

LAKE POINTE MUNICIPAL UTILITY DISTRICT

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

June 22, 2022

The Board of Directors of Lake Pointe Municipal Utility District (the “District”) met in person in a special session on June 22, 2022, at 7:00 p.m., open to the public. The District posted a copy of the notice of meeting, attached as “Exhibit A.”

President Salgo called the meeting to order at 7:04 p.m.

Item No. 1

Item No. 1 was to call the meeting to order and establish quorum. The following members of the Board were present:

Director Robert Salgo
Director Penny Handsel
Director Jody Flaws
Director Jason Rew-Hunter

Director Terry Elam was absent. Also in attendance were William Swanks with TUMCO, Blake Foree and Josiah Longbons with Landscape Resources, Jim Norris, HOA representative Mike Burshnick, and Grayson McDaniel with The Carlton Law Firm.

Item No. 2

Item No. 2 was to receive public comment on items not on the agenda.

The Board took **NO ACTION** on this item.

Item No. 3

Item No. 3 was to See Supplemental Agenda for November Director Election Items. President Salgo explained that the Board packet contained a Notice to post the November Director election for the three available seats, an Order calling the November election, a Resolution to contract with the county for election services, and a Resolution authorizing the District Secretary to appoint the Carlton Law Firm as the District’s agent in charge of handling director applications.

President Salgo asked for a motion to adopt an order calling the director election. Director Rew-Hunter moved to adopt the order calling the director election. Director Handsel seconded the motion. President Salgo asked for questions. Director Flaws said that the order states that the election will be in

the District and he was not sure that was accurate, as later it states that it will be held in the polling places in Travis County serving the District. He suggested striking the three words “within the District.” Ms. McDaniel said she thought striking those words were fine, but she would check to see if it was required.

Director Flaws made an amended motion to adopt the order calling the election with the revision of striking the three words unless they are statutorily required. President Salgo seconded the motion. President Salgo asked for further discussion and, hearing none, called a voice vote, and the motion **PASSED** unanimously.

Next, President Salgo asked for a motion to adopt the resolution approving election services with the county. Director Handsel moved to adopt the resolution. Director Rew-Hunter seconded the motion. President Salgo asked that the identifier “Lake Pointe Municipal Utility District” be included in the first paragraph and under the signature line, and Ms. McDaniel said she would make that revision.

President Salgo called for further discussion and, hearing none, called a voice vote and the motion **PASSED** unanimously.

Next, President Salgo asked if there was a motion to adopt the resolution authorizing the secretary’s appointment of an agent to perform duties during the election period and designating location for filing applications for a place on the ballot in district director elections. Director Flaws made a motion to adopt the resolution. President Salgo seconded the motion. President Salgo asked that the identifier “Lake Pointe Municipal Utility District” be included in the first paragraph and under the signature line, and Ms. McDaniel said she would make that revision.

President Salgo called for further discussion and, hearing none, called a voice vote and the motion **PASSED** unanimously.

The Directors noted that Yolanda Lara, paralegal with The Carlton Law Firm, the District’s adopted agent, will be the individual available to receive applications during the election period.

Next, President Salgo asked for a motion to authorize the District’s attorney to give notice of the Director election. President Salgo made the motion. Director Rew-Hunter seconded the motion. President Salgo called for a voice vote and the motion **PASSED** unanimously.

Item No. 4

Item No. 4 was to discuss and consider adoption of the tax and budget planning calendar for 2022, and take any related action. President Salgo moved to adopt the calendar. Director Flaws seconded the motion. Director Flaws asked if all of the dates on the calendar are set in stone, and Ms. McDaniel stated that the special meeting dates may be changed to some extent and are not all needed, depending on whether the Board decides to hold an election. The Directors discussed scheduling budget considerations and when they will have a ballpark budget to determine if an election would be needed. Director Flaws explained the ballpark tax rates he had considered based on the ballpark property appraisal amounts known to the District at this point (final appraisal will be later). President Salgo called for a voice vote and the motion **PASSED** unanimously.

Director Rew-Hunter stated that if the Board wants to have additional revenue beyond the 3.5% increase that is not permitted without an election. The directors plan to have the budget figures for the next year worked out by the July 14 regular meeting or, at the latest, a special meeting on July 26 or nearby date. Director Flaws requested extra information beyond the current Excel budget sheet to review for budget-planning purposes. Operations Manager Swanks said he can pdf and send the additional budget details or send it in Excel to the directors. Operations Manager Swanks said that he also had revised the line items as had been requested at the June 9 regular meeting. Director Flaws asked have the items to consider well prior to the July 14 meeting to consider. Director Rew-Hunter agreed that the sooner they could get that information, the better. Director Handsel asked if every director should provide comments or if Director Flaws should present and summarize it, and all agreed that everyone should have input.

Director Flaws mentioned that the wall project will be a major thing to consider and that the directors could also consider financing options. Operations Manager Swanks said he could get the material to the directors by July 8, 2022. Director Rew-Hunter asked if they could also get the last two years of items, as well. Director Flaws agreed that this would be helpful.

