

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

February 12, 2020

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 February 12, 2020, 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:

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| 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, except for Director Cotton, thus constituting a quorum. Also in attendance at the meeting were Mary Bott with Bott & Douthitt, P.L.L.C.; David Gray with Gray Engineering, Inc.; Cheryl Allen and Lauren Smith with Public Finance Group, LLC; Kevin Flahive with Armbrust & Brown, PLLC; and Glenn and Sherry Scales and Cristina Sahoo, residents of the District.

Director Scott called the meeting to order at 6:00 p.m. and stated that the Board would first receive citizens communications and Board member announcements. Ms. Sahoo stated that she was a resident of the District and the Secretary of The Commons at Rowe Lane Homeowners Association, Inc. (the "HOA"). She asked how ownership and operation of the amenity center within the District would be set up upon the District's acquisition of the facility from The Commons at Rowe Lane, L.P. (the "Developer"). Director Scott stated that it was premature to determine how the District might operate the amenity center upon acquisition, which was not imminent. Ms. Sahoo then asked whether an agreement between the HOA and the District would be entered into with respect to operation of the amenity center. Director Scott stated, again, that it was premature to determine whether the District would request that the HOA operate the facility, but if so, an agreement would be entered into for that purpose. Ms. Sahoo next asked about the timing of the District's acquisition of the amenity center from the Developer. Director Scott responded that the District had taken no action to-date to issue recreational bonds for the purpose of purchasing the facility, so he could not provide a timeline. Ms. Scales then discussed with Ms. Sahoo and the Board her understanding of the Waiver of Special Appraisal executed by the Developer. At Director Scott's request, Mr. Flahive explained the purpose of the waiver, which was to prohibit the Developer from claiming ad valorem tax exemptions that would result in the Developer paying less ad valorem taxes to the District, which was customary in connection when a developer and a municipal utility district enter into a reimbursement agreement. Ms. Sahoo then requested that the Board and consultants introduce themselves, and the Board and consultants did so.

The Board next considered approval of the minutes of the January 8, 2020 regular meeting. Upon motion by Director Zeniecki and second by Director Olszeski, the Board voted unanimously to approve the minutes, as presented.

Director Scott stated that the Board would next discuss landscaping, maintenance, signage, drainage and repair items in the District. He presented a proposal from Kuts and Kleans, Inc. for removal of an existing retaining wall, construction of a new retaining wall, and installation of decomposed granite on the hike and bike trail near Meridian Boulevard in the amount of \$4,250, attached as **Exhibit "B"**. After discussion, upon motion by Director Zeniecki and second by Director Olszeski, the Board voted unanimously to approve the proposal, modified to a not-to-exceed amount of \$5,000, subject to HB 1295 compliance. Director Scott then discussed his discovery of a broken handrail on the bridge on Windy Vane Drive. He stated that the Maintenance and Repair Committee would oversee the replacement of the handrail at a cost within its \$2,000/month expenditure limit. Director Scott then stated that he had been unsuccessful in his efforts to locate a windmill repair contractor to maintain the windmills in the District, but would continue to seek to locate a good contractor for that purpose. The Board next discussed the properties located at 20705 and 20713 Windmill Ridge Street and directed Mr. Flahive to deliver correspondence to the resident of 20705 Windmill Ridge Street regarding dumping District property and to the resident of 20713 Windmill Ridge Street to advise of future tree trimming by the District. After further discussion, upon motion by Director Zeniecki and second by Director Olszeski, the Board voted unanimously to approve the expenditure of up to \$500 to fund the tree trimming behind the property located at 20713 Windmill Ridge Street.

Director Scott then recognized Ms. Bott to provide the accountant's report. Ms. Bott referred the Board to the updated cash activity report, attached as **Exhibit "C"**. She reviewed with the Board the Director per diem and vendor payments, three transfers, and seven bond payments. Ms. Bott stated that she would void Director Cotton's per diem check, due to his absence. She then referred the Board to the December financials, stating that the District had collected 98% of its ad valorem taxes and was running a positive budget to actual variance of approximately \$45,000. Upon motion by Director Scott and second by Director Sutton, the Board voted unanimously to approve payment of the per diems and vendor payments, with the voided check noted, the three transfers, and the seven bond payments, as presented.

Ms. Allen then reviewed the MSRB-10 Disclosure Statement, attached as **Exhibit "D"**. She advised that this was a required disclosure under applicable securities laws and that no action was necessary by the Board.

The Board next received the engineer's report from Mr. Gray. He referred the Board to his report, attached as **Exhibit "E"**, and reviewed the report. Mr. Gray stated that the punchlist provided to Lennar Homes and Construction, Ltd. ("*Lennar*") with respect to The Commons at Rowe Lane, Phases IVB and VB had not yet been addressed. He then presented: (i) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Pay Estimate No. 8 from Patin Construction LLC in the amount of \$218,092.50, attached as **Exhibit "F"**; and (ii) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Pay Estimate No. 9 from Patin Construction LLC in the amount of \$25,200, attached as **Exhibit "G"** (together, the "*Pay Estimates*"). Upon motion by Director Olszeski and second by Director Zeniecki, the Board voted unanimously to approve the Pay Estimates, as presented. Mr. Gray then stated that his office had submitted the application to the Texas Commission on Environmental Quality for a Public Water System ID on January 14, 2020 and had not yet received a response. He then briefly reviewed the proposal from his office for preparation of the 2020 utility bond application, attached as **Exhibit "H"**, and the proposal

from his office for preparation of the recreational bond application, attached as **Exhibit “I”** (together, the “*Bond Application Proposals*”).

Director Scott then addressed Ms. Allen to address the bond applications. Ms. Allen distributed a handout, attached as **Exhibit “J”**, and reviewed it with the Board. She explained that the estimated size of the bond issue to reimburse Lennar for eligible expenses in connection with The Commons at Rowe Lane, Phases IVB, VB and VIB water, wastewater and drainage infrastructure would be \$5,750,000, if the District utilized the \$646,320.70 of surplus funds in connection with the bond issue, which she recommended. Ms. Allen stated that the District could also issue approximately \$2,475,000 in recreational bonds, while maintaining the District’s overall tax rate of \$0.84, to reimburse The Commons at Rowe Lane, L.P. for eligible expenses in connection with the amenity center. Ms. Allen then addressed questions of the Board relating to her handout and the two bond issues under consideration. After discussion, upon motion by Director Zeniecki and second by Director Scott, the Board voted unanimously to approve the Bond Application Proposals.

There being no developer’s report, at 6:57 p.m., Director Scott stated that the Board would convene in executive session to receive legal advice from its attorney pursuant to Section 551.071 of the Texas Government Code. At 7:26 p.m., the Board reconvened in open session and Director Scott stated that the Board took no action while in executive session. Upon motion by Director Scott and second by Director Zeniecki, the Board voted unanimously to direct Mr. Flahive to post the information required under Subchapter E of Chapter 2051 of the Texas Government Code to the publicly accessible website maintained by his firm, at <https://abaustin.sharefile.com>, until further notice by the Board.

The Board then discussed its future meeting schedule and elected to next meet on March 11, 2020 and adjourned the meeting at 7:27 p.m.





David Cotton, Secretary
Board of Directors