

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C  
NOTICE OF MEETING  
(BY TELECONFERENCE)

TO: THE BOARD OF DIRECTORS OF LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given pursuant to V.T.C.A., Government Code § 551, that the Board of Directors of Lakeside Water Control and Improvement District No. 2C will hold a regular meeting, by teleconference, open to the public, on September 15, 2020 at 5:45 p.m. (in person meetings are typically held at 4421 Rowe Lane, Pflugerville, Texas).

**In accordance with the Office of the Governor's March 16, 2020 proclamation suspending certain Texas Open Meetings Act laws in response to the current COVID-19 pandemic and statewide disaster declaration, as extended, Lakeside WCID No. 2C will hold this meeting accessible only by telephonic conference call. No physical meeting space will be available.**


**In lieu of physical attendance at this Board meeting, the public may dial into the teleconference by calling (866) 899-4679 and entering the following code: 399-349-557. The toll-free teleconference line will offer two-way communication, affording members of the public the opportunity to participate in the meeting. The meeting will be recorded, and the audio recording will be available after the meeting. The following matters will be considered and may be acted upon at the meeting:**

1. Call meeting to order and establish quorum;
2. Conduct a public hearing regarding proposal to set a 2020 tax rate;
3. Receive public comment (*3 minutes per speaker; but any person providing public comment through a translator is limited to six (6) minutes, unless the District uses simultaneous translation equipment in a manner that allows the Board to hear the translated public testimony simultaneously with the speaker*);
4. Discuss, consider, and take action as necessary concerning the adoption of a budget for the 2020-2021 fiscal year;
5. Discuss, consider, and take action as necessary to adopt a 2020 tax rate;
6. Discuss, consider, and take action as necessary to approve amendments to the District's Information Form;
7. Discuss, consider, and take action to approve minutes of August 11, 2020 regular meeting;
8. Receive report from District's Engineer;
9. Discuss, consider, and take action as necessary concerning Pay Estimate No. 8 Retainage for Lakeside at Blackhawk III, Phase 4 – Street Excavation and Drainage, Water, Wastewater, and Erosion Control Improvement, submitted by Patin Construction, L.L.C.;
10. Discuss, consider, and take action as necessary concerning acceptance of assignment of 50 LUEs of wholesale water and wastewater utility service for Lakeside at Blackhawk III, Phase 4;

11. Discuss, consider, and take action as necessary concerning repairs to water system within Jakes Hill Condominium Regime, including, but not limited to, agreement with Crossroads Utility Services to maintain the water and wastewater systems within the Jakes Hill Condominium Regime;
12. Discuss, consider, and take action as necessary concerning engagement of West, Davis & Company for audit of developer reimbursables regarding District's Use of Surplus Funds No. 3;
13. Discuss, consider, and take action as necessary concerning adoption of Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of Notice of Sale of Bonds; and Approving Other Related Matters in connection with the Lakeside WCID No. 2C \$1,500,000 Unlimited Tax Park Bonds, Series 2020;
14. Receive recreational facilities report and take action as necessary concerning same, including, but not limited to, operations, maintenance, and/or improvements related to existing recreational facilities;
15. Discuss, consider, and take action as necessary concerning adoption of resolution amending 2019–2020 District Budget;
16. Discuss, consider, and take action on approval of the payment of invoices and Bookkeeper's report;
17. Discuss, consider, and take action concerning District website and maintenance of website;
18. Directors' items for next agenda and announcements from Board members; and
19. Adjournment.

EXECUTED this the 11th day of September, 2020.

(District Seal)

  
\_\_\_\_\_  
Attorney for District

## Agenda Item No. 2

Conduct a public hearing regarding proposal to set a 2020 tax rate.

## Water District Notice of Public Hearing on Tax Rate

The Lakeside Water Control and Improvement District No. 2C will hold a public hearing on a proposed tax rate for the tax year 2020 on September 15, 2020 at 5:45 p.m., by teleconference by dialing 1-866-899-4679 and entering the following code: 399-349-557 (in person meetings are typically held at 4421 Rowe Lane, Pflugerville, Texas). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

**FOR** the proposal: Directors David Wang, Scott Stratton, Larry English, and Craig Twellmann  
**AGAINST** the proposal: None  
**PRESENT** and not voting: None  
**ABSENT:** Director Joshua Bridgefarmer

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

|   | <b>Last Year</b>               | <b>This Year</b>                |
|---|--------------------------------|---------------------------------|
| Total tax rate (per \$100 of value)   | <u>\$0.97/\$100</u><br>Adopted | <u>\$0.97/\$100</u><br>Proposed |
| Difference in rates per \$100 of value  |                                | <u>\$0.00/\$100</u>             |
| Percentage increase/decrease in rates (+/-)   |                                | <u>0.00%</u>                    |
| Average appraised residence homestead value   | <u>\$321,031</u>               | <u>\$327,148</u>                |
| General homestead exemptions available<br>(excluding 65 years of age or older<br>or disabled person's exemptions) | <u>\$303.00</u>                | <u>\$196.00</u>                 |
| Average residence homestead taxable value   | <u>\$320,728</u>               | <u>\$326,952</u>                |
| Tax on average residence homestead  | <u>\$3,111.06</u>              | <u>\$3,171.43</u>               |
| Annual increase/decrease in taxes if<br>proposed tax rate is adopted (+/-)<br>and percentage of increase (+/-)    | <u>\$60.37</u><br><u>1.94%</u> |                                 |

### NOTICE OF VOTE ON TAX RATE

If the District adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23601, Texas Water Code.

**The 86<sup>th</sup> Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.**

## Agenda Item No. 4

Discuss, consider, and take action as necessary concerning the adoption of a budget for the 2020-2021 fiscal year.

Lakeside Amenity Center Operations and Maintenance  
For the Year Ended September 30, 2021

|                      | July, 2021<br>Wastewater<br>Accounts | Contribution<br>Needed to<br>Meet Budget<br>Per Residence | Projected<br>Contribution | Park at<br>Blackhawk HOA | Reserve at<br>Westcreek HOA | Payment of<br>50%<br>Park at<br>Blackhawk HOA | Payment of<br>50%<br>Reserve at<br>Westcreek COA |
|----------------------|--------------------------------------|---|---------------------------|--------------------------|-----------------------------|---|--|
| Lakeside WCID No. 1  | 557                                  | 16.58%  | 265.14                    | \$ 147,680.92            | \$ 110,506.64               | \$ 37,174.28                                  | \$ 55,253.32                                     |
| Lakeside WCID No. 2A | 387                                  | 11.52%  | 265.14                    | \$ 102,607.75            | \$ 76,779.30                | \$ 25,828.45                                  | \$ 38,389.65                                     |
| Lakeside WCID No. 2B | 491                                  | 14.61%  | 265.14                    | \$ 130,181.93            | \$ 97,412.50                | \$ 32,769.43                                  | \$ 48,706.25                                     |
| Lakeside WCID No. 2C | 976                                  | 29.05%  | 265.14                    | \$ 258,773.04            | \$ 193,634.62               | \$ 65,138.41                                  | \$ 96,817.31                                     |
| Lakeside WCID No. 2D | 949                                  | 28.24%  | 265.14                    | \$ 251,614.36            | \$ 188,277.93               | \$ 63,336.43                                  | \$ 94,138.96                                     |
| <b>Total</b>         | <u>3,360</u>                         | <u>100.00%</u>  |                           | <u>\$ 890,858.00</u>     | <u>\$ 666,611.00</u>        | <u>\$ 224,247.00</u>                          | <u>\$ 333,305.50</u>                             |

|                          |                      | % of Total Maintenance |
|--------------------------|----------------------|------------------------|
| Park at Blackhawk HOA    | \$ 666,611.00        | 74.83%                 |
| Reserve at Westcreek COA | \$ 224,247.00        | 25.17%                 |
| <b>Total</b>             | <u>\$ 890,858.00</u> | <u>100.00%</u>         |

Park at Blackhawk HOA  
Amenity Center Maintenance and Operations  
Budget  
For the Year Ended September 30, 2021

|                                      | 2021<br>Budget    | 2020<br>Budget    | Increase<br>(Decrease) | Percent<br>Change |
|--------------------------------------|-------------------|-------------------|------------------------|-------------------|
| Payroll Mgr                          | \$ 54,835         | \$ 48,211         | \$ 6,624               | 13.74%            |
| Payroll Other                        | 20,277            | 20,277            | -                      | 0.00%             |
| Office supplies                      | 240               | 240               | -                      | 0.00%             |
| Automatic Gates                      | 2,160             | 1,532             | 628                    | 40.99%            |
| Club Fitness Room                    | 1,500             | 1,500             | -                      | 0.00%             |
| Custodian Contract                   | 28,116            | 12,984            | 15,132                 | 116.54%           |
| Custodian Supplies                   | 2,400             | 2,400             | -                      | 0.00%             |
| Extermination                        | 1,074             | 1,074             | -                      | 0.00%             |
| HVAC Service                         | 600               | 600               | -                      | 0.00%             |
| Irrigation Repair/Maint              | 24,000            | 24,000            | -                      | 0.00%             |
| Landscape Maintenance                | 214,440           | 198,420           | 16,020                 | 8.07%             |
| Landscape Tree Maint                 | 7,800             | 7,800             | -                      | 0.00%             |
| Landscape WCID Drainage EBH          | 4,320             | 4,320             | -                      | 0.00%             |
| Landscape WCID Drainage MOB          | 2,940             | 2,940             | -                      | 0.00%             |
| landscape WCID Grounds               | 122,016           | 107,976           | 14,040                 | 13.00%            |
| Amenity Center Maintenance & Repairs | 30,000            | 30,000            | -                      | 0.00%             |
| Playscape Maint/Repairs              | 2,420             | 2,420             | -                      | 0.00%             |
| Plumbing Maint/Repairs               | 540               | 540               | -                      | 0.00%             |
| Parking Maint/Repairs                | 1,553             | 1,553             | -                      | 100.00%           |
| Pond Maintenance                     | 23,400            | 23,400            | -                      | 0.00%             |
| Security/Safety/Monitoring           | 684               | 684               | -                      | 0.00%             |
| Cable                                | 1,608             | 1,536             | 72                     | 4.69%             |
| Communications                       | 912               | 744               | 168                    | 22.58%            |
| Electricity                          | 100,116           | 85,200            | 14,916                 | 17.51%            |
| Telephone/Cell/Pager                 | 6,480             | 4,332             | 2,148                  | 49.58%            |
| Trash                                | 2,580             | 2,400             | 180                    | 7.50%             |
| Water & Sewer                        | 3,600             | 3,600             | -                      | 0.00%             |
| Water Well Maintenance & Repairs     | 6,000             | 6,000             | -                      | 0.00%             |
| <b>Total WCID Expenses</b>           | <b>\$ 666,611</b> | <b>\$ 596,683</b> | <b>\$ 69,928</b>       | <b>11.72%</b>     |

