

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

May 13, 2020

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

A regular meeting of the Board of Directors of Lakeside Municipal Utility District No. 3 was held on May 13, 2020 via telephone conference call pursuant to Section 551.025, Texas Government Code, as modified temporarily by Governor Greg Abbott, and pursuant to the related guidance from the office of the Texas Attorney General in connection with the Governor’s COVID-19 Disaster Proclamation. Notice of the meeting was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit “A”**. The meeting was open to the public via the toll-free dial-in telephone number provided in the meeting notice. An electronic agenda packet for the meeting was provided on-line via the link included in the meeting notice and the meeting was recorded and made available at the same link.

The telephone conference meeting was called to order at 6:06 p.m. and 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, except for Director Cotton and with Director Zeniecki arriving late, thus constituting a quorum. Also in attendance at various times during the meeting were Mary Bott with Bott & Douthitt, P.L.L.C.; David Gray and Steven Minor with Gray Engineering, Inc.; Lauren Smith with Public Finance Group, LLC; Steve Bertke with Lennar Homes of Texas Land and Construction, Ltd. (“Lennar”); Priyanka Kansal with Kansal Estates; Michael Doggett with Kimley-Horn and Associates, Inc.; Kevin Flahive with Armbrust & Brown, PLLC; and the following residents of the District: Sherry Scales, Sally Beulow, Ralph Folkes, Greg Fielding and Portia Saucedo.

Director Scott requested that Mr. Flahive preside over the meeting. Mr. Flahive stated that the Board would first receive citizens communications and Board member announcements. Ms. Scales inquired about the Board’s plans for operation of the amenity center upon acquisition from The Commons at Rowe Lane, L.P. (the “Original Developer”). Mr. Flahive then recognized Mr. Folkes, who asked if the Original Developer had submitted proof of the costs incurred in connection with construction of the amenity center, for which the Original Developer would be reimbursed by the District. Mr. Folkes also asked whether the District had a plan in place to ensure that the amenity center would not become a City of Pflugerville (the “City”) facility upon the City’s annexation of the land within the District and dissolution of the District. He concluded by stating that the District was obligated under its reimbursement agreement with the Original Developer to operate the amenity center upon construction, which had not been the case, and asked whether the Board intended to reimburse The Commons at Rowe Lane Homeowners Association, Inc. (the “HOA”) for the costs incurred by the HOA to maintain the

facility. Mr. Flahive then recognized Mr. Fielding, who asked whether the District would reimburse the Original Developer for the costs incurred by the HOA to make improvements to the amenity center. Mr. Flahive thanked the residents for their questions and stated that the Board may respond to those questions at the time of consideration of relevant agenda items.

The Board next considered the bond items on the agenda. Mr. Gray presented the draft application to the Texas Commission on Environmental Quality (the "TCEQ") for the \$5,750,000 Unlimited Tax Bonds, Series 2020, attached as **Exhibit "B"**. He stated that the proposed utility bond issue would reimburse Lennar for eligible expenses relating to water, wastewater and drainage facilities within and/or serving The Commons at Rowe Lane Phases IVB, VB and VIB, which were the last phases to be developed within the District. Mr. Gray then reviewed the bond issuance process with the Board, including the 180 day review period by TCEQ staff, and subsequent Board actions that would be required to issue the bonds. Ms. Smith then addressed the Board and stated that her office would work with the District's engineer and counsel to process the application and issue the bonds, upon further action by the Board. Mr. Flahive then reviewed the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, attached as **Exhibit "C"** (the "Utility Bond Resolution"). Director Scott departed the meeting at 6:25 p.m. and rejoined the meeting at 6:26 p.m. Director Zeniecki arrived at 6:27 p.m. After discussion, upon motion by Director Scott and second by Director Olszeski, the Board voted 4-0 to approve the Utility Bond Resolution, as presented. Mr. Gray then presented the draft application to the TCEQ for the \$2,895,000 Unlimited Park and Recreational Facilities Bonds, Series 2020, attached as **Exhibit "D"**. He stated that the proposed recreation bond issue would reimburse the Original Developer for eligible expenses relating to the amenity center, excluding the swimming pool, and including the lot on which the amenity center is located and the adjacent undeveloped lot. Mr. Gray confirmed that he had received information in support of the costs provided in the application from the Original Developer. He stated that the Original Developer would be reimbursed only for eligible costs incurred in connection with the acquisition of the subject lots and the construction of the amenity center and related facilities, excluding the swimming pool, and not any operating costs or costs incurred by third-parties relating to such facilities. Mr. Gray then confirmed that such eligible costs would be verified by the District's auditor prior to distribution of the bond proceeds to the Original Developer in connection with the bond closing and acquisition of the recreational facilities. Ms. Smith then reiterated that her office would work with the District's engineer and counsel to process the application and issue the bonds, upon further action by the Board. Mr. Flahive then reviewed the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, attached as **Exhibit "E"** (the "Recreation Bond Resolution"). Director Scott then asked that Mr. Flahive speak to the questions posed by the residents in attendance that had not already been addressed in discussion between the Board and its consultants. Mr. Flahive stated the Board had not yet determined how it might operate the amenity center upon acquisition. He stated the Board's action to direct the filing of a bond application to the TCEQ was the first formal step in a process that would take many months and additional Board actions to complete. Mr. Flahive confirmed that the Original Developer would only be reimbursed for the eligible expenses that it could properly document in accordance with applicable law to the satisfaction of the District's auditor. He stated that the District's assets, including all facilities purchased by the District with bond proceeds, and its liabilities would be assumed by the City upon annexation of the land within the District and dissolution of the District. Mr. Flahive then discussed practical considerations and legal requirements for such annexation and dissolution. He concluded by reiterating Mr. Gray's statement that the recreational bond application contemplated reimbursement to the Original Developer of eligible costs incurred by it in relation to the subject recreational facilities, not additions to such facilities installed by the HOA. Upon

