

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

**AUGUST 14, 2013**

THE STATE OF TEXAS           §  
  §  
COUNTY 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, 2013, at The Commons Amenity Center, 20601 Commons Parkway, Pflugerville, 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:

|                  |   |                               |
|------------------|---|-------------------------------|
| Tom Corbett      | - | President                     |
| Michael Zeniecki | - | Vice President                |
| John Howell      | - | Secretary                     |
| Tim Coffelt      | - | Treasurer                     |
| Mark Mathews     | - | Assistant Secretary/Treasurer |

and all of said Directors were present, except Director Coffelt, thus constituting a quorum. Also in attendance at the meeting were John Hines of Gray Engineering, Inc.; Mary Bott with Bott & Douthitt, P.L.L.C.; Cheryl Allen with Southwest Securities; numerous residents of the District; and Sharlene Collins of Armbrust & Brown, PLLC.

Director Corbett convened the meeting and stated that the Board would first consider approval of the July 10 minutes. Upon motion by Director Zeniecki and second by Director Mathews, the Board unanimously approved the minutes as presented.

Director Corbett stated that the Board would next receive the bookkeeper's report and consider payment of bills and invoices, transfers between accounts and investments. Ms. Bott briefly reviewed the invoices for payment. She stated that there was one transfer between District accounts. She continued that there was no investment activity that needed approval tonight. She directed the Board's attention to the budget to actual comparison. She stated that they were approximately \$24,000 behind budget due to certain inspection fees not having been budgeted. Upon motion by Director Zeniecki and second by Director Mathews, the Board unanimously approved the payment of bills and invoices and the transfer.

The next item to come before the Board was to consider necessary action regarding the District's pending bond issue. Ms. Allen discussed the process for issuance of bonds. She reminded the Board that the pending application is in the amount of \$2,250,000. She stated that they did not yet have TCEQ approval but expected it prior to the next meeting. She informed the Board that she expected to be able to get the bonds rated this time. She informed the Board that the rating agency would require payment for review whether or not the rating was granted. Ms.

Allen then proceeded to review the preliminary official statement with the Board. She noted the Resolution Approving the Form of the Official Statement. She requested that the Board also take action on the Resolution Requesting the Estimated Assessed Values as of August from both appraisal districts. Upon motion by Director Mathews and second by Director Zeniecki, the Board unanimously approved the Resolution Approving the Official Statement, a copy of which is attached hereto as Exhibit "B" and the Resolution Requesting the Estimate of Assessed Value, a copy of which is attached hereto as Exhibit "C".

Director Corbett stated that the Board would next review the draft budget and tax rate projections for the next fiscal year. Ms. Bott distributed a copy of the draft budget and noted that no action would be taken tonight. Ms. Allen then discussed the tax rate projections. She stated that they were working with a proposed \$0.90 tax rate. She stated this was the same tax rate as last year. She stated that it was their recommendation that the tax rate remain the same as there are more bonds to be issued.

The next item to come before the Board was to consider calling a public hearing regarding the tax rate. After brief discussion, upon motion by Director Zeniecki and second by Director Howell, the Board unanimously approved setting the public hearing for September 11 at 6:00 p.m. at Gray Engineering to consider a maximum tax rate of \$0.90. The Board directed Ms. Collins to proceed with the public notice.

The next item to come before the Board was to consider approval of various maintenance and repair items. Director Corbett noted that last month they had approved a budget of \$8,000 for the sheds to cover the pump stations within the District. He stated that the bids that they had received had come in over \$12,000. He stated that costs continue to rise for construction projects at this time. After discussion, upon motion by Director Zeniecki and second by Director Mathews, the Board unanimously approved a revised budget of \$12,500. Director Corbett then discussed the clearing of the water for the large pond. He stated that their investigation had showed that the cost of chemicals for the initial cleaning would be approximately \$1,200 plus labor costs. He stated that the monthly costs to keep the water clear could be as high as \$1,000. A resident agreed that this would be beneficial to the residents of the District. Director Mathews inquired as to whether August would be the best month to start this activity. Director Corbett stated that his research had showed that there was no difference as to when it could be begun. Director Zeniecki discussed the chemical that would be used noting that it was used in potable water treatment. The Board agreed that having Greener Image handle this process would be preferable. Director Mathews suggested that perhaps the District could purchase the chemicals directly and store them. Director Corbett stated that he would visit with Tom Huffman of Greener Image about that. After further discussion, upon motion by Director Mathews and second by Director Zeniecki, the Board unanimously approved the budget of \$1,500 for the initial pond clean-up. It was noted that Director Corbett would talk to Mr. Huffman about his involvement. Director Corbett stated that the beaver hutch would next be addressed. He stated that it appeared that burning the hutch would be acceptable. He stated that they had checked with the local fire department which had no problem. After further discussion, action on this was postponed. The Board then discussed various drainage outlets. Director Corbett stated that the concrete and metal pipe areas have sediment build-up. He stated that sooner or later this would cause a problem. He stated they had discussed extending the concrete apron further out and adding gravel. He suggested that they get prices and come back to the Board next month. The