Reserve at Westcreek  
Amenity Center Maintenance and Operations  
Budget  
For the Year Ended December 31, 2021

| Reserve<br>Account<br>Number | Account Name                         | 2021<br>Budget           | 2020<br>Budget           | Increase<br>(Decrease)   | Percentage<br>Change |
|------------------------------|--------------------------------------|--------------------------|--------------------------|--------------------------|----------------------|
| 5075                         | Office supplies                      | \$ 1,500                 | \$ 1,000                 | \$ 500                   | 50.00%               |
| 5320                         | Concierge Salaries                   | 56,137                   | 56,137                   | -                        | 0.00%                |
| 6017                         | Electric                             | 8,000                    | 8,000                    | -                        | 0.00%                |
| 6030                         | Trash Service                        | 210                      | 205                      | 5                        | 2.44%                |
| 6040                         | Communications                       | 3,000                    | 3,864                    | (864)                    | -22.36%              |
| 6070                         | Water/Sewer                          | 3,500                    | 3,500                    | -                        | 0.00%                |
| 6115                         | Irrigation Repair/Maintenance        | 3,200                    | 3,000                    | 200                      | 6.67%                |
| 6125                         | Landscape Maintenance                | 105,000                  | 105,000                  | -                        | 0.00%                |
| 6155                         | Plumbing Maintenance/Repairs         | 2,900                    | 3,300                    | (400)                    | -12.12%              |
| 6160                         | Landscape Mulch                      | 4,500                    | 4,500                    | -                        | 0.00%                |
| 6165                         | Pest Control/Extermination           | 1,050                    | 1,050                    | -                        | 0.00%                |
| 6402                         | Janitorial Contract                  | 7,200                    | 6,625                    | 575                      | 8.68%                |
| 6412                         | Access Control                       | 2,500                    | 2,500                    | -                        | 0.00%                |
| 6515                         | Building Supplies                    | 1,600                    | 1,600                    | -                        | 0.00%                |
| 6545                         | Electrical Repair/Maintenance        | 2,500                    | 4,000                    | (1,500)                  | -37.50%              |
| 6555                         | Recreational Equipment               | 600                      | 500                      | 100                      | 20.00%               |
| 6565                         | Fire Prevention and Protection       | 250                      | 175                      | 75                       | 42.86%               |
| 6570                         | Club/Fitness Repair/Maintenance      | 3,200                    | 5,000                    | (1,800)                  | -36.00%              |
| 6625                         | HVAC Service/Repair                  | 7,000                    | 7,000                    | -                        | 0.00%                |
| 6750                         | Signage Repair/Maintenance           | 400                      | 1,000                    | (600)                    | -60.00%              |
| 6745                         | Amenity Center Maintenance & Repairs | 10,000                   | 10,000                   | -                        | 0.00%                |
|                              | <b>Total WCID Expenses</b>           | <b><u>\$ 224,247</u></b> | <b><u>\$ 227,956</u></b> | <b><u>\$ (3,709)</u></b> | <b><u>-1.63%</u></b> |

**RESOLUTION ADOPTING 2020-2021 DISTRICT BUDGET**

THE STATE OF TEXAS

§

COUNTY OF TRAVIS

§

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

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**WHEREAS**, the regular meeting of the Board of Directors of Lakeside Water Control and Improvement District No. 2C (the "District") was held on September 15, 2020 by teleconference, in accordance with the Governor of the State of Texas's suspension of certain Texas Open Meetings Act statutes; and

**WHEREAS**, the Board of Directors has projected the operating expenses and revenues for the District for the period October 1, 2020 through September 30, 2021, and it now desires to adopt a budget consistent therewith.

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C THAT:**

1. That the operating budget attached hereto as Exhibit "A" is hereby adopted.
2. The Secretary of the Board of Directors is hereby directed to file a copy of this Resolution Adopting the 2020-2021 District Budget in the official records of the District.

**ADOPTED** this 15th day of September, 2020.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C**

\_\_\_\_\_  
David Wang, President

ATTEST:

\_\_\_\_\_  
Larry English, Secretary

**[DISTRICT SEAL]**

**EXHIBIT A**

**BUDGET**

LAKESIDE WCID NO. 2C  
Statement of Projected Revenues and Expenditures  
Budget for the Fiscal Year October 1, 2020 to September 30, 2021

| <u>Revenues</u>    |            |
|--------------------|------------|
| Water Revenue      | \$ 650,000 |
| Wastewater Revenue | 480,000    |
| Maintenance Taxes  | 805,017    |
| Interest Income    | 5,000      |
|                    | <hr/>      |
| Total Revenues     | 1,940,017  |
|                    | <hr/>      |

| <u>Expenditures</u>                           |                     |
|---|---------------------|
| Audit Fees                                    | 10,500              |
| Legal Fees                                    | 72,500              |
| Accounting Fees                               | 25,000              |
| Engineering Fees                              | 25,000              |
| Water Fees                                    | 338,000             |
| Wastewater Fees                               | 480,000             |
| City of Pflugerville Fees                     | 150,000             |
| Amenity Center Operations and Maintenance     | 284,000             |
| Amenity Center Capital Projects               | 20,000              |
| Sidewalk/Trail Project                        | 118,852             |
| Repairs and Maintenance                       | 30,000              |
| Channel and Drainage Maintenance              | 25,000              |
| Pond Maintenance                              | 12,000              |
| Condo Operations and Maintenance              | 5,000               |
| MS4 permitting                                | 12,500              |
| Insurance                                     | 6,000               |
| Appraisal and Collection Fees                 | 14,000              |
| Newspaper Notices                             | 2,000               |
| Director Fees and Payroll Taxes               | 14,000              |
| Bank Charges                                  | 500                 |
| Meeting Expense                               | 4,000               |
| Mileage Reimbursement                         | 2,000               |
| Website                                       | 5,000               |
| Other Fees                                    | 15,000              |
| Capital Outlay - New Amenity Center           | 718,000             |
|   | <hr/>               |
| Total Expenditures                            | 2,388,852           |
|   | <hr/>               |
| Projected Excess Revenue<br>Over Expenditures | <u>\$ (448,835)</u> |

Lakeside WCID No. 2C  
Statement of Projected Revenues and Expenditures  
Budget for the Fiscal Year October 1, 2020 to September 30, 2021  
Debt Service Fund

Revenues

|                |                  |
|----------------|------------------|
| Property Taxes | \$ 1,755,200     |
| Interest       | <u>5,000</u>     |
| Total Revenues | <u>1,760,200</u> |

Expenditures

|                    |                  |
|--------------------|------------------|
| Principal          | 1,100,000        |
| Interest           | <u>696,917</u>   |
| Total Expenditures | <u>1,796,917</u> |

|   |                    |
|---|--------------------|
| Projected Excess (deficit) Revenue<br>Over (under) Expenditures | <u>\$ (36,717)</u> |
|---|--------------------|

LAKESIDE WCID NO. 2C  
 Budget for the Fiscal Year October 1, 2020 to September 30, 2021

**Property Taxes**

|                     |                    | Debt                | M & O             |
|---------------------|--------------------|---------------------|-------------------|
| Taxable value       | \$269,326,389      |                     |                   |
| Tax rate            | \$0.97             | \$ 0.665            | \$ 0.305          |
| Tax levy            | <u>\$2,612,466</u> | <u>\$1,791,020</u>  | <u>\$821,445</u>  |
| 98% collection rate |                    | <u>\$ 1,755,200</u> | <u>\$ 805,017</u> |

**Wastewater**

| Wastewater | Provider fee |
|------------|--------------|
| \$480,000  | \$480,000    |

**Water**

| Water     | City fee  | Provider fee |
|-----------|-----------|--------------|
| \$650,000 | \$150,000 | \$338,000    |

## Agenda Item No. 5

Discuss, consider, and take action as necessary to adopt a 2020 tax rate.

ORDER SETTING 2020 DEBT SERVICE TAX RATE AND  
OPERATIONS AND MAINTENANCE TAX RATE

THE STATE OF TEXAS

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COUNTY OF TRAVIS

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

The Board of Directors of Lakeside Water Control and Improvement District No. 2C (the "District") met in open session at its regular meeting, open to the public, after due notice, by telephonic conference call, in accordance with the Governor of the State of Texas' suspension of certain Texas Open Meetings Act statutes (such regular meetings are typically held at 4421 Rowe Lane, Pflugerville, Texas, outside the boundaries of the District), on the 15th day of September 2020; whereupon the roll was called of the members of the Board of Directors (the "Board"), to wit:

|                     |                     |
|---------------------|---------------------|
| David Wang          | President           |
| Scott Stratton      | Vice President      |
| Larry English       | Secretary           |
| Joshua Bridgefarmer | Assistant Secretary |
| Craig Twellmann     | Assistant Secretary |

All members of the Board were present, thus constituting a quorum.

WHEREUPON, among other business conducted by the Board, Director \_\_\_\_\_ introduced the Order set out below and moved its adoption, which motion by seconded by Director \_\_\_\_\_ and, after full discussion and the question being put to the Board of Directors, said motion was carried by the following vote:

"Aye" \_\_; "No" \_\_.

The Order thus adopted is as follows:

WHEREAS, the Board of Directors was authorized to levy a sufficient tax to provide for the payment of principal of and interest on bonds issued by the District, and to levy a sufficient tax for maintenance purposes by the voters of the District in an election held September 11, 2004;

WHEREAS, the District may levy a tax on all taxable property in the District in sufficient amount to pay the interest on outstanding bonds and to create a sinking fund for the payment of the principal amount of such bonds when due as set out in Section 51.445, Texas Water Code;

WHEREAS, the District may levy a tax on all taxable property in the District to provide for payment of expenses as set out in Section 49.107(a), Texas Water Code;

WHEREAS, the District on June 12, 2008 issued its \$2,040,000 Unlimited Tax Bonds, Series 2008;

WHEREAS, the District on November 9, 2010 issued its \$1,200,000 Unlimited Tax Bonds, Series 2010;

WHEREAS, the District on December 11, 2012 issued its \$980,000 Unlimited Tax Bonds, Series 2012;

WHEREAS, the District on June 11, 2014 issued its \$1,165,000 Unlimited Tax Bonds, Series 2014;

WHEREAS, the District on September 9, 2015 issued its \$1,815,000 Unlimited Tax Bonds, Series, 2015;

WHEREAS, the District on March 8, 2016 issued its \$2,085,000 Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016;

WHEREAS, the District on November 9, 2016 issued its \$7,600,000 Unlimited Tax Bonds, Series, 2016A;

WHEREAS, the District on January 9, 2019 issued its \$5,350,000 Unlimited Tax Bonds, Series, 2019;

WHEREAS, the District on March 11, 2020 issued its \$4,815,000 Unlimited Tax Bonds, Series, 2020;

WHEREAS, the Board has reviewed the District's operating budget for the fiscal year beginning October 1, 2020 and ending September 30, 2021;

WHEREAS, the appraisal roll of the District for 2020 has been prepared and certified by the Travis Central Appraisal District and submitted to the District's tax collector;

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C THAT:

I.