motion by Director Scott and second by Director Olszeski, the Board voted 4-0 to approve the Recreation Bond Resolution, as presented. Mr. Flahive then presented the Resolution Requesting an Estimated Assessed Valuation from Travis Central Appraisal District and Williamson Central Appraisal District, attached as **Exhibit “F”** (the “*Updated Estimated Valuation Resolution*”). After discussion, upon motion by Director Zeniecki and second by Director Olszeski, the Board voted 4-0 to approve the Updated Estimated Valuation Resolution, as presented.

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

Mr. Flahive then stated that the Board would address any landscaping, maintenance, signage, drainage and repair items. Director Scott reviewed the photograph in the packet, attached as **Exhibit “G”**, with the Board. He stated that he would seek proposals to remove the debris from the area inlet for the Board’s consideration at the Board’s next regular meeting.

The Board received the accountant’s report. Ms. Bott referred the Board to the cash activity report, attached as **Exhibit “H”**. She reviewed with the Board the Director per diem and vendor payments, to be paid by her office out of the bookkeeper’s account, and the one transfer. Ms. Bott stated that she would void Director Cotton’s per diem check, due to his absence. Ms. Bott then referred the Board to the March financials and asked if there were any questions. There being none, upon motion by Director Scott and second by Director Zeniecki, the Board voted unanimously to approve payment of the per diems and vendor payments, with the voided check noted, 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 “I”**, and reviewed the report. Mr. Gray then presented: (i) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Change Order No. 1 from Patin Construction LLC for an increase in the contract amount of \$8,500, attached as **Exhibit “J”**; (ii) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Change Order No. 2 from Patin Construction LLC for a decrease in the contract amount of \$5,080, attached as **Exhibit “K”**; and (iii) The Commons at Rowe Lane Phase VIB Water, Wastewater and Drainage Improvements Pay Estimate No. 10 from Patin Construction LLC in the amount of \$23,213.25, attached as **Exhibit “L”** (collectively, the “*Change Orders & Pay Estimate*”). Upon motion by Director Scott and second by Director Olszeski, the Board voted 4-0 to approve the Change Orders & Pay Estimates, as presented. Mr. Gray then presented his memorandum regarding the application for out-of-district or pass-through wastewater service filed by Kansal Estates for the Blackhawk Plaza project, attached as **Exhibit “M”**. He stated that the application was complete and confirmed that the District has capacity within its existing wastewater infrastructure to facilitate the requested wastewater service. Mr. Gray and Mr. Doggett then discussed with the Board the location of the proposed off-site 8” wastewater line and the proposed location of connection to the District’s system and answered questions posed by the Board relating to the request. Mr. Gray stated that ownership and operation of the offsite 8” wastewater line was an issue and he recommended against the District assuming such obligation. Mr. Doggett confirmed that he would work with City staff to seek to ensure that the wastewater line would be private or owned and maintained by the City. After discussion, Mr. Flahive stated that the type of wastewater service, associated costs, and related matters would need to be discussed among and agreed upon among the District, Kansal Estates and the City. Upon motion by Director Scott and second by Director Sutton, the Board voted 4-0 to direct Mr. Gray and Mr. Flahive to work with Ms. Kansal and Mr. Doggett, at the cost of Kansal Estates, to seek to formalize a written agreement between the District, Kansal

Estates and the City for the requested wastewater service for presentation to the Board for its consideration at a future meeting.

Mr. Flahive then recognized Mr. Bertke to provide the developer's report. Mr. Bertke stated that home sales within the District remained strong and Lennar was averaging seven to eight home starts per month. He stated that construction of The Commons at Rowe Lane Phase VIB was almost complete. Mr. Bertke then discussed options for vegetating the detention pond in The Commons at Rowe Lane Phase IVB with Mr. Gray and the Board, stating Lennar's preference to mow frequently and overseed and irrigate, if necessary, the pond to increase grass coverage and decrease the weeds. Mr. Bertke, Mr. Gray and the Board discussed alternative options, associated costs, and methods of irrigating the pond. Director Sutton pointed out other areas of concern within the phase of the subdivision and Mr. Gray stated that he would inspect those areas. At the conclusion of the discussion, Mr. Bertke reiterated Lennar's plan of action for revegetating the pond and stated that he hoped the results would be to the Board's satisfaction.

The Board then discussed its future meeting schedule and agenda items and elected to meet next on June 10, 2020, if necessary. Mr. Flahive inquired as to whether there were any further items to come before the Board. There being none, upon motion by Director Scott and second by Director Sutton, the Board voted 4-0 to adjourn the meeting at 7:40 p.m.



David Cotton, Secretary
Board of Directors

Date: July 8, 2020