Director Flaws asked what would happen with the budget surplus for the year, and Operations Manager Swanks said that it would go in the General Fund. Operations Manager Swanks said that these are the items reviewable in the District's annual audit—for example, the purpose of the wall budget if the wall was not built, or similar.

President Salgo said that he was considering not building the wall, and Director Flaws said that he thought it may be worth doing to invest in the community. President Salgo said that if they intend to keep the agreement with the HOA to build the wall that it may require significantly more funding. Director Flaws said he wants the directors to explore their options of possibly increasing revenue.

Director Handsel noted that President Salgo is planning to meet with the HOA with Director Elam, and Director Flaws said it would be good if that could happen soon. President Salgo said he does not sense a consensus on the Board on what to do regarding the contract. Director Rew-Hunter said he has discussed it and thinks there is an obligation to maintain the common areas and perhaps invest, even if that means considering a bond. He said that if revenue is increasing even without raising rates that it might be an opportunity consider bonds.

President Salgo stated that the agreement for the wall project is for the District to assume the ownership and maintenance of a project that would otherwise be the HOA's responsibility, and perhaps it would be good to cede that back to the HOA's purview. President Salgo thought that the District would not want to build a rock wall anymore, but if others disagree that the money would not be coming from the HOA. Director Rew-Hunter said that is why it would be wise to consider financing. President Salgo said if they leave it to the HOA, then repairing or maintaining the existing fence would not be terribly costly. Director Rew-Hunter said he thinks the District should perhaps take on the project to maintain the facilities within the District and really be visible. He feels the existing fence looks shabby and that he thinks people could feel the District abandoned the neighborhood with the wall not being built.

Director Flaws mentioned that there is a possibility of Bee Cave annexing the District and the window may be closing for the wall to be built by the District, especially as the District is going to be out of debt in three years.

Operations Manager Swanks asked if the money spent on an election or bond can be rolled into financing, and Ms. McDaniel said she would look into it. Operations Manager Swanks said it is about 10% of what one is borrowing to obtain a bond. Director Handsel said she could contact Joel Roebuck, who assisted MUD 3 with its bond. She said there had been specialists involved and it took multiple months to get it done. Operations Manager Swanks said the bond counsel he remembered charged 25% of the bond.

Director Handsel said she leaned more to President Salgo in revisiting the costs of repairing or upgrading what is there as opposed to build a new wall. President Salgo said that it has been determined that the fence does not have to be moved out of the public right-of-way. It is possible to repair and then plan to replace it with a rock wall in 10 years, but Director Flaws said that he is still concerned about annexation. Operations Manager Swanks explained that for Bee Cave to annex, they have to give five years' notice and obtain voter approval. Director Rew-Hunter pointed out that some people might vote in favor of annexation based on, for example, lack of ability to assist with natural gas. He said that it is important to have the District hold up its end of the bargain regarding the project, and Director Handsel said it is important that the District be fiscally responsible in the current economic climate.

The Directors agreed these are important reasons to discuss the budget and turned back to the dates in the tax-setting calendar. Director Flaws stated that he would not be available August 2, 2022. They discussed that if a special meeting is needed after the July 14 regular meeting, then it needs to occur before August 1, which is the date the notice calling the election must be submitted to the paper to be timely. The directors discussed the cost of publishing notice and the cost of an election briefly. Director Rew-Hunter said in the current climate with inflation that an election might not be feasible. Ms. McDaniel mentioned that the language of the ballot is not favorable, in that it emphasizes raising taxes.

President Salgo said if they did decide to call an election, the District might be able to handle both the Resaca and Sonoma walls. Director Flaws said they need to look at them side-by-side and evaluate costs. Operations Manager Swanks said a hypothetical \$5 million bond for both walls would break down over 20 years to \$20,000 month, which would be about \$20 per homeowner, with 1,000 homes in Lake Pointe. Director Flaws noted that about \$200,000 per year in interest will be off the District's books in three years. Director Flaws said if there is a reason financially this could be a good time because it would make the District less attractive for annexation. Operations Manager Swanks said there could be the dock, upgraded playgrounds, and other improvements that can be made.

Director Flaws said that if Operations Manager Swanks can circulate the information that the Directors can be ready to discuss at the July 14 meeting.

Director Handsel asked if President Salgo is meeting with the HOA before the July 14 meeting. President Salgo said he was not sure but plans to go with Director Elam to discuss it with them.

Director Flaws will be traveling on business the last two weeks of July. He likely cannot meet with the Finance committee before the July meeting as it is still new. He will provide comments for the July special meeting if one is held and may discuss with Operations Manager Swanks or a board member in between meetings.

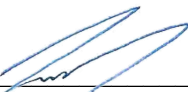
The Board took **NO FURTHER ACTION** on this item.

Item No. 5

Item No. 5 was adjournment. Director Rew-Hunter moved to adjourn the meeting. Director Flaws seconded the motion. President Salgo called for a voice vote and the motion **PASSED** unanimously.

The meeting was adjourned at 8:15 p.m.

PASSED, APPROVED, AND ADOPTED this 14 day of July 2022.



Jody Flaws, Secretary-Treasurer

(DISTRICT SEAL)