The debt service tax rate for the year 2020 to pay interest on bonds and create a sinking fund for payment of principal on bonds shall be sixty-two and one-half cents (\$0.665) per one hundred dollars (\$100) of assessed valuation, and the maintenance tax rate for the year 2019 shall be thirty

and one-half cents (\$0.305) per one hundred dollars (\$100) of assessed valuation for a total tax rate of ninety-seven cents (\$0.97) per one hundred dollars (\$100) of assessed valuation. The Travis County Tax Assessor and Collector shall take all steps necessary and authorized by the law to collect taxes as owed pursuant to this order. Said taxes shall be levied, assessed and collected at the total rate of ninety-seven cents (\$0.97) per \$100 valuation for 2020 as provided for in Chapter 49, Texas Water Code, and all other applicable laws.

II.

The President and Vice President are authorized to execute, and the Secretary and any Assistant Secretary to are authorized to attest, this Order on behalf of the Board of Directors.

*[remainder of page intentionally blank]*

PASSED, APPROVED AND ADOPTED this the 15th day of September, 2020.

[DISTRICT SEAL]

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David Wang, President  
Board of Directors of  
Lakeside Water Control and Improvement  
District No. 2C

ATTEST:

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Larry English, Secretary

## Agenda Item No. 6

Discuss consider, and take action as necessary to approve amendments to the District's Information Form.

AMENDED INFORMATION FORM FILED PURSUANT TO  
SEC. 49.455 OF THE TEXAS WATER CODE FOR  
LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

1. The name of the District is Lakeside Water Control and Improvement District No. 2C.

2. The District consists of 408.148 acres, more or less, more particularly described by the metes and bounds description in the Lakeside Water Control and Improvement District No. 2C Amended Information Form dated November 14, 2017, recorded as Document No. 2018023539, Official Public Records, Travis County, Texas.

3. The most recent rate of District-wide taxes on property located in the District for operation and maintenance purposes is \$0.305 on each \$100 of assessed valuation. The most recent rate of District-wide taxes on property located in the District for debt service is \$0.665 on each \$100 of assessed valuation.

4. The total amount of bonds which have been approved by the voters and may be issued by the district (excluding refunding bonds and any bonds or portion of bonds payable solely from revenues received or expected to be received pursuant to a contract with a governmental entity) is \$29,000,000.00.

5. The aggregate initial principal amount of all bonds of the District payable in whole or in part from taxes (excluding refunding bonds and any bonds or portion of bonds payable solely from revenues received or expected to be received pursuant to a contract with a governmental entity) that have been previously issued is \$27,500,000.

6. The District does not currently impose a standby fee.

7. The District was duly and lawfully created by division of Lakeside Water Control and Improvement District No. 2 of Travis and Williamson Counties (the "Original District"), at an election to approve the division of the Original District held on January 15, 2001, pursuant to Sections 51.748 through 51.758 of the Texas Water Code.

8. The functions performed or to be performed by the District are to provide water, sewer, drainage, and solid waste collection and disposal services, and recreational facilities.

9. The particular form of Notice to Purchasers required by Sec. 49.452 of the Texas Water Code to be furnished by a seller to a purchaser of real property in the District, completed by the District with all information required to be furnished by the District, is attached hereto as Exhibit "A".

This Amended Information Form supersedes the Information Form filed in the Travis County Official Public Records as Document No. 2019167483.

We, the undersigned members of the Board of Directors, certify that the above and foregoing information is true and correct.

Approved and executed this 15th day of September, 2020

\_\_\_\_\_  
David Wang, President  
Board of Directors

\_\_\_\_\_  
Scott Stratton, Vice President  
Board of Directors

(SEAL)

\_\_\_\_\_  
Larry English, Secretary  
Board of Directors

\_\_\_\_\_  
Joshua Bridgefarmer, Assistant Secretary  
Board of Directors

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Craig Twellmann, Assistant Secretary  
Board of Directors

ACKNOWLEDGMENT

STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS       §

This instrument was acknowledged before me on September 15, 2020 by David Wang, Scott Stratton, Larry English, Joshua Bridgefarmer and Craig Twellmann, as Directors of Lakeside Water Control and Improvement District No. 2C.

\_\_\_\_\_  
Notary Public, State of Texas

(SEAL)

Exhibit A  
NOTICE TO PURCHASERS

The real property, described below, which you are about to purchase, is located in LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C. The District has taxing authority separate from any other taxing authority, and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the District on real property located in the District is \$0.97 on each \$100 of assessed valuation. The total amount of bonds approved by the voters and which have been or may, at this date, be issued is \$29,000,000.00, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the District and payable in whole or in part from property taxes is \$27,500,000.00.

The District has the authority to adopt and impose a standby fee on property in the District that has water, sewer, sanitary, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The District may exercise the authority without holding an election on the matter. As of this date, the amount of the standby fee is \$-0- per month. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the District stating the amount, if any, of unpaid standby fees on a tract of property in the District.

The District is located in whole or in part in the extraterritorial jurisdiction of the City of Pflugerville, Texas. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this District is to provide water, sewer, and drainage facilities and services within the District through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the District. In addition, either through taxation or fees, the District may provide fire protection facilities, and solid waste disposal services. The legal description of the property, which you are acquiring, is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Seller

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

\_\_\_\_\_

Date

\_\_\_\_\_

Signature of Purchaser

(Note: Correct district name, tax rate, bond amounts and legal description are to be placed in the appropriate space.) Except for notices included as an addendum or paragraph of a purchase contract, the notice shall be executed by the seller and purchaser, as indicated. If the district does not propose to provide one or more of the specified facilities and services, the appropriate purpose may be eliminated. If the district has not yet levied taxes, a statement of the district's most recent projected rate of tax is to be placed in the appropriate space. If the district does not have approval from the commission to adopt and impose a standby fee, the second paragraph of the notice may be deleted. For the purposes of the notice form required to be given to the prospective purchaser prior to execution of a binding contract of sale and purchase, a seller and any agent, representative, or person acting on the seller's behalf may modify the notice by substitution of the words 'January 1, \_\_\_\_\_' for the words 'this date' and place the correct calendar year in the appropriate space.

## Agenda Item No. 7

Discuss, consider, and take action to approve minutes of August 11, 2020 regular meeting.

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS

THE STATE OF TEXAS

COUNTY OF TRAVIS

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

§  
§  
§  
§  
§

On August 11, 2020, at 5:45 p.m., as authorized by the March 16, 2020 proclamation by the Office of the Governor, as extended, suspending certain provisions of the Texas Open Meetings Act in response to the COVID-19 public health threat, the Board of Directors of Lakeside Water Control and Improvement District No. 2C (“District” or “Lakeside WCID No. 2C”) held a regular meeting, open to the public, by a two-way, toll-free telephonic conference call accessible by dialing (877) 309-2073, then entering access code 834-101-717 (in person meetings are typically held at 4421 Rowe Lane, Pflugerville, Texas). A copy of the notice of meeting along with associated certificates of posting are attached hereto as Exhibit “A”.

The roll was called of the members of the Board of Directors, to wit:

|                     |                     |
|---------------------|---------------------|
| David Wang          | President           |
| Scott Stratton      | Vice President      |
| Larry English       | Secretary/Treasurer |
| Joshua Bridgefarmer | Assistant Secretary |
| Craig Twellmann     | Assistant Secretary |

All members of the Board participated by telephone, Director Bridgefarmer, thus constituting a quorum of the Board of Directors. All Directors who participated by telephone voted on all matters that came before the Board. Also participating by telephone were Matthew Tiemann of Rowe Lane Development, Ltd.; Jeff Monzingo of Montoya & Monzingo, LLP; Keith Collins of Randall Jones Engineering, Inc.; John Barganski of Specialized Public Finance, Inc.; Bob West of West, Davis & Company; Ken Heroy of Jones-Heroy & Associates, Inc.; David Klein and Maris Chambers, Attorneys, and Fred Castro, Paralegal, of Lloyd Gosselink Rochelle & Townsend, P.C.

Mr. Klein stated this meeting was being held under the authority of the Governor’s March 16, 2020 proclamation, as extended, suspending certain Texas Open Meetings Act laws in response to the current COVID-19 pandemic and statewide disaster declaration. He stated this open meeting of the Board of Directors was being recorded, in compliance therewith, and the recording would be made available to the public. Mr. Klein also stated that the Board would provide members of the public with the opportunity to participate, as in any normal Lakeside WCID No. 2C open meeting, explaining that participation via the noticed telephone number was toll-free and allowed for two-way communication. Mr. Klein asked that the attendees refrain from interrupting each other and use the same courtesy as they would during an in-person meeting, stating that the Board would announce the instances where comments from the public would be accepted.

Director Stratton called the meeting to order at 5:50 p.m. and announced that a quorum of the Board was in attendance (on the call). Director Stratton stated that the Board would next consider the approval of the minutes of the July 14, 2020 regular meeting. After discussion, upon motion by Director English, and seconded by Director Twellmann, the Board unanimously approved the minutes of the July 14, 2020 regular meeting, as presented.

The next item to come before the Board was to receive public comment. No comments from the general public were received by the Board.

Director Stratton stated that the Board would next receive a report from the District's Engineer. Mr. Collins provided a brief report on the status of utility construction within the Blackhawk subdivision. Next, Mr. Collins reported that he had received comments from Travis County personnel in connection with the pedestrian trails project within the greenbelt in Lakeside WCID No. 2D and that he had responded accordingly.

The next item to come before the Board was to consider the approval of Pay Estimate No. 7 for Lakeside at Blackhawk III, Phase 4 – Street Excavation and Drainage, Water, Wastewater, and Erosion Control Improvements, submitted by Patin Construction, L.L.C. Mr. Collins presented this item. A copy of the District Engineer's letter of recommendation and Pay Estimate are attached hereto as Exhibit "B". After discussion, upon motion by Director Twellmann, seconded by Director English, and unanimously carried, the Board approved the above-referenced Pay Estimate.

