



**LAKEWOOD VILLAGE
MUNICIPAL DEVELOPMENT DISTRICT**

BOARD MEETING

AUGUST 25, 2016

Board Members:

Eric Farage, President
Bernd Mueller, Vice President
Dave Batchelder, Treasurer
Linda Asbell, Secretary
Linda Louden

REGULAR MEETING - 5:30 P.M.

With a quorum of the Board Members present, President Eric Farage, called the board to order at 5:38 p.m. on Thursday, July 28, 2016, in the Council Chambers of the Lakewood Village Town Hall, 100 Highridge Drive, Lakewood Village, Texas.

CONSENT AGENDA:

(Agenda Item A)

1. Minutes of the June 23, 2016 MDD Meeting
2. Minutes of the July 21, 2016 MDD Meeting
3. Minutes of the July 28, 2016 MDD Meeting

MOTION: Upon a motion made by Bernd Mueller and seconded by Linda Louden, the Board voted five (5) “ayes” and no (0) “nays” to approve the consent agenda items as presented. *The motion carried.*

REGULAR AGENDA:

(Agenda Item B)

Discussion of the History of the MDD

(Agenda Item B.1)

Lakewood Village Mayor Vargus stated that previously the board of the Municipal Development District was primarily made up of councilmembers and the new board members might not know the history of the MDD. Mayor Vargus reported on the financial history of the town in 2007-2008. After the housing industry crash in 2008, the town began exploring the idea of imposing sales tax rather than increase ad valorem tax. The advantage of creating an MDD is that the district can include both the town and the extra territorial jurisdiction. Creation of the MDD allowed the possibility of establishing projects and spending funds to make improvements in any area inside the town or in the extra territorial jurisdiction. In the beginning, the MDD board focused on cleaning up the perimeter of the town and the Rocky Point area. The town discovered the Rocky Point water system was in receivership and being run by the State of Texas. Mayor Vargus reviewed the physical condition of the water system at the time of purchase. Mayor Vargus reviewed the financial history of the Rocky Point water system, purchase of the system by the town, and transfer of operations of the system from the town to the MDD.

At this time, the Board considered agenda item B.3.

**LAKEWOOD VILLAGE MDD BOARD
REGULAR MEETING
AUGUST 25, 2016**

Page 2

Discussion of MDD Financing

(Agenda Item B.3)

Mayor Vargus reviewed the regulations on issuance of debt in the State of Texas and the limitations on the MDD for borrowing funds. Mayor Vargus explained the difference between a loan and issuing debt and the history of the creation of the “380 Agreement” (the agreement between the town and the MDD for borrowing of funds). Mayor Vargus reported that his fiduciary responsibility and obligation is to the Town of Lakewood village. Mayor Vargus reviewed the history of the 2010 establishment of the interest rate for the loan payments made to the town. Mayor Vargus pledged his full support for the success of the MDD.

At this time, the Board considered agenda item B.2.

Discussion of MDD Project Eligibility

(Agenda Item B.2)

Mayor Vargus reviewed Local Government Code §377.001(a), which refers to §505.151 - 505.158 to define what types of projects are approved. Local Government Code §505.158 was written specifically for small municipalities and allows the boards of directors of MDDs in those municipalities 100% discretion to determine whatever they want to approve as a project. Mayor Vargus also reviewed Attorney General Opinion GA-0529, which states the law does not exclude housing projects as an economic development projects; and AG opinion JC-0488, which states infrastructure improvements and improvements to municipally owned infrastructure; specifically - streets and roads; are projects, which "promote or develop new or expanded business enterprises". Mayor Vargus stated that he has great confidence in the board; he wants the board "to pick up the ball and run with it".

Consideration of Road Project Resolution

(Agenda Item B.4)

Secretary Asbell reported that she wrote the resolution based on the requirements of the Local Government Code and the necessary findings of fact the board needs to make in order to approve a project. Lakewood Village Councilman Dan Tantalo stated that he wants the board to ask themselves why the resolution is being presented to them now. Councilman Tantalo stated that the attorneys at Texas Municipal League specifically stated to him that it would be improper to take sales tax money and give it to the town, which the board would then have no control over. Vice President Mueller stated that he believes the MDD should stop contributing the 30% sales tax to the town until the resolution is signed. There was some discussion about differing attorney opinions on the legality of a road project. The board discussed obtaining a written opinion from the town attorney. Councilman Tantalo will email his research to the MDD board. President Farage and Secretary Asbell will contact the town attorney to receive his clear opinion on the legality of this transfer. There was some discussion on the definition of "Director" within the body of the board. Board discussed the specific questions to ask the attorney: “where does the money come from (sales tax of .05% from the district)?”; “Is it appropriate to start a project and

**LAKWOOD VILLAGE MDD BOARD
REGULAR MEETING
AUGUST 25, 2016**

Page 3

participate with the town to reconstruct/repair roads?"; and "How is the proposed contribution of 50% of sales tax to be given to the town, e.g.. in an account restricted for road maintenance?" There was some discussion that the Lakewood Village Council would be considering proposals for road reconstruction/repairs at their next council meeting but as of yet, there is no specific defined road project. There was some discussion about the level of autonomy the MDD board has with making budget decisions.

Discussion of Rocky Point Water Operations

(Agenda Item B.5)

Secretary Asbell reported that the new water main along Garza Road has been installed. President Farage reviewed the budget versus actual financial report.

Discussion of Project Goals

(Agenda Item B.6)

President Farage reported that the details of this item needed to be discussed in Executive Session.

EXECUTIVE SESSION

(Agenda Item C)

At 8:11 p.m., President Farage recessed into executive session in compliance with §551.072 Government Code to wit: deliberations about real property.

RECONVENE

(Agenda Item D)

President Farage reconvened the regular session of the Municipal Development District board of directors meeting at 8:21 p.m. No action was taken.

COMMENTS:

(Agenda Item E)

Secretary Asbell reported that the Nature Walk scheduled for October 1st has been cancelled.

Secretary Asbell reported that the United States Army Corps of Engineers has been billed for operation of the water system on the USACE property but payment has not been received.

**LAKWOOD VILLAGE MDD BOARD
REGULAR MEETING
AUGUST 25, 2016**

Page 4

ADJOURNMENT

(Agenda Item F)

MOTION: Upon a motion made by Linda Loudon and seconded by Dave Batchelder, the Board voted five (5) “ayes” and no (0) “nays” to adjourn the meeting at 8:23 p.m. *The motion carried.*

These minutes approved by the Lakewood Village Municipal Development District Board on the 27th day of October 2016.

SUBMITTED

Linda Asbell, TRMC
MDD Secretary/Town Secretary