

**MINUTES OF MEETING OF BOARD OF DIRECTORS OF
LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 3**

August 14, 2019

THE STATE OF TEXAS §
 §
COUNTIES OF WILLIAMSON §
 AND TRAVIS §

The Board of Directors of Lakeside Municipal Utility District No. 3 met in regular session, open to the public, on August 14, 2019, at the offices of Gray Engineering, Inc., 8834 North Capital of Texas Highway, Suite 140, Austin, Texas, pursuant to notice duly given in accordance with law. A copy of the Certificate of Posting of said Notice is attached hereto as **Exhibit “A”**.

The roll was called of the members of the Board, to-wit:

J.D. Scott	-	President
John Sutton	-	Vice President
David Cotton	-	Secretary
Laura Olszeski	-	Treasurer
Michael Zeniecki	-	Assistant Secretary/Treasurer

and all of said Directors were present, thus constituting a quorum. Also in attendance at the meeting were Mary Bott with Bott & Douthitt, P.L.L.C.; Lauren Smith with Public Finance Group, LLC; Steve Bertke with Lennar Homes of Texas Land and Construction, Ltd. (“Lennar”); Matt Mitchell with ALM Engineering, Inc.; David Gray with Gray Engineering, Inc.; Kevin Flahive with Armbrust & Brown, PLLC; and Glen and Sherry Scales, residents of the District.

Director Scott called the meeting to order at 6:00 p.m. and stated that the Board would first consider approval of the minutes of the July 10, 2019 regular meeting. Upon motion by Director Olszeski and second by Director Zeniecki, the Board voted unanimously to approve the minutes, as presented.

The Board then considered the Amended and Restated Resolution Establishing Offices and Meeting Places of the Board of Directors of and Establishing Locations for the Posting of Notice of Meetings of the Board, attached as **Exhibit “B”**. Mr. Flahive reviewed the changes in meeting locations provided in the resolution. Upon motion by Director Zeniecki and second by Director Sutton, the Board voted unanimously to approve the resolution, as presented.

Director Scott stated that the Board would next discuss landscaping, maintenance, signage, drainage and repair items in the District and addressed Mr. Bertke to present Lennar’s request to install additional marketing signage on District-owned property, attached as **Exhibit “C”**. Mr. Bertke presented the request. Director Olszeski stated that she thought Lennar had too many marketing signs within the District already and she was generally against marketing signage within the District. Mr. Bertke explained that Lennar planned to cease operating its model home near the entrance into the District from Rowe Lane and open a new model home in The Commons at Rowe Lane Phase IV. He stated that his marketing staff thought the additional marketing signage would be necessary to guide potential buyers through the District to the new model home. Director Scott and Director Cotton stated that they agreed with Director Olszeski’s position regarding existing and proposed marketing signage within the District. The Board then

discussed establishing a Signage Committee to work with Lennar to determine existing marketing signage to be removed and new marketing signage to be added, if any, at the time Lennar moves operations to the new model home. After further discussion, upon motion by Director Cotton and second by Director Sutton, the Board voted unanimously to appoint Director Scott and Director Olszeski to the Signage Committee to work with Mr. Flahive and Lennar representatives to address the marketing signage requests, prepare, and delegate authority to the Signage Committee to enter into a license agreement with Lennar on behalf of the Board, which license agreement would address the locations and requirements pertaining to any new marketing signage to be installed by Lennar. Director Scott then presented three proposals from Kuts and Kleans, Inc., attached as **Exhibit "D"**, including: (i) a proposal in the amount of \$3,930 for the installation of two 20' to 25' long retaining walls and outfalls along the hike and bike trail adjacent to Windmill Ranch Avenue and Meridian Boulevard; (ii) a proposal in the amount of \$12,400 for the removal and replacement of decomposed granite and hike and bike trail clean-up in the vicinity of the volleyball court near Windy Vane Drive; and (iii) a proposal in the amount of \$1,900 for the addition of decomposed granite and clean-up along the sidewalk within the drainage lots connecting Ambling Trail, Gavin Trail and Dovetail Street. After discussion, Director Scott stated that he would discuss the proposals identified in items (ii) and (iii) above with the contractor. Upon motion by Director Olszeski and second by Director Cotton, the Board voted unanimously to approve the proposal identified in item (i) above, subject to HB 1295 compliance. Director Scott then presented a proposal from Tree Guys Expert Tree Care in the amount of \$7,500 for a certified arborist to prune, clean-up and treat with all trees within the drainage lots containing the channel and hike and bike trail from Steed's Crossing to Rowe Lane, attached as **Exhibit "E"**. After discussion, upon motion by Director Olszeski and second by Director Sutton, the Board voted unanimously to approve the proposal, subject to HB 1295 compliance.

Director Scott then recognized Ms. Bott to provide the bookkeeper's report. Ms. Bott referred the Board to the cash activity report in the meeting packet, attached as **Exhibit "F"**. She reviewed with the Board the Director per diem and vendor payments and one transfer. Ms. Bott then referred the Board to the June financials, stating that the District had a positive budget to actual variance of approximately \$194,000. Upon motion by Director Olszeski and second by Director Sutton, the Board voted unanimously to approve payment of the per diem and vendor payments and the one transfer, as presented.