The next item to come before the Board was to tack action concerning an agreement with Crossroads Utility Services to maintain the war and wastewater systems within the Jakes Hill Condominium Regime. Mr. Klein presented this item and noted that negotiations were ongoing and anticipated that an agreement would be presented for the Board's consideration at its next meeting.

Director Stratton stated that the Board would next consider a Resolution Authorizing Application to the Texas Commission on Environmental Quality (the "TCEQ") for approving the use of Surplus Funds. At this time, Director Wang called into the meeting and participated in the rest of the meeting. Mr. Heroy presented this item and stated that the District's Application requests TCEQ approval for the use of surplus bond funds from the District's capital projects fund to reimburse the developer for a portion of the costs associated with projects not yet identified. Mr. Monzingo stated that \$53,823 of the surplus funds are from the District's Series 2019 Unlimited Tax Bonds and \$505,112 are from the District's Series 2020 Unlimited Tax Bonds. Mr. Heroy requested that the Board approve the Resolution, a copy of which is attached hereto as Exhibit "C", subject to identification of the projects for which the developer is to be reimbursed. After discussion, upon motion by Director English, seconded by Director Twellmann, and unanimously carried, the Board approved the Resolution Authorizing Application to the TCEQ for approving the use of Surplus Funds, subject to identification of the projects for which the developer is to be reimbursed.

Director Stratton stated that the Board would next receive recreational facilities reports and take action concerning the same, including, but not limited to, operations, maintenance and/or improvements related to existing recreational facilities. Mr. Monzingo presented recreational facilities reports from the Associations operating the District's recreational facilities, copies of which are attached hereto as Exhibit "D". In response to an inquiry from Director Wang, Mr. Collins provided information as to the proposed location of a pocket type park proposed by a resident behind the property at 20613 Pinewalk Drive. Mr. Tiemann confirmed that the HOA had been notified that the Lakeside Districts had taken no action in connection with this issue. He stated that generation of a set of engineering plans will be required for this project and the plan was to allow Mr. Collins to concentrate his efforts regarding the submission of the site plan from the proposed amenity center before turning his attention to this pocket park project. Mr. Tiemann noted that the generation of a set of engineering plans would affect the cost associated with this pocket park project, which would need to be addressed by the Lakeside Districts Amenity Center Subcommittees to determine the viability of such a project.

Director Stratton stated that the Board would next consider the adoption of a resolution amending the 2019-2020 District Budget. Mr. Monzingo requested that the Board postpone action in connection with this item until the Board's next meeting to provide him an opportunity to review the current budget and identify the expenditure categories needing adjustment. The Board tabled this item until the Board's next meeting.

The next item to come before the Board was to consider a preliminary budget for the 2020-2021 fiscal year. Mr. Monzingo presented copies of a preliminary budget, a copy of which is attached hereto as Exhibit "E". Mr. Monzingo noted that his preliminary budget was based upon Mr. Barganski's tax rate analysis that the Board set its debt service tax rate at \$0.665 per \$100 of assessed valuation based upon a 2020 Certified Estimate of Appraised Values Travis Central Appraisal District ("TCAD"), a copy of which is attached hereto as Exhibit "F". Mr. Monzingo noted that should the Board desire to leave the District's overall tax rate unchanged from last year, a debt service tax rate of \$0.665 would leave \$0.305 cents available for an operations and maintenance tax. Mr. Monzingo noted that his preliminary budget was provided for discussion and noted that the Board would be asked to adopt a final budget at its next meeting. After discussion, Mr. Monzingo requested that Board members contact his office if they had questions about the budget before the Board's next meeting.

The next item to come before the Board was to receive a report and consider action concerning a proposed tax rate for 2020, including scheduling a public hearing on a proposed tax rate. The Board recognized Mr. Barganski, who reviewed with the Board a copy of his tax rate analysis, a copy of which is attached hereto as Exhibit "G". Mr. Barganski informed the Board that the District's tax rate is comprised of two components, a debt service component and an operations and maintenance component. The two combine to make up the District's total overall tax rate. Based upon his analysis and Certified Estimate of Appraised Values from TCAD, Mr. Barganski recommended that the Board consider setting its debt service tax rate at \$0.665 per \$100 of assessed valuation in the upcoming year. He noted that should the Board leave its overall tax rate at \$0.97 this would leave \$0.305 to cover the operations and maintenance portion of the District's proposed budget. He noted that the District's total overall tax rate for 2019 was \$0.97 with \$0.62 dedicated to debt service and \$0.35 dedicated solely to operations and maintenance.

Next, Mr. Klein requested that the Board consider taking action concerning a proposed tax rate for 2020, including scheduling a public hearing on a proposed tax rate. Mr. Klein suggested that the Board schedule its public hearing on a proposed tax rate, adoption of a budget for fiscal year 2020-2021, adoption of a tax rate for 2020, and amending the District's Information Form at its next regularly scheduled Board meeting to be held in September. Upon motion by Director English, seconded by Director Twellmann and unanimously carried, the Board scheduled a public hearing on a proposed tax rate of \$0.97, adoption of a budget for fiscal year 2020-2021, adoption of a tax rate for 2020, and amending the District's Information Form at its next regularly scheduled Board meeting to be held in September and authorized publication of a Notice of Public Hearing on Tax Rate.

Director Stratton stated that the Board would next consider the engagement of West, Davis & Company to audit the District's financial records for the period ending September 30, 2020. Mr. West presented a copy of his firm's engagement letter noting that the terms, conditions, and fees associated with conducting the District's audit was unchanged from the previous year. After discussion, upon motion by Director English, seconded by Director Twellmann, and unanimously carried, the Board approved the engagement letter, submitted by West, Davis & Company, for auditing the District's financial records for the period ending September 30, 2020, a copy of which is attached hereto as Exhibit "H".

Director Wang stated that the Board would next consider the payment of invoices and Bookkeeper's report. Mr. Monzingo distributed a list of current invoices and quarterly investment report, copies of which are attached hereto as Exhibit "I". Mr. Monzingo informed the Board that the District had received notice from Mr. Klein's firm of its intention to adjust hourly billing rates, effective October 1, 2020. He stated that hourly billing rates for Mr. Klein and Ms. Chambers would be increasing by \$10.00 per hour. Next, Mr. Monzingo requested that the Board void Check No. 3512, payable to Director Bridgefarmer, due to his absence from the meeting. After discussion, upon motion by Director English, seconded by Director Twellmann, and unanimously carried, the Board approved the payment of invoices and quarterly investment report, as amended.

The next item to come before the Board was to consider action concerning a District website, including management of same. Mr. Klein reiterated that he had discussed with the Board the requirement that political subdivisions with taxing authority post certain District information online, thus requiring the District to obtain its own website. Mr. Klein suggested that monies be budgeted by the District to account for the cost of website design and management in the range of \$5,000. He noted that Lakeside WCID No. 1 had recently updated its website and there was opportunity to enter into a cost share agreement with Lakeside WCID No. 1 to have them provide a template that could be replicated for the District's own use. Mr. Klein noted that his firm had personnel that could be utilized by the District to manage its website should the Board desire to retain his firm for this purpose. Mr. Klein stated that he understood that Mr. Matthew Tiemann and Mr. Monzingo had contacts with other firms that could provide similar services and stated that he would be happy to contact these firms and solicit proposals for such services. After discussion, it was the consensus of the Board that Mr. Klein contact the individuals recommended by Mr. Matthew Tiemann and Mr. Monzingo and request proposals for the Board's consideration.

There were no announcements or requests for items at the Board's next meeting.

After discussion, there being no further business, and upon motion made by Director Twellmann, seconded by Director English, and unanimously carried, the meeting was adjourned at 6:31 p.m. until further call.

PASSED, APPROVED AND ADOPTED THIS 15th day of September, 2020.

\_\_\_\_\_  
Larry English, Secretary

[DISTRICT SEAL]

## Agenda Item No. 9

Discuss, consider, and take action as necessary concerning Pay Estimate No. 8 Retainage for Lakeside at Blackhawk III, Phase 4 – Street Excavation and Drainage, Water, Wastewater, and Erosion Control Improvement, submitted by Patin Construction, L.L.C.



RANDALL JONES & ASSOCIATES  
ENGINEERING INC.

August 21, 2020

Lakeside WCID2C Board of Directors  
c/o Lloyd, Gosselink, Rochelle, & Townsend, P.C.  
816 Congress Ave, Ste. 1900  
Austin, TX 78701

RE: Lakeside at Blackhawk III Phase 4 - Street Excavation and Drainage, Water,  
Wastewater, and Erosion Control Improvements

RJE Job# 2257

To Whom It May Concern,

The attached pay estimate, submitted by Patin Construction, L.L.C, has been reviewed by this office. Randall Jones & Associates Engineering, Inc. recommends the approval of this pay estimate as presented to the Board of Directors of Lakeside WCID2C.

Pay estimate no. 8RET

\$111,075.06

The original contract amount for this project is \$958,050.55. Change order No 1 & 2 have been previously approved. This brings the new contract amount to \$980,250.55. Based on this pay estimate, approximately \$980,250.55 of the work on this project has been completed. This represents approximately 100% of the project. This letter releases the 10% retainage withheld in accordance with the contract documents. If you have any questions or need any additional information, please call.

Very truly yours,

Israel Ramirez, P.E.  
TBPE Reg No. F-9784



TO OWNER/CLIENT:  
Felder-MHI Blackhawk LLC

PROJECT:  
2004 Lakeside at Blackhawk III Phase 4  
Jakes Hill Road  
Pflugerville, Texas 78660

APPLICATION NO: 8  
INVOICE NO: 2004U 08 FINAL  
PERIOD: 08/01/20 - 08/31/20  
PROJECT NO: 2004

FROM CONTRACTOR:  
Patin Construction LLC  
Patin Construction LLC 3800 W 2nd St  
Taylor, Texas 76574

VIA ARCHITECT/ENGINEER:  
Jeff Birkhead (Patin Construction LLC)  
Texas

CONTRACT DATE:

CONTRACT FOR: 2004 Lakeside at Blackhawk III Phase 4 Prime Contract- Utilities

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

|   |  |              |
|---|--|--------------|
| 1 | Original Contract Sum  | \$958,050.55 |
| 2 | Net change by change orders  | \$22,200.00  |
| 3 | Contract Sum to date (Line 1 ± 2)                                      | \$980,250.55 |
| 4 | Total completed and stored to date (Column G on detail sheet)          | \$980,250.55 |
| 5 | Retainage  |              |
|   | a. 0.00% of completed work   | \$0.00       |
|   | b. 0.00% of stored material  | \$0.00       |
|   | Total retainage (Line 5a + 5b or total in column I of detail sheet)    | \$0.00       |
| 6 | Total earned less retainage (Line 4 less Line 5 Total)                 | \$980,250.55 |
| 7 | Less previous certificates for payment (Line 6 from prior certificate) | \$869,175.49 |
| 8 | Current payment due  | \$111,075.06 |
| 9 | Balance to finish, including retainage (Line 3 less Line 6)            | \$0.00       |

| CHANGE ORDER SUMMARY                                      | ADDITIONS   | DEDUCTIONS   |
|---|-------------|--------------|
| Total changes approved in previous months by Owner/Client | \$15,000.00 | \$(4,300.00) |
| Total approved this month                                 | \$11,500.00 | \$0.00       |
| Totals  | \$26,500.00 | \$(4,300.00) |
| Net change by change orders                               | \$22,200.00 |              |

The undersigned certifies that to the best of the Contractor's knowledge, information and belief, the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work which previous Certificates for payment were issued and payments received from the Owner/Client, and that current payments shown herein is now due.

