

The Peninsula on Lake Austin Common Area Council of Owners, Inc.  
The Peninsula on Lake Austin Phase One Council of Owners, Inc.  
The Peninsula on Lake Austin Phase Two Council of Owners, Inc.

c/o ASSOCIATION MANAGEMENT, INC.  
3103 Bee Cave Rd. - Suite 100  
Austin, TX 78746

Date: March 12, 2013

Dear Members:

As you are aware, the Board of Directors of the three Councils for our condominium community have been working toward reducing costs and streamlining the administration of our condominium. In order to accomplish the goals that were discussed at our owners' meeting this summer, the three Boards have been working with legal counsel and Association Management, Inc. (our community management firm) to restore all three Councils to good standing with the Texas State Comptroller and Texas Secretary of State. The owners have advised the Boards that it is their desire to preserve the collection of assessments and allocation of expenditures in the same manner as has been historically followed in our community. The Boards have been advised that this can be accomplished with one Council which will significantly reduce costs of administration.

We look forward to working together to accomplish our common goals. Particular attention has been given to retaining the historic operation of the three Councils, under the authority of the surviving corporation. By way of example, if a Phase One owner has been paying a Phase One assessment in the amount of \$100.00, and Common Area assessment of \$100.00, after the merger that owner will pay \$200.00 to the surviving Council (Common Area). Upon receipt of the \$200.00, the payment will be allocated as \$100.00 toward the Phase One ledger, and \$100.00 toward the Common Area ledger. Just as in the past, if the Phase One owners desire an additional service, that service will be paid out of the Phase One assessment balance. Maintenance and repairs to Phase One previously paid by the Phase One assessments, will continue to be paid by the portion of the assessments allocated to the Phase One balance.

The end result of the merger will be that the one surviving Council will continue to administer the condominiums in the same manner as the three separate Councils did prior to the merger. This can be accomplished via accounting methods, without the necessity of operating three separate corporations. The benefit is more efficiency and lower costs to the owners to operate one corporation rather than three.

In order to accomplish the goals of the members, the Boards have been advised of the method to enable the merger of the Phase One and Phase Two Councils into the Common Area Council (the surviving Council). A brief recap of the process is as follows:

1. Each of the Boards of the three Councils must adopt a Board Resolution approving a Plan of Merger, Articles of Merger, and an amendment to the condominium declaration that will be submitted to the members of all three Councils. This was accomplished in a meeting of the three Boards on March 9, 2013. Members of all Boards voted unanimously to send this on to the membership.
2. The "Plan of Merger" will set out the transfer of assets (if any) from Phase One and Phase Two Councils to the Common Area Council and payment of current obligations (if any) of the Phase One and Phase Two Councils.

3. Articles of Merger must be approved by the members of all three Councils based on the Plan of Merger that will also be presented to the members for review and approval.
4. The Clarification Amendment to the Condominium Declaration must be approved by the members which will reflect the merger of the three Councils, and the preservation of the allocation of funds and expenditures that is currently in place.
5. If/when the merger is approved and finalized, an amendment to the Bylaws of the Common Area Council will be adopted which will reflect the fact there is one surviving Council, and address the election of members to the Board of Directors, establish a staggering of terms, and the administration of the condominium by one Council rather than three.
6. If/when the merger is approved and finalized, all vendor contracts with the Phase One and Phase Two Councils will be terminated and any refund of payments, or insurance premiums, will be allocated to the respective Council. For example, if Phase One Council has a refund due from insurance premiums, then that refund will be shown in the financials as a credit allocated to the Phase One portion of the condominium regime.

The documents necessary to accomplish our common goal are enclosed here for your review. Also enclosed is a Notice of Special Meeting of the Members of all three Councils where a vote will be taken on the merger. The necessary documents and steps set out above will be put to a vote of the members.

Assuming the merger is approved, the documents must be filed of record. After that occurs, the first Annual Meeting of the surviving Council will be set and an election of Directors will be held.

In order to enable the Boards to answer to as many questions as possible prior to the meeting, the members may submit any questions they have with regard to the process and documentation prior to the meeting. Please submit questions to:

Camille Belcher  
Association Management, Inc.  
cbelcher@amitx.com

Camille will forward all questions to the Boards. The Boards will attempt to answer as many questions as possible prior to the meeting. The Boards hope to answer all submitted questions prior to the meeting. Questions may also be answered at the meeting.

