between police department and elementary school, is this property a landfill without documented approval? Will council accept responsibility to clean up?

12. Brian Atlas, commented on his development, Montechino. Not service oriented. Too much charged by City contractors.

13. Connie, what is City doing to help the fine arts?

14. Hemp, lives on Lakefront, is the sewage infrastructure okay? What is the pumping thing going on?

Ron Cox requested a short break so council and divide questions to be answered.

Melissa Vossmer read two more questions received during break.

15. Gina Williams, what are the plans for the strip center (across from Lago Vista Middle School)? What is preventing businesses from moving in?

Dorothy Moldovan, status of shopping center on 1431?

16. Can effluent water be used by residents to water lawns?

17. Unintroduced female, bring up original question about voting records. Cannot find on web site.

Ron Cox asked to verify what she is asking. Clarified she is looking for agendas and minutes to show what was voted on and how voted by council.

18. Effluent overview.

19. Tina Mangrum, do the transferring of funds effect water rates? Is the trailer at HLGC meet the standards in Lago Vista?

20. Jim Taylor, why do we have to have grinder pumps at every home?

21. Hackett, why is there an effluent department? Is this a false department to hide golf course losses? Why have the golf course fees not been raised?

22. Why have golf course and just use for effluent?

23. Membership fees haven't been raised. Users should pay tab.

24. Golf course business plan.

25. How effluent budget is accounted for?

26. Nicky Berry, what happened to Jeff Dolan?

27. Nicky Berry, How much are the Buxton services?

6. Review of Questions Received during Town Hall Meeting and Responses from City Council and Staff.

Melissa Vossmer read over answers to questions previously submitted via power point presentation that follows. (attached)

Barbara Boulware-Wells commented on legal questions submitted by Mr. Levy, the questions he has asked pertain to him and not of general nature to the City.

Ron Cox stated we would start answering policy questions.

Barbara Boulware-Wells started reading the question about funding/land multi use sports park.

1. Dick Bohn commented, the City does need to do something for the youth. The City gave a contribution of \$325,000 to the new high school fields and in turn the school will allow youth groups to use the fields and tennis courts when the school is not utilizing. The City also contributed \$284,000 for the construction of the water tank at the new high school.

2. Economic Development Committee Program.

Darrel Hunt commented, in 2006 the EDC hired a part time employee to search for companies to come do business with the City, ceased that employment after a year. Local group started Economic Development Alliance that lasted about three years. Prefers the approach we are looking at with the Buxton type company. We are working with the chamber to protect local businesses that are in existence today. He does support all local businesses.

Mayor Kruger stated the City funds the Chamber of Commerce \$25,000 to \$30,000 a year out of our hotel/motel money which is very restricted as to use, it is for tourism primarily.

Ed Tidwell stated this Economic Development process is not a cut and dry as people would think, we are currently working with the Buxton Corp.. They analyze cities and go to retailers to let them know where to go, we have to show retailers we, not just as a council but a City as a whole, can support them.

3. Chamber Casino Night.

Dale Mitchell stated he is not the liaison to the Chamber, there is no official representative from the City to the Chamber. He found out that the Chamber Casino Night was not being held at K-Oaks but at Tori's instead and commented that he personally felt that the two letters received from Mr. Otwell challenged his integrity relating how he operates on the council and interacts with people of Lago Vista and didn't feel he would be attending the event this year for that reason. There was no lobbying to move the event. Economic Development will require money.

4. Restaurants/hotel legal issues.

Ed Tidwell commented, this has been a learning experience for all of us. He was not able to vote for the hotel and he was opposed to it. He did not like the way things were being handled. All parties should have approached things differently and the challenge we have right now is how to work this out to benefit everyone.

Mayor Kruger stated, he is a proponent of Mr. Otwell's business. He was the catalyst and started him down the path to start fixing that building and opening a business and hotel. Vast majority of folks were supporters for that business, he was the pusher and driver to get the zoning changes. Required a land exchange which was the cart barn and land below for his putting green, Mr. Otwell decided not to close on the exchange. The hotel and the tax revenue from the hotel are needed. Please do not believe he tried to somehow subvert this process.

5. Barbara Boulware-Wells stated the next question pertains to Mr. Levy and has been previously answered .

6. Rumor about Mayor Kruger telling people not to patronize Tori's.

Mayor Kruger stated he was one of the first customers Mr. Otwell had at Alex's Bistro and he and his wife enjoyed the Sunday brunches up until the last couple of months. Mr. Otwell came out in public statements attacking him and the council and now feels very uncomfortable in going into his place. He then asked Melissa to meet with Mr. Otwell and get a list of wants or needs from him on this project. Thinks we can work out a solution and optimistic that we can make this thing happen. He is not telling people to not go there and is encouraging people to try it.