The Board next received the engineer's report from Mr. Gray. He referred the Board to his report, attached as **Exhibit "G"**, and reviewed the report. Mr. Gray stated that he had revisited the drainage lot behind Kenneth Sergent's residence to examine the possible correlation between stormwater flows in the channel within the drainage lot and ponding in Mr. Sergent's back yard. He then presented the project illustration for installation of a 6" perforated PVC pipe in the bottom of the channel to increase flows protect against ponding. Mr. Gray stated that he had received two proposals for the project: (i) one in the amount of \$8,960 from Utility Specialist, Inc., attached as **Exhibit "H"**; and (ii) one in the amount of \$6,750 from Westar Construction, Inc., attached as **Exhibit "I"**. After discussion, Director Scott stated that he wanted to solicit additional proposals to see if the project could be installed at a lesser expense. The Board took no action on the proposals. Mr. Gray then stated that The Commons at Rowe Lane Phases IVB & VB had been completed and his recommendation letter that the District accept The Commons at Rowe Lane Phases IVB & VB Water, Wastewater and Drainage Improvements, attached as **Exhibit "J"**, was in the packet. He stated that he had identified and was concerned about the lack of vegetation within the pond in Phase IVB and the resulting clogging of the outfall structure with soil. Mr. Gray stated that Lennar needed to direct its contractor to remedy the problem. Mr. Bertke stated that he would have Lennar's contractor

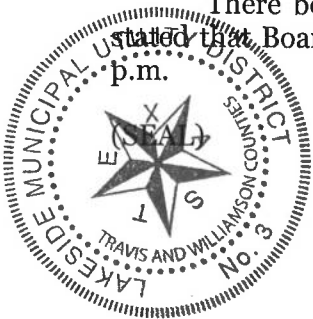
take care of it. Director Scott then stated that he wanted to postpone acceptance of The Commons at Rowe Lane Phases IVB and VB due to his general concerns about drainage within the District. The Board elected to postpone the item to allow the Drainage Committee to meet with Mr. Gray and Lennar representatives. Mr. Gray then stated that he had continued to request a meeting with Travis County Transportation and Natural Resources staff for months and had yet to receive a response. He stated that he would continue to request the meeting. Mr. Gray then stated that—based on email correspondence that he had received among the applicant’s engineer, City of Pflugerville staff and Manville WSC staff—it was his impression that the out-of-district water and wastewater service request to serve two commercial lots located at the northeast corner of Rowe Lane and Commons Parkway, adjacent to the District’s southern boundary, on which the landowner proposed to develop a convenience store on the western lot and an unspecified commercial use on the eastern lot, was no longer pending and the applicant would obtain water and wastewater service from Manville WSC and the City of Pflugerville, respectively. He then introduced Mr. Mitchell and discussed with the Board the request from Tiemann Land and Cattle Development, Inc., the developer of a 15-acre tract of land located adjacent to the west of the District and fronting Rowe Lane, to pipe stormwater to the District’s inlet, rather than construct a spreader in connection with their pond and have stormwater flow into the District’s drainage channel. Mr. Gray stated that the developer had deposited \$5,000 with the District’s bookkeeper to defray all District costs relating to the request. He stated that he had met with Mr. Mitchell and visited the site. Mr. Gray stated that he would evaluate the request and bring a recommendation to the Board at the September 11, 2019 meeting. Mr. Mitchell then discussed his client’s project with the Board and explained his rationale for seeking to pipe stormwater to the district’s inlet. Mr. Gray then presented: (i) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Pay Estimate No. 2 from Patin Construction LLC in the amount of \$46,476, attached as **Exhibit “K”**; and (ii) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Pay Estimate No. 3 from Patin Construction LLC in the amount of \$54,675, attached as **Exhibit “L”** (together, the *“Pay Estimates”*). Upon motion by Director Olszeski and second by Director Sutton, the Board voted unanimously to approve the Pay Estimates, as presented.

Director Scott then addressed Mr. Bertke to provide the developer’s report. Mr. Bertke stated that there were approximately 20 homes under construction in The Commons at Rowe Lane Phases IVB and VB. He stated that construction of the pond within The Commons at Rowe Lane Phase VIB was ongoing and installation of utilities would commence in approximately two weeks. Mr. Bertke stated that Lennar intended to complete The Commons at Rowe Lane Phase VIB by January 2020. He stated that if current sales velocity continued, Lennar would sell all homes within the District within 18 to 24 months after completion of The Commons at Rowe Land Phase VIB.

The Board then addressed the 2019-2020 budget and 2019 tax items. Ms. Smith referred the Board to her handout, attached as **Exhibit “M”**. She reviewed the 2019 preliminary assessed valuation from Travis County and the certified assessed valuation from Williamson County, together indicating a value of land within the District of \$217,370,709. Ms. Smith then reviewed her handout with the Board, stating that her office recommended that the District maintain its \$0.840 tax rate, of which \$0.4165 would fund the District’s debt service and the remaining \$0.4235 would fund the District’s operation and maintenance. Ms. Bott then reviewed the draft budget, based on the recommended tax rate, attached as **Exhibit “N”**, with the Board. Ms. Smith concluded by reviewing the draft Notice of Public Hearing on Tax Rate. Mr. Flahive then reviewed the action items for the Board’s consideration. Upon motion by Director Scott and second by Director Cotton, the Board voted unanimously to: (i) establish a proposed tax rate of \$0.840, with Directors Scott, Zeniecki, Cotton, Olszeski and Sutong all

present and voting for the proposal; (ii) schedule the public hearing on the tax rate for its next regular meeting at 6:00 p.m. on Wednesday, September 11, 2019, at the offices of Gray Engineering, Inc., and (iii) authorize Mr. Flahive's office to publish notice of the public hearing on the proposed tax rate.

There being no residents in attendance desiring to address the Board, Director Scott stated that the Board would next meet on September 11, 2019 and adjourned the meeting at 7:03 p.m.



David Cotton, Secretary
Board of Directors

Date: September 11, 2019