PHASE ONE BOARD OF DIRECTORS

BY: *Stephen G. Maysnave* \*  
\*electronic signature approved

PHASE TWO BOARD OF DIRECTORS

BY: *William D. Kastak* \*  
\*electronic signature approved

COMMON AREA BOARD OF DIRECTORS

BY: *J. Lloyd Moore* \*  
\*electronic signature approved

**NOTICE OF SPECIAL MEETING OF THE MEMBERS OF  
THE PENINSULA ON LAKE AUSTIN PHASE ONE COUNCIL OF OWNERS, INC.,  
THE PENINSULA ON LAKE AUSTIN PHASE TWO COUNCIL OF OWNERS, INC.,  
and  
THE PENINSULA ON LAKE AUSTIN COMMON AREA COUNCIL OF OWNERS, INC.**

**MEETING DATE:     March 23, 2013**

**PLACE:            Laura Bush Community Library  
                    9411 Bee Cave Road  
                    Austin, Texas 78733**

**TIME:             10:00 a.m.**

**PURPOSE:** This is a special meeting of the Members of The Peninsula on Lake Austin Phase One Council of Owners, Inc., The Peninsula on Lake Austin Phase Two Council of Owners, Inc., and The Peninsula on Lake Austin Common Area Council of Owners, Inc., being held for the sole purpose(s) of considering and adopting the following:

- Resolution to approve the merger of The Peninsula on Lake Austin Phase One Council of Owners, Inc. and The Peninsula on Lake Austin Phase Two Council of Owners, Inc. into The Peninsula on Lake Austin Common Area Council of Owners, Inc., and to approve the proposed Plan of Merger, a copy of which is included with this Notice.
- Amendment to the Condominium Declaration reflecting the merger.

**Submitted by:**

**Board of Directors for The Peninsula on Lake Austin Phase One Council of Owners, Inc.,  
Board of Directors for The Peninsula on Lake Austin Phase Two Council of Owners, Inc., and  
Board of Directors for The Peninsula on Lake Austin Common Area Council of Owners, Inc.**

**Date of Notice: March 12, 2013**

**PLAN OF MERGER**  
for  
**THE PENINSULA ON LAKE AUSTIN PHASE ONE COUNCIL OF OWNERS, INC.**  
and  
**THE PENINSULA ON LAKE AUSTIN PHASE TWO COUNCIL OF OWNERS, INC.**  
into  
**THE PENINSULA ON LAKE AUSTIN COMMON AREA COUNCIL OF OWNERS, INC.**

The following is the Plan of Merger for the merger of The Peninsula on Lake Austin Phase One Council of Owners, Inc. ("Phase One") and The Peninsula on Lake Austin Phase Two Council of Owners, Inc. ("Phase Two") into The Peninsula on Lake Austin Common Area Council of Owners, Inc., the surviving association ("Common Area"):

1. Phase One and Phase Two plan to terminate their existence by merging into Common Area.
2. The name of the surviving corporation shall be The Peninsula on Lake Austin Common Area Council of Owners, Inc., which will continue after Phase One and Phase Two have been merged out of existence.
3. Terms and Conditions of Merger:
  - a. The merger is contingent upon the approval by the requisite number of members of Phase One, Phase Two and Common Area, respectively.
  - b. Phase One assigns all of its rights, obligations and authority to Common Area.
  - c. Phase Two assigns all of its rights, obligations and authority to Common Area.
  - d. All income and assets of Phase One shall be transferred to Common Area.
  - e. All income and assets of Phase Two shall be transferred to Common Area.
  - f. All liabilities and outstanding debts of Phase One shall be satisfied and/or paid with cash on hand prior to the merger into Common Area, and any remaining liabilities and outstanding debts shall be assumed by Common Area after the merger.
  - g. All liabilities and outstanding debts of Phase Two shall be satisfied and/or paid with cash on hand prior to the merger into Common Area, and any remaining liabilities and outstanding debts shall be assumed by Common Area after the merger.
  - h. All assessments shall be due and payable to Common Area in the manner set forth in the Amended and Restated Declaration for Condominium Regime for The Peninsula on Lake Austin Phase One and Phase Two recorded under Volume 12241, Page 1217 of the Real Property Records of Travis County, Texas, as same has been or may be amended from time to time ("Declaration").
  - i. Common Area shall have the authority to impose, collect, and expend assessments for the benefit of the Phase One Units in the manner established in the Declaration, and pursuant to the terms of the assignment of rights from Phase One to Common Area.

j. Common Area shall have the authority to impose, collect, and expend assessments for the benefit of the Phase Two Units in the manner established in the Declaration, and pursuant to the terms of the assignment of rights from Phase Two to Common Area.

k. The Bylaws governing Common Area shall be amended to establish the election of Directors and the staggering of terms of office for the Directors of the surviving corporation.

l. Architectural control authority over architectural issues and construction and alteration of all units in the condominium regime will be vested in Common Area.

m. Common Area shall have the right of enforcement of the restrictive covenants encumbering all Units within the condominium regime.

n. The merger shall become effective upon the filing of the Certificate of Merger with the Texas Secretary of State.