CONTRACTOR: Patin Construction LLC

By

Date

State of


County of:

Subscribed and sworn to before

me this

Notary Public

My commission expires

8/19/2020  
Texas  
Williamson  
August 22, 2020  
Notary Public  
My commission expires 7/31/23  


ARCHITECT'S/ENGINEER'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on the on-site observations and the data comprising this application, the Architect/Engineer certifies to the Owner/Client that to the best of the Architect's/Engineer's knowledge, information and belief that Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED: \$111,075.06

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to confirm the amount certified.)

ARCHITECT/ENGINEER

By

Date

8.21.2020  
This certificate is not negotiable. The amount certified is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to the rights of the Owner/Client or Contractor under this Contract.

Felder-MHI Blackhawk LLC

Lakeside Water Control and Improvement District No. 2C Director

By: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Lakeside Water Control and Improvement District No. 2C District Engineer

By: Israel Pandy

Date: 8.21.2020

Document SUMMARY SHEET, APPLICATION AND CERTIFICATE FOR PAYMENT, containing

APPLICATION NUMBER: 8

Contractor's signed Certification is attached.

APPLICATION DATE:

Use Column I on Contracts where variable retainage for line items apply.

PERIOD: 08/01/20 - 08/31/20

Contract Lines

| ITEM NO. | COST CODE | DESCRIPTION OF WORK                 | C           |             |             | D           |             | E   |        | F      | G           |             |           | H      | I      |
|----------|-----------|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-----|--------|--------|-------------|-------------|-----------|--------|--------|
|          |           |                                     | QTY         | UNIT PRICE  | VALUE       | QTY         | VALUE       | QTY | VALUE  |        | QTY         | VALUE       | % (G / C) |        |        |
| 1        | None      | Clearing (ROW)                      | 1656<br>5.0 | \$0.25      | \$4,141.25  | 1656<br>5.0 | \$4,141.25  | 0.0 | \$0.00 | \$0.00 | 1656<br>5.0 | \$4,141.25  | 100.00%   | \$0.00 | \$0.00 |
| 2        | None      | Clearing (Lots and Offsite)         | 7051<br>2.0 | \$0.25      | \$17,628.00 | 7051<br>2.0 | \$17,628.00 | 0.0 | \$0.00 | \$0.00 | 7051<br>2.0 | \$17,628.00 | 100.00%   | \$0.00 | \$0.00 |
| 3        | None      | Excavation (ROW)                    | 1656<br>5.0 | \$3.00      | \$49,695.00 | 1656<br>5.0 | \$49,695.00 | 0.0 | \$0.00 | \$0.00 | 1656<br>5.0 | \$49,695.00 | 100.00%   | \$0.00 | \$0.00 |
| 4        | None      | 18" Class III RCP                   | 474.<br>0   | \$50.00     | \$23,700.00 | 474.<br>0   | \$23,700.00 | 0.0 | \$0.00 | \$0.00 | 474.<br>0   | \$23,700.00 | 100.00%   | \$0.00 | \$0.00 |
| 5        | None      | 24" Class III RCP                   | 42.0        | \$60.00     | \$2,520.00  | 42.0        | \$2,520.00  | 0.0 | \$0.00 | \$0.00 | 42.0        | \$2,520.00  | 100.00%   | \$0.00 | \$0.00 |
| 6        | None      | 30" Class III RCP                   | 1069<br>.0  | \$78.00     | \$83,382.00 | 1069<br>.0  | \$83,382.00 | 0.0 | \$0.00 | \$0.00 | 1069<br>.0  | \$83,382.00 | 100.00%   | \$0.00 | \$0.00 |
| 7        | None      | 42" Class III RCP                   | 399.<br>0   | \$185.00    | \$73,815.00 | 399.<br>0   | \$73,815.00 | 0.0 | \$0.00 | \$0.00 | 399.<br>0   | \$73,815.00 | 100.00%   | \$0.00 | \$0.00 |
| 8        | None      | 30" Standard Headwall w/Dissipators | 1.0         | \$4,000.00  | \$4,000.00  | 1.0         | \$4,000.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$4,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 9        | None      | 42" Standard Headwall w/Dissipators | 1.0         | \$5,000.00  | \$5,000.00  | 1.0         | \$5,000.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$5,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 10       | None      | Inlets 10"                          | 11.0        | \$4,000.00  | \$44,000.00 | 11.0        | \$44,000.00 | 0.0 | \$0.00 | \$0.00 | 11.0        | \$44,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 11       | None      | Standard 4' SS Manhole              | 2.0         | \$4,500.00  | \$9,000.00  | 2.0         | \$9,000.00  | 0.0 | \$0.00 | \$0.00 | 2.0         | \$9,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 12       | None      | Standard 5' SS Manhole              | 1.0         | \$5,000.00  | \$5,000.00  | 1.0         | \$5,000.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$5,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 13       | None      | Standard 6' SS Manhole              | 1.0         | \$5,500.00  | \$5,500.00  | 1.0         | \$5,500.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$5,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 14       | None      | Standard 4' x 3' Junction Box       | 1.0         | \$6,000.00  | \$6,000.00  | 1.0         | \$6,000.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$6,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 15       | None      | Adjust Manhole Castings             | 5.0         | \$500.00    | \$2,500.00  | 5.0         | \$2,500.00  | 0.0 | \$0.00 | \$0.00 | 5.0         | \$2,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 16       | None      | Grading to Insure Proper Drainage   | 1.0         | \$30,000.00 | \$30,000.00 | 1.0         | \$30,000.00 | 0.0 | \$0.00 | \$0.00 | 1.0         | \$30,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 17       | None      | Grading Verification                | 1.0         | \$1,075.00  | \$1,075.00  | 1.0         | \$1,075.00  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$1,075.00  | 100.00%   | \$0.00 | \$0.00 |
| 18       | None      | Trench Safety                       | 1983<br>.0  | \$2.00      | \$3,966.00  | 1983<br>.0  | \$3,966.00  | 0.0 | \$0.00 | \$0.00 | 1983<br>.0  | \$3,966.00  | 100.00%   | \$0.00 | \$0.00 |
| 19       | None      | Staking Pipe and Channel            | 2052<br>.0  | \$1.25      | \$2,565.00  | 2052<br>.0  | \$2,565.00  | 0.0 | \$0.00 | \$0.00 | 2052<br>.0  | \$2,565.00  | 100.00%   | \$0.00 | \$0.00 |
| 20       | None      | Rough Cuts                          | 1.0         | \$3,280.50  | \$3,280.50  | 1.0         | \$3,280.50  | 0.0 | \$0.00 | \$0.00 | 1.0         | \$3,280.50  | 100.00%   | \$0.00 | \$0.00 |
| 21       | None      | 10 ft. Hike and Bike Trail          | 1083<br>.0  | \$61.00     | \$66,063.00 | 1083<br>.0  | \$66,063.00 | 0.0 | \$0.00 | \$0.00 | 1083<br>.0  | \$66,063.00 | 100.00%   | \$0.00 | \$0.00 |
| 22       | None      | Grade to Drain Channel              | 69.0        | \$25.00     | \$1,725.00  | 69.0        | \$1,725.00  | 0.0 | \$0.00 | \$0.00 | 69.0        | \$1,725.00  | 100.00%   | \$0.00 | \$0.00 |

