

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

April 12, 2023

THE STATE OF TEXAS §
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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 April 12, 2023, 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:

John Sutton	-	Vice President
David Cotton	-	Secretary
Michael Zeniecki	-	Assistant Secretary/Treasurer

and all of said Directors were present, thus constituting a quorum. Also present in person at the meeting were David Gray of Gray Engineering, Inc.; Kevin Flahive of Armbrust & Brown, PLLC; and the following residents of the District: Leatha McNeely, Kelly Santana, Dave Perine and Annette Perine. Attending the meeting via telephone conference call were Mary Bott of Bott & Douthitt, P.L.L.C. and Andrew Hunt of Crossroads Utility Services, LLC ("Crossroads").

Director Sutton called the meeting to order at 6:02 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. There being none, the Board considered the minutes of the March 8, 2023 and March 20, 2023 Board meetings. Upon motion by Director Zeniecki and second by Director Cotton, the Board voted 3-0 to approve the minutes of both meetings, as presented.

Director Sutton then stated that the Board would discuss landscaping, maintenance, signage, drainage and repair proposals. Director Zeniecki presented a proposal from Floyd's Glass Company to replace a framed mirror in a restroom in the Commons Amenity Center at a cost of \$865, attached as **Exhibit "B"**. He then discussed his desire to install two exterior PacLights on the Commons Amenity Center and to replace all of the light bulbs in the Great Room within the Commons Amenity Center, at an aggregate cost not to exceed \$2,500. After discussion, upon motion by Director Zeniecki and second by Director Cotton, the Board voted 3-0 to approve the lighting project and to authorize Director Zeniecki to contract on behalf of the District for the work at a cost not to exceed \$2,500. Then, upon motion by Director Zeniecki and second by Director Cotton, the Board voted 3-0 to approve the proposal from Floyd's Glass Company, as presented.

Director Sutton then stated that the next item on the agenda was the Management Services Agreement with Prism Realty Management, LLC. The Board took no action on the item.

The Board next considered the Operations Services Agreement with Crossroads, attached as **Exhibit "C"**. Mr. Flahive reviewed the Operations Services Agreement with the Board. Mr. Hunt addressed the Board's questions. After discussion, upon motion by Director Zeniecki and second by Director Cotton, the Board voted 3-0 to approve the Operations Services Agreement, as presented.

Director Sutton then stated that the Board would address Manville Water Supply Corporation's ("Manville's") notice of wholesale water contract rate increase. Mr. Flahive discussed with the Board the response delivered by his office to Manville. He then updated the Board regarding the rate study analysis being performed by Jay Joyce of Expergy.

The Board next addressed the City of Pflugerville utility matters and professional services matters. Mr. Flahive discussed with the Board recent correspondence received from City of Pflugerville City Attorney Charlie Zech regarding the transition of provision of retail utility services to a private operator, the timing of that transition, professional services fees charged by the City of Pflugerville for providing such services prior to the transition, and preparation of an agreement between the District and the City of Pflugerville regarding same. The Board directed Mr. Flahive to prepare the draft agreement and to communicate with Mr. Zech in an effort to finalize the draft agreement for review and consideration by the Board.

The Board then received the accountant's report. Mr. Flahive stated that before Ms. Bott presented her report, he wanted to address recent correspondence received relating to Chris Menger, a contractor that provides waste collection services to the District pursuant to a Waste Collection and Disposal Agreement. He discussed with the Board a lien notice received from Advantage Capital Funding with respect to personal property owned by CE Menger and Company, LLC to secure a loan to the business entity and guaranteed by Mr. Menger. Mr. Flahive discussed ongoing work being performed by Will Cardwell in his office and recommended that the Board pay the monthly fee of \$1,150 to Mr. Menger, individually. Ms. Bott referred the Board to the updated cash activity report, attached as **Exhibit "D"**. 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 three transfers. Ms. Bott stated that she also proposed approval of the payment of per diems to the Board for the March 20 special meeting. Ms. Bott then presented the February financials, stating that the District had collected approximately 99% of its 2022 ad valorem taxes for properties located in Travis County and approximately 98% of its 2022 ad valorem taxes for properties located in Williamson County. She then stated that the District had a positive actual to budget variance of approximately \$146,000. Upon motion by Director Cotton and second by Director Zeniecki, the Board voted 3-0 to approve payment of the per diems, including the additional per diems for the March 20 special Board meeting, and vendor payments, and the three transfers, all as presented.

Director Sutton next recognized Mr. Gray to provide the engineer's report. Mr. Gray referred the Board to his report, attached as **Exhibit "E"**. He then stated that he had concluded his work with Mr. Flahive's office to assess all insurable District properties and facilities and did not propose that any new coverages or changes to coverage amounts to be obtained from the Texas Municipal League Intergovernmental Risk Pool. Mr. Gray then updated the Board regarding the District's permit application for the Steed's Crossing drainage improvements, stating that the reviewers had signed off on the application, but that approval by Travis County's Road and Bridge Division of the Transportation and Natural Resources Department was also required. He stated that his office would prepare and process a detour plan for the project with the Road and Bridge Division and, depending on the content of the plan, with the City of Pflugerville and Williamson County. Mr. Gray then updated the Board regarding the status of his office's review of the two requests for wastewater pass-through service. He stated that the developer of the Prose Star Ranch II project would need to deposit additional funds with the District's bookkeeper to fund review costs by his office and Mr. Flahive's office. Mr. Gray said that the application for the EastGlades project was under review and his office was communicating with the developer and project engineer.

The Board next discussed committees. After discussion, upon motion by Director Cotton and second by Director Zeniecki, the Board voted 3-0 to authorize the Utilities Committee, comprised of Director Cotton and Director Zeniecki, to oversee the transition services being

provided by Crossroads pursuant to the Operations Services Agreement, including but not limited to approving fees in excess of the \$2,000 per month cap on transition costs provided in the Operations Services Agreement.

Director Sutton then asked if there were any other matters to come before the Board. Director Zeniecki discussed instances of District residents and adjacent landowners dumping grass clippings and limbs in the District's drainage channel located along the eastern boundary of the District. Mr. Flahive requested that date and time stamped photos of the dumping with the address of the adjacent property be provided to his office for review and preparation of letters to the subject property owners. There being no other matters to come before the Board, upon motion by Director Cotton and second by Director Zeniecki, the Board voted 3-0 to adjourn the meeting at 7:09 p.m.


David Cotton, Secretary
Board of Directors

Date: May 10, 2023