

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

July 8, 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 July 8, 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 6:02 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, 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.; Jimmy Rommel with Maxwell Locke & Ritter LLP; Steve Bertke with Lennar Homes of Texas Land and Construction, Ltd. (“*Lennar*”); Kevin Flahive with Armbrust & Brown, PLLC; and Sherry Scales and Sally Beulow, residents of the District.

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 intentions of The Commons at Rowe Lane, L.P. with respect to conveyance of the amenity center and asserted that the developer could convey the amenity center to both the District and The Commons at Rowe Lane Homeowners Association, Inc.

The Board next considered approval of the minutes of the May 13, 2020 regular meeting. Upon motion by Director Scott and second by Director Zeniecki, the Board voted unanimously to approve the minutes, as presented.

Mr. Flahive then stated that the Board would next receive the accountant’s report. Ms. Bott referred the Board to the updated cash activity report, attached as **Exhibit “B”**. 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 then referred the Board to the May financials and stated that the District had a strong positive budget to actual variance. Upon

motion by Director Scott and second by Director Olszeski, the Board voted unanimously to approve payment of the per diems 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 "C"**, and reviewed the report. Mr. Gray stated that the Texas Public Utility Commission staff required that Manville Water Supply Corporation join with the District in the application to cause the land within the District to be removed from Manville Water Supply Corporation's water Certificate of Convenience and Necessity, which requirement had been met. He then stated that the applications for the \$5,750,000 Unlimited Tax Bonds, Series 2020, and the \$2,895,000 Unlimited Park and Recreational Facilities Bonds, Series 2020, had been filed with the Texas Commission on Environmental Quality ("*TCEQ*") and were deemed administratively complete. Mr. Gray stated that he did not anticipate receiving comments to the applications from TCEQ staff in the near term, but his office would work with staff to address any comments upon receipt. Mr. Flahive then reviewed the draft Agreement for Pass-Through Wastewater Service [Lot 1, Block 1, Blackhawk Plaza], attached as **Exhibit "D"** (the "*Pass-Through Agreement*"). He stated that the Pass-Through Agreement would provide for the City of Pflugerville's provision of 8 living unit equivalents of retail wastewater service to the Blackhawk Plaza project utilizing portions of the District's wastewater system. Mr. Flahive reviewed the financial terms of the Pass-Through Agreement, explaining the basis and necessity of the Capacity Charge and the Operations & Maintenance Payments, as such terms are defined in the Pass-Through Agreement. He concluded by stating that the Pass-Through Agreement had been provided to Kansal Estate LLC and the City of Pflugerville for review and he had not yet received any questions or comments. Upon motion by Director Scott and second by Director Zeniecki, the Board voted unanimously to approve the Pass-Through Agreement. Mr. Flahive concluded by stating that if any changes to the Pass-Through Agreement were requested by Kansal Estate LLC or the City of Pflugerville, he would present those requested changes to the Board for consideration at a future meeting.

Mr. Flahive then recognized Mr. Bertke to provide the developer's report. Mr. Bertke stated that Lennar's contractor had completed the detention ponds in The Commons at Rowe Lane Phases IVB and VIB and that the ponds had been reseeded, irrigated and mowed frequently to reduce the amount of weeds and increase growth of grass to satisfy the Board, such that the ponds would be accepted by the District for operation and maintenance. He stated that Lennar's third-party inspector and TCEQ staff would find the condition of the ponds to be sufficient for acceptance. Mr. Bertke requested that the members of the Board inspect the ponds and then take action at the August 12 regular Board meeting to accept the ponds for operation and maintenance. Director Sutton then addressed the condition of the open space lot located across the street from the detention pond in The Commons at Rowe Lane Phase IVB, which he had asserted needed attention with respect to revegetation and mowing at a prior Board meeting. Mr. Bertke stated that he would look into the matter.

The Board then considered approval of an audit engagement letter with Maxwell Locke & Ritter LLP for the year ended September 30, 2012, attached as **Exhibit "E"**. Mr. Rommel discussed the engagement letter with the Board, stating that his firm's proposed base fee of \$13,500.00 was a \$500 increase from the fee charged for the 2018 and 2019 audits. Upon motion by Director Scott and second by Director Zeniecki, the Board voted unanimously to approve the audit engagement letter, as presented.

Mr. Flahive then reviewed the schedule for adopting the District's 2020-2021 budget and 2020 tax rate, attached as **Exhibit "F"**, and confirmed the Board members' availability for the August 12 and September 9 regular Board meetings.

At 6:29 p.m., Mr. Flahive 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, with respect to landscaping, maintenance, signage, drainage and repair items. At 6:46 p.m., the Board reconvened in open session and Mr. Flahive stated that the Board took no action while in executive session. Mr. Flahive then presented photographs and property owner information, attached as **Exhibit “G”**, relating to apparent violations of the District’s Amended and Restated Order Establishing Water and Wastewater Service Rates, Charges and Tap Fees, and Adopting General Policies with Respect to the District’s Water, Wastewater and Drainage Systems (July 11, 2018) (the “Rate Order”) and Sections 49.217 and 49.228 of the Texas Water Code, including prohibitions against the operation of motorized vehicles on District property without Board approval and dumping of debris on District property. After discussion, upon motion by Director Cotton and second by Director Zeniecki, the Board voted unanimously to direct Mr. Flahive to prepare and deliver warning letters to each of the individuals, advising of the violations of the Rate Order and Texas Water Code and the resulting penalties that such individuals may incur if further violations occur.

The Board then discussed its future meeting schedule and agenda items and elected to meet next on August 12, 2020 and to continue to schedule meetings at 6:00 p.m. 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 unanimously to adjourn the meeting at 6:53 p.m.



David Cotton, Secretary
Board of Directors

Date: August 12, 2020