| ITEM NO. | COST CODE | DESCRIPTION OF WORK                                    | C               |            |             | D                                 |             | E           |            | F      | G  |             |           | H      | I      |
|----------|-----------|--|-----------------|------------|-------------|-----------------------------------|-------------|-------------|------------|--------|--|-------------|-----------|--------|--------|
|          |           |  | SCHEDULED VALUE |            |             | FROM PREVIOUS APPLICATION (D + E) |             | THIS PERIOD |            |        | TOTAL COMPLETED AND STORED TO DATE (D + E + F) |             |           |        |        |
|          |           |  | QTY             | UNIT PRICE | VALUE       | QTY                               | VALUE       | QTY         | VALUE      |        | QTY  | VALUE       | % (G / C) |        |        |
| 23       | None      | Remove Existing 30" Headwall                           | 1.0             | \$1,500.00 | \$1,500.00  | 1.0                               | \$1,500.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$1,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 24       | None      | Remove Existing 30" RCP                                | 44.0            | \$25.00    | \$1,100.00  | 44.0                              | \$1,100.00  | 0.0         | \$0.00     | \$0.00 | 44.0   | \$1,100.00  | 100.00%   | \$0.00 | \$0.00 |
| 25       | None      | Connect to Existing 30" RCP                            | 1.0             | \$5,000.00 | \$5,000.00  | 1.0                               | \$5,000.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$5,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 26       | None      | Muck and Backfill Existing Channel                     | 640.0           | \$25.00    | \$16,000.00 | 640.0                             | \$16,000.00 | 0.0         | \$0.00     | \$0.00 | 640.0  | \$16,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 27       | None      | 8" PVC C900 DR14                                       | 1431.0          | \$35.00    | \$50,085.00 | 1431.0                            | \$50,085.00 | 0.0         | \$0.00     | \$0.00 | 1431.0   | \$50,085.00 | 100.00%   | \$0.00 | \$0.00 |
| 28       | None      | 12" PVC C900 DR14                                      | 1573.0          | \$44.00    | \$69,212.00 | 1573.0                            | \$69,212.00 | 0.0         | \$0.00     | \$0.00 | 1573.0   | \$69,212.00 | 100.00%   | \$0.00 | \$0.00 |
| 29       | None      | 5 1/4" Fire Hydrant Assembly                           | 5.0             | \$5,500.00 | \$27,500.00 | 5.0                               | \$27,500.00 | 0.0         | \$0.00     | \$0.00 | 5.0  | \$27,500.00 | 100.00%   | \$0.00 | \$0.00 |
| 30       | None      | 8" Gate Valve  | 6.0             | \$1,500.00 | \$9,000.00  | 6.0                               | \$9,000.00  | 0.0         | \$0.00     | \$0.00 | 6.0  | \$9,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 31       | None      | 12" Gate Valve   | 6.0             | \$4,000.00 | \$24,000.00 | 6.0                               | \$24,000.00 | 0.0         | \$0.00     | \$0.00 | 6.0  | \$24,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 32       | None      | Adjust Valve Castings                                  | 17.0            | \$250.00   | \$4,250.00  | 5.0                               | \$1,250.00  | 12.0        | \$3,000.00 | \$0.00 | 17.0   | \$4,250.00  | 100.00%   | \$0.00 | \$0.00 |
| 33       | None      | 2" Standard Blow-Off                                   | 1.0             | \$4,000.00 | \$4,000.00  | 1.0                               | \$4,000.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$4,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 34       | None      | Double Service   | 22.0            | \$1,500.00 | \$33,000.00 | 22.0                              | \$33,000.00 | 0.0         | \$0.00     | \$0.00 | 22.0   | \$33,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 35       | None      | Single Service   | 5.0             | \$1,300.00 | \$6,500.00  | 5.0                               | \$6,500.00  | 0.0         | \$0.00     | \$0.00 | 5.0  | \$6,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 36       | None      | 8" Wet Connection                                      | 2.0             | \$5,000.00 | \$10,000.00 | 2.0                               | \$10,000.00 | 0.0         | \$0.00     | \$0.00 | 2.0  | \$10,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 37       | None      | 12" Wet Connection                                     | 1.0             | \$5,500.00 | \$5,500.00  | 1.0                               | \$5,500.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$5,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 38       | None      | 1" Air Release Valve                                   | 3.0             | \$4,000.00 | \$12,000.00 | 3.0                               | \$12,000.00 | 0.0         | \$0.00     | \$0.00 | 3.0  | \$12,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 39       | None      | Removed Existing 12" PVC                               | 34.0            | \$15.00    | \$510.00    | 34.0                              | \$510.00    | 0.0         | \$0.00     | \$0.00 | 34.0   | \$510.00    | 100.00%   | \$0.00 | \$0.00 |
| 40       | None      | Trench Safety  | 3004.0          | \$2.00     | \$6,008.00  | 3004.0                            | \$6,008.00  | 0.0         | \$0.00     | \$0.00 | 3004.0   | \$6,008.00  | 100.00%   | \$0.00 | \$0.00 |
| 41       | None      | Staking  | 3004.0          | \$1.15     | \$3,454.60  | 3004.0                            | \$3,454.60  | 0.0         | \$0.00     | \$0.00 | 3004.0   | \$3,454.60  | 100.00%   | \$0.00 | \$0.00 |
| 42       | None      | Staking Services                                       | 1.0             | \$1,650.00 | \$1,650.00  | 1.0                               | \$1,650.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$1,650.00  | 100.00%   | \$0.00 | \$0.00 |
| 43       | None      | 8" PVC SDR26 0-8'                                      | 404.0           | \$42.00    | \$16,968.00 | 404.0                             | \$16,968.00 | 0.0         | \$0.00     | \$0.00 | 404.0  | \$16,968.00 | 100.00%   | \$0.00 | \$0.00 |
| 44       | None      | 8" PVC SDR26 8-10'                                     | 1032.0          | \$46.00    | \$47,472.00 | 1032.0                            | \$47,472.00 | 0.0         | \$0.00     | \$0.00 | 1032.0   | \$47,472.00 | 100.00%   | \$0.00 | \$0.00 |
| 45       | None      | 8" PVC SDR26 10-12'                                    | 262.0           | \$50.00    | \$13,100.00 | 262.0                             | \$13,100.00 | 0.0         | \$0.00     | \$0.00 | 262.0  | \$13,100.00 | 100.00%   | \$0.00 | \$0.00 |
| 46       | None      | Double Service New on New WW Line                      | 16.0            | \$1,500.00 | \$24,000.00 | 16.0                              | \$24,000.00 | 0.0         | \$0.00     | \$0.00 | 16.0   | \$24,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 47       | None      | Double Service New on Ex. WW Line                      | 2.0             | \$1,500.00 | \$3,000.00  | 2.0                               | \$3,000.00  | 0.0         | \$0.00     | \$0.00 | 2.0  | \$3,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 48       | None      | Double Service New Coring Ex. MH                       | 1.0             | \$2,000.00 | \$2,000.00  | 1.0                               | \$2,000.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$2,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 49       | None      | Double Service Ex. Adjusted to Finished Location/Grade | 1.0             | \$1,000.00 | \$1,000.00  | 1.0                               | \$1,000.00  | 0.0         | \$0.00     | \$0.00 | 1.0  | \$1,000.00  | 100.00%   | \$0.00 | \$0.00 |

| ITEM NO. | COST CODE | DESCRIPTION OF WORK  | C               |             |             | D                                 |             | E           |        | F      | G  |             |           | H      | I      |
|----------|-----------|--|-----------------|-------------|-------------|-----------------------------------|-------------|-------------|--------|--------|--|-------------|-----------|--------|--------|
|          |           |  | SCHEDULED VALUE |             |             | FROM PREVIOUS APPLICATION (D + E) |             | THIS PERIOD |        |        | TOTAL COMPLETED AND STORED TO DATE (D + E + F) |             |           |        |        |
|          |           |  | QTY             | UNIT PRICE  | VALUE       | QTY                               | VALUE       | QTY         | VALUE  |        | QTY  | VALUE       | % (G / C) |        |        |
| 50       | None      | Single Service New on New VVW Line                                 | 4.0             | \$1,300.00  | \$5,200.00  | 4.0                               | \$5,200.00  | 0.0         | \$0.00 | \$0.00 | 4.0  | \$5,200.00  | 100.00%   | \$0.00 | \$0.00 |
| 51       | None      | Single Service by Modifying Ex Double Service                      | 2.0             | \$1,000.00  | \$2,000.00  | 2.0                               | \$2,000.00  | 0.0         | \$0.00 | \$0.00 | 2.0  | \$2,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 52       | None      | Single Service Ex. Adjusted to Finished Location/Grade             | 3.0             | \$1,000.00  | \$3,000.00  | 3.0                               | \$3,000.00  | 0.0         | \$0.00 | \$0.00 | 3.0  | \$3,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 53       | None      | Cut-Plug-Abandon Ex Double Service                                 | 3.0             | \$1,000.00  | \$3,000.00  | 3.0                               | \$3,000.00  | 0.0         | \$0.00 | \$0.00 | 3.0  | \$3,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 54       | None      | Adjust Manhole Castings- Existing                                  | 6.0             | \$250.00    | \$1,500.00  | 6.0                               | \$1,500.00  | 0.0         | \$0.00 | \$0.00 | 6.0  | \$1,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 55       | None      | Wastewater Manhole 4' Diameter                                     | 7.0             | \$5,000.00  | \$35,000.00 | 7.0                               | \$35,000.00 | 0.0         | \$0.00 | \$0.00 | 7.0  | \$35,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 56       | None      | Extra Depth Manholes 4' Diameter                                   | 6.0             | \$500.00    | \$3,000.00  | 6.0                               | \$3,000.00  | 0.0         | \$0.00 | \$0.00 | 6.0  | \$3,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 57       | None      | Wastewater Drop Manhole 5' Diameter constructed on Ex. VVW Manhole | 1.0             | \$6,000.00  | \$6,000.00  | 1.0                               | \$6,000.00  | 0.0         | \$0.00 | \$0.00 | 1.0  | \$6,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 58       | None      | Extra depth 5' Manholes  | 7.0             | \$500.00    | \$3,500.00  | 7.0                               | \$3,500.00  | 0.0         | \$0.00 | \$0.00 | 7.0  | \$3,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 59       | None      | Connect to and Construct Drop Structure on Ex. VVW Manhole         | 1.0             | \$10,000.00 | \$10,000.00 | 1.0                               | \$10,000.00 | 0.0         | \$0.00 | \$0.00 | 1.0  | \$10,000.00 | 100.00%   | \$0.00 | \$0.00 |
| 60       | None      | Adjust Manhole Castings- New                                       | 8.0             | \$250.00    | \$2,000.00  | 8.0                               | \$2,000.00  | 0.0         | \$0.00 | \$0.00 | 8.0  | \$2,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 61       | None      | Trench Safety  | 1698.0          | \$2.00      | \$3,396.00  | 1698.0                            | \$3,396.00  | 0.0         | \$0.00 | \$0.00 | 1698.0   | \$3,396.00  | 100.00%   | \$0.00 | \$0.00 |
| 62       | None      | Staking  | 1698.0          | \$1.15      | \$1,952.70  | 1698.0                            | \$1,952.70  | 0.0         | \$0.00 | \$0.00 | 1698.0   | \$1,952.70  | 100.00%   | \$0.00 | \$0.00 |
| 63       | None      | Staking Services   | 1.0             | \$1,275.00  | \$1,275.00  | 1.0                               | \$1,275.00  | 0.0         | \$0.00 | \$0.00 | 1.0  | \$1,275.00  | 100.00%   | \$0.00 | \$0.00 |
| 64       | None      | Reveg ROW  | 6239.0          | \$0.50      | \$3,119.50  | 6239.0                            | \$3,119.50  | 0.0         | \$0.00 | \$0.00 | 6239.0   | \$3,119.50  | 100.00%   | \$0.00 | \$0.00 |
| 65       | None      | Reveg OFFSITE  | 8195.0          | \$0.50      | \$4,097.50  | 8195.0                            | \$4,097.50  | 0.0         | \$0.00 | \$0.00 | 8195.0   | \$4,097.50  | 100.00%   | \$0.00 | \$0.00 |
| 66       | None      | SCE  | 1.0             | \$1,500.00  | \$1,500.00  | 1.0                               | \$1,500.00  | 0.0         | \$0.00 | \$0.00 | 1.0  | \$1,500.00  | 100.00%   | \$0.00 | \$0.00 |
| 67       | None      | Silt Fence- Site Construction                                      | 3848.0          | \$2.50      | \$9,620.00  | 3848.0                            | \$9,620.00  | 0.0         | \$0.00 | \$0.00 | 3848.0   | \$9,620.00  | 100.00%   | \$0.00 | \$0.00 |
| 68       | None      | Silt Fence- Post Construction                                      | 4537.0          | \$2.50      | \$11,342.50 | 4537.0                            | \$11,342.50 | 0.0         | \$0.00 | \$0.00 | 4537.0   | \$11,342.50 | 100.00%   | \$0.00 | \$0.00 |
| 69       | None      | Rock Berm (2 @ 20 LF Each)   | 40.0            | \$50.00     | \$2,000.00  | 40.0                              | \$2,000.00  | 0.0         | \$0.00 | \$0.00 | 40.0   | \$2,000.00  | 100.00%   | \$0.00 | \$0.00 |
| 70       | None      | Inlet Protection   | 11.0            | \$100.00    | \$1,100.00  | 11.0                              | \$1,100.00  | 0.0         | \$0.00 | \$0.00 | 11.0   | \$1,100.00  | 100.00%   | \$0.00 | \$0.00 |
| 71       | None      | Concrete Washout   | 1.0             | \$750.00    | \$750.00    | 1.0                               | \$750.00    | 0.0         | \$0.00 | \$0.00 | 1.0  | \$750.00    | 100.00%   | \$0.00 | \$0.00 |
| 72       | None      | Staking- Erosion Controls  | 1.0             | \$750.00    | \$750.00    | 1.0                               | \$750.00    | 0.0         | \$0.00 | \$0.00 | 1.0  | \$750.00    | 100.00%   | \$0.00 | \$0.00 |