7. Cooperative with school.

Dale Mitchell stated we are a multi-generational City and in a transition state. Starting with the new comprehensive master plan would like public input. Invited people to serve on one of the many commissions the City has. Feels we had a unified City on going forward with the bond for the new high school. Negotiated two inter-local agreements between the high school and the City. One was for the baseball/softball fields at the middle school and the new fields at the new high school and the other on helping the school build the new high school. We agreed to install the water/waste water lines and the water tank; by doing so, the comparison believes to come to about a million dollar savings to the school. Went back into some notes from when Bill Angelo was here and believes the City waived some tap/impact fees. Feels there is some information that is not totally accurate on some websites that needs to be cleared up. Agrees with Mr. Atlas about Melissa's impact on the community and admire her immensely.

Mayor Kruger commented on the port a potty service and the lift station. We have an agreement with Centex and Jonestown for around 3.7 million dollars to treat sewage in the Hollows that is in the Lago Vista side until the lines are complete.

D'Anne Gloris wanted to comment on the relationship with the school and feels the City has been very cooperative with the school district.

9. Selling the golf courses.

Mayor Kruger stated these golf courses serve several different functions, first being a place for disposing of our effluent and the second being property values of the homes around the golf course. We currently use Cedar Breaks to dispose of any excess effluent and a backup storage location in the event other locations are too wet. LCRA was so impressed with our effluent program they awarded the City \$100,000 grant to complete the effluent project to Highland Lakes golf course. Would consider selling the golf courses if the City would be guaranteed to be able to pump effluent and the golf courses would stay in business.

10. Barbara Boulware-Wells stated that in consideration to Mr. Atlas's and the City's privacy, if there are defaults and issues we would like to speak with you, but not in this forum.

Mr. Atlas expressed his gratitude.

11. Why raise taxes.

Dale Mitchell stated he went back to the last twenty years to look at the tax rate. There is a chart on the City website indicating the rate changes. We did not raise the tax from last year to this year, property tax values went up.

12. Why are elections moving around.

Darrel Hunt stated that it was his idea to move the elections. Back two or three years ago we were notified by Travis County that they were not going to be holding elections in May and our costs would quadruple; so we moved the election to November. Then we found out Travis County will continue to hold elections in May and the majority of the City's in the state hold their elections in May, our charter states that we hold our elections in May.

13. Ed Tidwell stated a committee was set up, they did a google search, asked other cities. Only had one response from another City, which answered they had a conflict of interest, didn't see eye to eye. Mr. Portugal answered that one of the cities he left was because of moral issues, never got a specific answer. He felt Mr. Portugal was what the City staff wanted.

Ron Cox stated that is the end of the policy type questions and requested Melissa to stand and proceed with the administration questions.

Melissa Vossmer stated what she would like to commit this evening to go over the questions and prepare a more comprehensive answer to submit on our website.

1. Voting records, yes they are on the website and available to the public.
2. Staff for economic development activities, we know we need to move our program forward and working with Buxton and do support the chambers to do other things for us.
3. Deep water, we are constructing a water treatment plant 3 and have a deep water intake barge to get water out of the lake. We are in discussions with our attorneys about Mr. Otwell locking us out of the property, progress is at a standstill at this time.
4. Mr. Otwell's lawsuit, we do have two law suits at this time.

Barbara Boulware-Wells stated the nature of the law suits are too voluminous to get into now and some of the issues are being attempted to be worked out and others going through the entire litigation process.

5. Why does it cost so much to build homes and businesses in Lago Vista? Cost of land, cost to bring materials to Lago Vista, the City does charge a tap and impact fees. We just recently had a comprehensive look at our Development Services by an outside consultant about how we do business. Suggested a three plan, we are implementing year one now. Not sure how we stack up to surrounding areas. We will continue to look at.
6. Mismanaged website. Our website crashed last summer, none of data retrievable. We have had challenges to bring the new site up, the new site has been active since last week. We have a consultant helping now.
7. Next question, the water/waste water to all areas of the City. There are a lot of areas that does not have water/waste water, we have a utility extension program in place. Will be talking to council to review this year. We know there are challenges to selling lots where there is no water or sewer. One of components of comprehensive program is to provide incentives to infill in older parts of the City.
8. Development Services challenges. We do have some challenges. We now have a full time building inspector with years of experience, which is helping a lot. We had the outside review we are implementing, which is helping. Had conflicting discussions of how good our service was, think the new director understands the need to be a service organization and we are continuing to work towards that.
9. Re-surfacing after lines have been installed. The City just completed about a \$720,000 re-surfacing program for some streets around the City. We do not have an internal crew to do street re-surfacing and re-construction. We know we have work to do on roads and would be appropriate for us to implement on our capital improvement program a plan where we do have a certain amount set aside for streets over the next 20 years. There is no more work scheduled for this year.
10. Compensation for the Police Department. We found we are well under the average in some positions and competitive in others. The council approved a three plan for increases.
11. The fill on the vacant lot across the elementary school. A verbal agreement was made between the City, LVISD and the soccer league to build up the site for a soccer field. The school district contacted us last month and stated they are uncomfortable with this, we have stopped dumping at this location and currently looking for a site to store fill material. This not a landfill, there is no trash, basically a fill material.
12. Montechino project, too much charged by City contractors. We're looking at it.
13. Will economic development include fine arts. I hope so, it is very much an economic development driver.
14. The waste water lift station. Thinks that the Mayor answered that earlier.
15. What is the status of the strip center. Answered in the written responses.
16. Effluent to water yards. I highly doubt it, the water uses is controlled by TCEQ. Will ask to find out.