CLARIFICATION AMENDMENT  
TO THE AMENDED AND RESTATED DECLARATION FOR CONDOMINIUM REGIME  
FOR THE PENINSULA ON LAKE AUSTIN PHASE ONE AND PHASE TWO

STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS       §

This Clarification Amendment to the Amended and Restated Declaration for Condominium Regime for The Peninsula on Lake Austin Phase One and Phase Two (the "Clarification Amendment") is approved as set forth hereinbelow.

WHEREAS, that certain Amended and Restated Declaration for Condominium Regime for The Peninsula on Lake Austin Phase One and Phase Two is recorded at Volume 12241, Page 1217 *et seq.*, in the Real Property Records of Travis County Texas (the "Original Declaration"); and

WHEREAS, the Original Declaration has been amended from time to time (collectively the "Previous Amendments") and

WHEREAS, the Original Declaration and the Previous Amendments are referred to herein collectively as the "Declaration"; and

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified in this Clarification Amendment; and

WHEREAS, the Members of The Peninsula on Lake Austin Phase One Council of Owners, Inc. (the "Phase One Council"), The Peninsula on Lake Austin Phase Two Council of Owners, Inc. (the "Phase Two Council") and The Peninsula on Lake Austin Common Area Council of Owners, Inc. (the "Common Area Council") have approved the merger of the Phase One Council and the Phase Two Council into the Common Area Council (the "Merger"), with the Common Area Council being the surviving corporation; and

WHEREAS, to effectuate the Merger, the Phase One Council has assigned all of its rights, duties, and responsibilities under the Declaration to the Common Area Council; and

WHEREAS, to effectuate the Merger, the Phase Two Council has assigned all of its rights, duties, and responsibilities under the Declaration to the Common Area Council; and

WHEREAS, pursuant to the terms of the Merger, the Members hereby approve the operation and administration of the condominium regime by the Common Area Council.

NOW THEREFORE, pursuant to the Merger, all of the rights, duties and responsibilities for the operation and administration of the condominium regime shall hereinafter be accomplished by the Common Area Council pursuant to the provisions of the Declaration. By way of example and not limitation, the Common Area Council shall hereafter administer the Phase One Building, the Phase Two Building, the General Common Elements, the Phase One Common Elements, the Phase Two Common Elements, and shall collect assessments and pay the

Common Expenses, the Phase One Common Expenses, and the Phase Two Common Expenses as provided in the Declaration in the place and stead of the Phase One Council and the Phase Two Council.

Pursuant to Article VI. §6.14 of the Declaration, this Clarification Amendment has been approved at a meeting of the Owners, by at least sixty percent (60%) of the Phase One Owners and at least sixty percent (60%) of the Phase Two Owners. Additionally, and pursuant to Section 82.067 of the Texas Uniform Condominium Act, this Clarification Amendment has been approved at a meeting of the Owners, by a vote of Unit Owners to which at least sixty-seven percent (67%) of the votes in the Common Area Council are allocated.

### CERTIFICATION

I, the undersigned, do hereby certify:

That I am a Director of The Peninsula on Lake Austin Common Area Council of Owners, Inc., a Texas Non-Profit Corporation;

That the foregoing Clarification Amendment was approved at a meeting of the Owners held on the \_\_\_ day of \_\_\_\_\_, 2013, where a quorum was present, by a vote of Unit Owners to which at least sixty-seven percent (67%) of the votes in the Common Area Council are allocated.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this the \_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: DIRECTOR

STATE OF TEXAS           §  
                                  §  
COUNTY OF TRAVIS      §

This instrument was acknowledged before me on this the \_\_\_ day of \_\_\_\_\_, 2013, by \_\_\_\_\_, the Director of The Peninsula on Lake Austin Common Area Council of Owners, Inc., a Texas non-profit corporation, as the act and deed of said corporation.

\_\_\_\_\_  
Notary Public – State of Texas