| ITEM NO. | COST CODE | DESCRIPTION OF WORK         | SCHEDULED VALUE |            |              | FROM PREVIOUS APPLICATION (D + E) |              | THIS PERIOD |            | MATERIALS PRESENTLY STORED (NOT IN D OR E) | TOTAL COMPLETED AND STORED TO DATE (D + E + F) |              |           | BALANCE TO FINISH (C - G) | RETAINAGE |
|----------|-----------|-----------------------------|-----------------|------------|--------------|-----------------------------------|--------------|-------------|------------|--|--|--------------|-----------|---------------------------|-----------|
|          |           |                             | QTY             | UNIT PRICE | VALUE        | QTY                               | VALUE        | QTY         | VALUE      |  | QTY  | VALUE        | % (G / C) |                           |           |
| 73       | None      | ESC Matting Class 2, Type E | 291.0           | \$2.00     | \$582.00     | 291.0                             | \$582.00     | 0.0         | \$0.00     | \$0.00                                     | 291.0  | \$582.00     | 100.00%   | \$0.00                    | \$0.00    |
| TOTALS:  |           |                             |                 |            | \$968,050.55 |                                   | \$965,050.55 |             | \$3,000.00 | \$0.00                                     |  | \$968,050.55 | 100.00%   | \$0.00                    | \$0.00    |

Change Orders

| ITEM NO. | DESCRIPTION OF WORK  | SCHEDULED VALUE |              |              | FROM PREVIOUS APPLICATION (D + E) |              | THIS PERIOD |            | MATERIALS PRESENTLY STORED (NOT IN D OR E) | TOTAL COMPLETED AND STORED TO DATE (D + E + F) |              |             | BALANCE TO FINISH (C - G) | RETAINAGE |        |
|----------|--|-----------------|--------------|--------------|-----------------------------------|--------------|-------------|------------|--|--|--------------|-------------|---------------------------|-----------|--------|
|          |  | QTY             | UNIT PRICE   | VALUE        | QTY                               | VALUE        | QTY         | VALUE      |  | QTY  | VALUE        | % (G / C)   |                           |           |        |
| PCCO#001 |  |                 |              |              |                                   |              |             |            |  |  |              |             |                           |           |        |
| 74.1     | 04-200 Deduct- Double Service Ex. Adjusted to Finished Grade                               | 1.0             | \$(1,300.00) | \$(1,300.00) | 1.0                               | \$(1,300.00) | 0.0         | \$0.00     | \$0.00                                     | 1.0  | \$(1,300.00) | 100.00%     | \$0.00                    | \$0.00    |        |
| 74.2     | 04-200 Deduct- Single Service Ex. Adjusted to Finished Grade                               | 3.0             | \$(1,000.00) | \$(3,000.00) | 3.0                               | \$(3,000.00) | 0.0         | \$0.00     | \$0.00                                     | 3.0  | \$(3,000.00) | 100.00%     | \$0.00                    | \$0.00    |        |
| 74.3     | 04-200 Add- Double Service New on Ex Line  | 3.0             | \$1,500.00   | \$4,500.00   | 3.0                               | \$4,500.00   | 0.0         | \$0.00     | \$0.00                                     | 3.0  | \$4,500.00   | 100.00%     | \$0.00                    | \$0.00    |        |
| 74.4     | 04-200 Add- Single Service New on Ex Line  | 7.0             | \$1,500.00   | \$10,500.00  | 7.0                               | \$10,500.00  | 0.0         | \$0.00     | \$0.00                                     | 7.0  | \$10,500.00  | 100.00%     | \$0.00                    | \$0.00    |        |
| PCCO#002 |  |                 |              |              |                                   |              |             |            |  |  |              |             |                           |           |        |
| 75.1     | 02-055 Labor and Equipment for reinstalling corrugated metal pipe at existing pond outfall | 1.0             | \$2,500.00   | \$2,500.00   | 0.0                               | \$0.00       | 1.0         | \$2,500.00 | \$0.00                                     | 1.0  | \$2,500.00   | 100.00%     | \$0.00                    | \$0.00    |        |
| 75.2     | 02-055 Concrete SET for outfall at existing pond   | 1.0             | \$5,000.00   | \$5,000.00   | 0.0                               | \$0.00       | 1.0         | \$5,000.00 | \$0.00                                     | 1.0  | \$5,000.00   | 100.00%     | \$0.00                    | \$0.00    |        |
| 75.3     | 01-050 4' Tall Ornamental Iron Fence   | 40.0            | \$100.00     | \$4,000.00   | 0.0                               | \$0.00       | 40.0        | \$4,000.00 | \$0.00                                     | 40.0   | \$4,000.00   | 100.00%     | \$0.00                    | \$0.00    |        |
| TOTALS:  |  |                 |              |              | \$22,200.00                       |              | \$10,700.00 |            | \$11,500.00                                | \$0.00   |              | \$22,200.00 | 100.00%                   | \$0.00    | \$0.00 |

Grand Totals

| ITEM NO.      | DESCRIPTION OF WORK | SCHEDULED VALUE |  |              | FROM PREVIOUS APPLICATION (D + E) |              | THIS PERIOD |             | MATERIALS PRESENTLY STORED (NOT IN D OR E) | TOTAL COMPLETED AND STORED TO DATE (D + E + F) | % (G / C) | BALANCE TO FINISH (C - G) | RETAINAGE |
|---------------|---------------------|-----------------|--|--------------|-----------------------------------|--------------|-------------|-------------|--|--|-----------|---------------------------|-----------|
| GRAND TOTALS: |                     |                 |  | \$980,250.55 |                                   | \$965,750.55 |             | \$14,500.00 | \$0.00                                     | \$980,250.55                                   | 100.00%   | \$0.00                    | \$0.00    |

CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

Project Lakeside @ Blackhawk III, phase 4 UTILITIES

Job No. 2004

On receipt by the signer of this document of a check from Lakeside Water Control and Improvement District No. 2C in the sum of \$ 111,075.06 payable to Patin Construction LLC, and when the check has been properly endorsed and has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the property of Lakeside Water Control and Improvement District No. 2C, located at Pflugerville Texas to the following extent: Lakeside @ Blackhawk III, phase 4 Utilities (job description).

This release covers the final payment to the signer for all labor, services, equipment, or materials furnished to the property or to Lakeside Water Control and Improvement District No. 2C.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

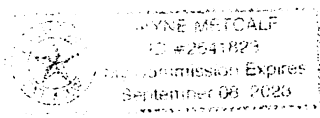
The signer warrants that the signer has already paid or will use the funds received from this final payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project up to the date of this waiver and release.

Date 8/14/2020  
Patin Construction LLC (Company name)  
By [Signature] (Signature)  
[Title] (Title)"

SUBSCRIBED AND SWORN TO BEFORE ME this the 14th day of August, 2020.

[Signature]  
NOTARY PUBLIC, in and for the State of Texas

My Commission Expires: 9-8-2023



NOTICE

This document waives rights unconditionally and states that you have been paid for giving up those rights. It is prohibited for a person to require you to sign this document if you have not been paid the payment amount set forth below.

UNCONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

Project Lakeside @ Blackhawk III, phase 4 Utilities

Job No. 2004U

The signer of this document has been paid and has received a progress payment in the sum of \$ 23,248.55 for all labor, services, equipment, or materials furnished to the property or to Patin Construction LLC (person with whom signer contracted) on the property of Lakeside Water Control and Improvement District No. 2C (owner) located at Pflugerville TX (location) to the following extent: Lakeside @ Blackhawk III, phase 4 Utilities (job description). The signer therefore waives and releases any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the above referenced project to the following extent:

This release covers a progress payment for all labor, services, equipment, or materials furnished to the property or to Patin Construction LLC (person with whom signer contracted) as indicated in the attached statement(s) or progress payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.

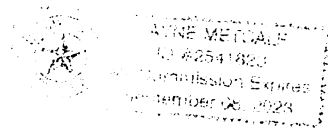
The signer warrants that the signer has already paid or will use the funds received from this progress payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project in regard to the attached statement(s) or progress payment request(s).