Mr. Otwell spoke about his land, pending suits, the TABC permits and the land swap.

Dave Freeman, would like to make a suggestion to council about the economic development, why doesn't the City engage with Tessera to help develop Lago Vista?

Enrique Lopez, offered the City the use of his Facebook account to spread information to the community.

Ron Cox suggested to start answering the next set of questions submitted.

17. Website.

Melissa Vossmer stated we will make it a priority to get all the agendas and minutes on our website in the next few days.

18. Effluent program.

Melissa Vossmer stated she has compiled a history and overview of the program and we will make sure it is on the website.

19. The fund transfer to the golf course.

Melissa Vossmer stated the funds transferred from the Utility fund goes to the General fund to support a lot of other funds and pay down some debt. She will get more specific answers.

Mayor Kruger stated the City has two ways to borrow money, either a CO (certificate of obligation) or revenue bond. It has been historically less expensive in borrowing through a CO, which is guaranteed by tax revenue.

20. Grinder pumps and effluent.

Melissa Vossmer stated she only knows that it is a City policy, she can't answer.

Mayor Kruger stated he could help with this answer. If all sewer lines were gravity feed, some of the man holes would have to be 40 to 50 feet deep. A decision was made many years before him to mandate grinder pumps and all houses will have to pump their sewer.

21. No effluent fund in previous years.

Melissa Vossmer stated not sure why or when the fund started, but will have to research and inform.

22. Why have a golf course and not just the land for effluent?

Dale Mitchell stated we had to find a place to put the effluent.

Mayor Kruger stated our effluent requires about 200 acres of land to dispose of and if we just put on the ground it would become overgrown with grass and weeds that would have to be maintained anyway. Why not put it on the golf course. The state of Texas looks very favorably on water re-use and that is why we received a LCRA grant.

23. Why haven't golf membership fees been raised.

Melissa Vossmer stated doesn't know the last time fees have been raised, will have to do some research.

24. Business plan for the golf course.

Dick Bohn stated 2013/2014 fiscal year there were 18 building permits issued, this year, since October, there has been 46 permits have been issued. If a portion of the people from the new developments would come play golf, it may be able to pay for itself.

Dale Mitchell stated we bought the Highland Lake golf course because it was lying fallow and the appraised value of the surrounding properties were going down. That was the justification to obtain and maintain so it would protect the property values of the people around.

Mayor Kruger stated both golf courses have a lot of support from the people in the City.

25. How is the effluent budget accounted for?

Melissa Vossmer stated it is a standalone budget, in that we care for anything having to do with the effluent system.

26. What happened to Mr. Dolan's?

Melissa Vossmer stated she doesn't really know, doesn't know much about the development that is being referred to.

Mayor Kruger stated he would try to address, his understanding Mr. Dolan's project went bankrupt and the banks repossessed it. As far as he knows Mr. Dolan has not contacted the City in several years.

27. How much is the Buxton study?

Melissa Vossmer stated this is a three year program at \$50,000 per year. We have been working with the Chambers and approached the Haines Group the owners of Tessera, have approached the owners of the shopping center and others to see if they would like to contribute to the fund.

D'Anne Gloris stated that the Buxton representative mentioned Lago Vista should see a return on its investment within 18 months.

Melissa Vossmer stated the program does take about 18 months to work with all the data and it is optional if we continue year after year.

Dick Bohn stated that the Buxton group did mention to not expect a national franchise to come into the area.

28. Website.

Melissa Vossmer stated we know we have work to do and we will work on it.

29. Brian Atlas questioned about oak wilt, what is the City going to do about the oak wilt problem?

Melissa Vossmer stated City staff that work with trees, the golf course and the Parks & Rec. department have a meeting with an Arborist on February 11th to see how to treat and some of the programs other people are doing; so we can address the issue

30. How many houses are around the golf course?

Dick Bohn stated the value of the homes around Highland Lake golf course was 88 million, the course was not maintained for over 5 years. The golf courses are the only facilities to bring in money to the City.

Ed Tidwell asked Mr. Hackett to come back to the podium to clarify his questions about membership fees when we acquired Highland Lake and if we can take care of Bar K, why can't we do the same for the other courses?

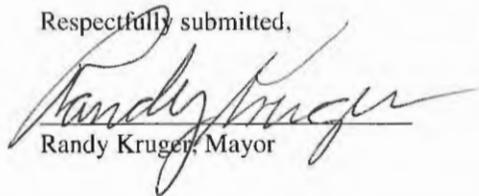
Mayor Kruger stated we did raise fees.

Dale Mitchell stated we did not put effluent on Bar K last year.

Mayor Kruger thanked everyone to coming and stated this will not be the last of these type meetings.

Meeting adjourned at 10:07 PM.

Respectfully submitted,



Randy Kruger, Mayor

ATTEST:



Belinda Kneblick, Assistant City Secretary

On a motion by Council Member Darrel Hunt, seconded by Council Member D'ANNE Gloris, the above and foregoing instrument was passed and approved this 19th day of February, 2015.