Board members were agreeable. Director Corbett stated they would next discuss the windmill repair. Mr. Hines stated that he did not have a price yet. Director Zeniecki stated that he thought sand filters would be advantageous. Director Corbett stated that the last item was the installation of signs prohibiting motorized vehicles in the drainage areas. He stated that the bid for the signs needed to be reviewed as there were additional signs. He stated that upon more detailed review it appeared there needed to be 16 signs which would be approximately \$2,880. Upon motion by Director Zeniecki and second by Director Howell, the Board unanimously approved a budget of \$3,000.

The next item to come before the Board was to consider landscape options for the right-of-way under the license agreement with the District. Ms. Collins stated that she and Mr. Hines had investigated who controlled the areas. She stated that this license agreement had been assigned by the developer to the District. She stated that it would be up to the District to determine what landscaping additions they would like to make to this area. After discussion, the Board agreed that Greener Image would be consulted to get a bid.

The next item to come before the Board was to consider necessary action regarding approval of the revised drought contingency and water emergency plan. Ms. Collins stated that they had been informed that the City of Pflugerville had revised its drought plan. She stated that the District's existing plan was compatible with the old Pflugerville plan but was not exactly the same. She stated that she recommended that the District adopt the Pflugerville plan so that it was perfectly consistent with the City. Upon motion by Director Howell and second by Director Zeniecki, the Board unanimously adopted the revised drought and emergency water plan, a copy of which is attached hereto as Exhibit "D".

Director Corbett stated the Board would next receive a report from the District's engineer. Mr. Hines briefly reviewed his report, a copy of which is attached hereto as Exhibit "E". He informed the Board that Section IV-A would be available in a few months. He stated that the final plat is being processed so that the 65 lots within the subdivision will be available to builders. He stated that Section VII consists of 61 lots and would start construction by the end of the year. He stated that he anticipated this would be an eight to nine month project. Mr. Hines stated that it was his understanding that there were 48 lots available at this time with 17 under construction with homes.

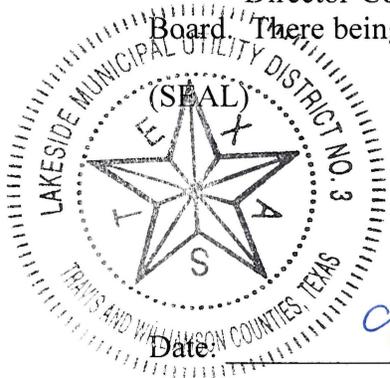
The next item to come before the Board was to receive a report from the District's developer. It was noted that Mr. Straub was not in attendance tonight. Mr. Corbett stated that Mr. Straub had informed him that lot sales continue to be good.

Director Corbett inquired as to whether there were any further items to come before the Board. Director Howell stated that he would like to have a supplemental sign attached to the District signs that inform the residents as to the drought stage that the District was subject to. Director Mathews stated that he would like the drought plan to be on the website as well.

Director Corbett inquired as to whether there were any comments from the residents. He recognized Jenny Pfeiler who suggested that there be a sign installed for District news. She showed examples of other signs. The Board requested that this be an agenda item for next month. Director Corbett noted that they had received a thank you letter from a homeowner

adjacent to the District's boundaries thanking the District for the tree removal and the fence repair.

Director Corbett inquired as to whether there were any further items to come before the Board. There being none, the meeting was adjourned.



  
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John Howell, Secretary  
Board of Directors