Date 9/14/2020

By [Signature]

SWORN TO AND SUBSCRIBED BEFORE ME on this 14<sup>th</sup> day of August, 2020

Notary Public Signature



[Signature]



# Patin Construction LLC

3800 W. Second Street

Taylor, TX 76574

Phone: (512) 269-1071

Fax: (512) 269-1072

Date

June 29, 2020

## CHANGE ORDER #2

**Felder-MHI Blackhawk LLC**

**Email: Bryan Holubec, bholubec@tlcdevelopment.com**

**Project Name: Lakeside at Blackhawk III Ph. 4**

| Item No. | Qty. | Unit | Description   | Unit Price               | Total            |
|----------|------|------|---|--------------------------|------------------|
| 1        | 1    | LS   | Labor and equipment for reinstalling Corrugated Metal Pipe at existing pond outfall | \$ 2,500.00 \$           | 2,500.00         |
| 2        | 1    | LS   | Concrete SET for outfall into existing pond   | \$ 5,000.00 \$           | 5,000.00         |
| 3        | 40   | LF   | 4' tall Ornamental Iron Fence   | \$ 100.00 \$             | 4,000.00         |
|          |      |      |   | <b>Storm Subtotal \$</b> | <b>11,500.00</b> |

**TOTAL CHANGE ORDER #2 \$ 11,500.00**

**OWNER:**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Felder-MHI Blackhawk LLC

**CONTRACTOR:**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Patin Construction LLC

## **Agenda Item No. 10**

**Discuss, consider, and take action as necessary concerning acceptance of assignment of 50 LUEs of wholesale water and wastewater utility service for Lakeside at Blackhawk III, Phase 4.**

**ASSIGNMENT OF UTILITY SERVICES  
(Lakeside at Blackhawk III, Phase 4 - Water)**

DATE: September 15, 2020

ASSIGNOR: Tiemann Land & Cattle Development, Inc.,  
a Texas corporation

ASSIGNOR'S MAILING ADDRESS: 4421 Rowe Lane  
Pflugerville, Texas 78660

ASSIGNEE: Lakeside Water District & Improvement District No. 2C of Travis County, Texas,  
a conservation and reclamation district operating under the authority of Article  
XVI, Section 59 of the Texas Constitution

ASSIGNEE'S MAILING ADDRESS: c/o Lloyd Gosselink Rochelle & Townsend, P.C.  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701

UTILITY SERVICES: Assignor's right to receive 50 Living Unit Equivalents (LUEs) of  
wholesale water supply service capacity arising from that certain Agreement for Providing  
Wholesale Water Service dated October 7, 1996 by and between Tiemann Land & Cattle  
Development, Inc. and Manville Water Supply Corporation (the "Manville Agreement")  
concerning wholesale water supply capacity benefiting approximately 1,113 acres of land in Travis  
and Williamson Counties, Texas (the "Service Area").

**RECITALS**

- A. Felder MHI-Blackhawk, LLC has platted and developed the land comprising Lakeside at Blackhawk III, Phase 4 subdivision, which land is located within the Service Area and is described in the plat recorded in Document No. \_\_\_\_\_, Official Public Records, Travis County, Texas (the "Property").
- B. The Property is located within the boundaries of Assignee and Assignee desires to acquire the Utility Services in order to provide water service to the Property.
- C. Section 4.7 of the Manville Agreement provides that the Manville Agreement may be assigned by Assignor to a district operating under the authority of Article XVI, Section 59 of the Texas Constitution without the consent of Manville Water Supply Corporation.

NOW, THEREFORE, for good and valuable consideration including the mutual promises contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby transfers and assigns to Assignee, its successors and assigns, all of Assignor's rights, title and interest in and to 50 LUEs out of the wholesale water supply capacity arising from the Manville Agreement (the "Utility Services") for providing service to the Property.
2. Assignee hereby accepts the Assignment of the Utility Services and expressly assumes and agrees to keep, perform and fulfill all of the terms, conditions, and obligations of Assignor in connection with the Utility Services.
3. TO HAVE AND TO HOLD all of the 50 LUEs of Utility Services unto Assignee and Assignee's successors and assigns, and Assignor does hereby bind Assignor and Assignor's successors and assigns, to warrant and forever defend all and singular the 50 LUEs of Utility Services being assigned hereunder to Assignee and Assignee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.
4. The Assignment may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document, and all counterparts will constitute one and the same agreement.

When the context requires, singular nouns and pronouns include the plural.

Assignor:

Tiemann Land & Cattle Development, Inc.,

By: \_\_\_\_\_  
Matthew R. Tiemann, President

Assignee:

Lakeside Water District & Improvement  
District No. 2C of Travis County, Texas

By: \_\_\_\_\_  
David Wang, President

**ACKNOWLEDGEMENTS**

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me this 15th day of September, 2020, by Matthew R. Tiemann, president of Tiemann Land & Cattle Development, Inc. a Texas corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public Signature

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me this 15th day of September, 2020, by David Wang, President of Lakeside Water District & Improvement District No. 2C of Travis County, Texas, a conservation and reclamation district operating under the authority of Article XVI, Section 59 of the Texas Constitution, on behalf of said district.

\_\_\_\_\_  
Notary Public Signature

**ASSIGNMENT OF UTILITY SERVICES  
(Lakeside at Blackhawk III, Phase 4 - Wastewater)**

DATE: September 14, 2020

ASSIGNOR: Lakeside Water Control and Improvement District No. 2A of Travis and Williamson Counties, Texas, a conservation and reclamation district operating under the authority of Article XVI, Section 59 of the Texas Constitution

ASSIGNOR'S MAILING ADDRESS: c/o Lloyd Gosselink Rochelle & Townsend, P.C.  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701

ASSIGNEE: Lakeside Water Control & Improvement District No. 2C of Travis County, Texas, a conservation and reclamation district operating under the authority of Article XVI, Section 59 of the Texas Constitution

ASSIGNEE'S MAILING ADDRESS: c/o Lloyd Gosselink Rochelle & Townsend, P.C.  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701

UTILITY SERVICES: Assignor's right to receive 50 Living Unit Equivalent (LUEs) of wholesale wastewater service capacity arising from that certain Agreement for Providing Wholesale Wastewater Service dated October 10, 1996 by and between Tiemann Land & Cattle Development, Inc. ("Tiemann") and Kelly Lane Utility Company, Inc. and as amended September 30, 2003 (the "Wholesale Agreement") concerning wholesale wastewater service capacity benefiting approximately 1,113 acres of land in Travis and Williamson Counties, Texas (the "Service Area").

**RECITALS**

- A. Felder MHI-Blackhawk, LLC has platted and developed the land comprising the Lakeside at Blackhawk III, Phase 4 subdivision, which land is located within the Service Area and is described in the plat recorded in Document No. \_\_\_\_\_, Official Public Records, Travis County, Texas (the "Property").
- B. The Property is located within the boundaries of Assignee and Assignee desires to acquire the Utility Services in order to provide wastewater service to the Property.
- C. Section 6.7 of the Wholesale Agreement provides that the Wholesale Agreement may be assigned by Tiemann to a district operating under the authority of Article XVI, Section 59 of the Texas Constitution without the consent of Kelly Lane Utility Company, Inc., but only after the district has executed an agreement with Kelly Lane Utility Company, Inc.

whereby the district agrees to assume all of the obligations of Tiemann under the Wholesale Agreement and Tiemann has paid all sums due to Kelly Lane Utility Company, Inc.

- D. Lakeside Water Control and Improvement District No. 2 (“Original District”) executed an agreement with Kelly Lane Utility Company, Inc. as required by Section 6.7 of the Wholesale Agreement.
- E. Assignor has accepted all rights and obligations under the terms and conditions of the Wholesale Agreement as successor in interest to the Original District under the terms and conditions of the division of the Original District pursuant to Section 51.749 of the Texas Water Code.

NOW, THEREFORE, for good and valuable consideration including the mutual promises contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby transfers and assigns to Assignee, its successors and assigns, all of Assignor’s rights, title and interest in and to 50 LUEs of wholesale wastewater service capacity arising from the Wholesale Agreement (the “Utility Services”) for providing service to the Property.
2. Assignee hereby accepts the Assignment of the 50 LUEs of Utility Services and expressly assumes and agrees to keep, perform and fulfill all of the terms, conditions, and obligations of Assignor under the Wholesale Agreement in connection with the Utility Services.
3. TO HAVE AND TO HOLD all of the 50 LUEs of Utility Services unto Assignee and Assignee’s successors and assigns, and Assignor does hereby bind Assignor and Assignor’s successors and assigns, to warrant and forever defend all and singular the 50 LUEs of Utility Services being assigned hereunder to Assignee and Assignee’s successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.
4. The Assignment may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document, and all counterparts will constitute one and the same agreement.
5. The above Recitals are true and correct, and are incorporated herein for all purposes.

When the context requires, singular nouns and pronouns include the plural.

Assignor:  
Lakeside Water Control and Improvement  
District No. 2A of Travis and Williamson  
Counties

By: \_\_\_\_\_  
Lawrence Shellaby, President

Assignee:  
Lakeside Water District and Improvement  
District No. 2C

By: \_\_\_\_\_  
David Wang, President

**ACKNOWLEDGEMENTS**

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF TRAVIS    §

This instrument was acknowledged before me this 14th day of September, 2020, by Lawrence Shellaby, President of Lakeside Water Control and Improvement District No. 2A of Travis and Williamson Counties, a conservation and reclamation district operating under the authority of Article XVI, Section 59 of the Texas Constitution, on behalf of said District.

\_\_\_\_\_  
Notary Public Signature

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF TRAVIS    §

This instrument was acknowledged before me this 15th day of September, 2020, by David Wang, President of Lakeside Water District & Improvement District No. 2C of Travis County, Texas, a conservation and reclamation district operating under the authority of Article XVI, Section 59 of the Texas Constitution, on behalf of said district.

\_\_\_\_\_  
Notary Public Signature

## Agenda Item No. 11

Discuss, consider, and take action as necessary concerning repairs to water system within Jakes Hill Condominium Regime, including, but not limited to, agreement with Crossroads Utility Services to maintain the water and wastewater systems within the Jakes Hill Condominium Regime.

**PROFESSIONAL SERVICES AGREEMENT  
CONCERNING THE OPERATION, MAINTENANCE, AND MANAGEMENT OF  
WATER AND WASTEWATER FACILITIES AND SERVICES WITHIN THE  
TRAILS AT BLACKHAWK CONDOMINIUMS IN TRAVIS COUNTY, TEXAS**

This PROFESSIONAL SERVICES AGREEMENT (“*Agreement*”) is entered into as of the last date of due execution (“*Effective Date*”) by and between Lakeside Water Control and Improvement District No. 2C, a Texas water control and improvement district operating pursuant to Chapters 49 and 51 of the Texas Water Code (“*District*”), and Crossroads Utility Services, LLC, a Texas limited liability company (“*Operator*”). District and Operator are each a “*Party*,” and are collectively referred to herein as the “*Parties*.”

**RECITALS**

**WHEREAS**, the Trails at Blackhawk Condominiums (“*Regime*”) is a condominium regime located on a 9.479 acre tract of land, more or less, in Travis County, Texas, described as Lot 1, Block A in the plat recorded in Document No. 201800030 of the Official Public Records of Travis, County, Texas, a copy of which is attached hereto and made a part hereof for all purposes as **Exhibit A**;

**WHEREAS**, the Regime requires residential water and wastewater services sufficient to meet the needs of 59 units at full build-out;

**WHEREAS**, the District is the holder of water and wastewater Certificates of Convenience and Necessity (“*CCN*”) Nos. 13245 and 21094, respectively, authorizing the District to provide retail water and wastewater services within the geographic boundaries of such CCNs (the “*Service Area*”);

**WHEREAS**, the Regime is located within the District’s Service Area;

**WHEREAS**, the District owns water production, treatment, and distribution facilities as well as sanitary wastewater collection and transportation facilities within its Service Area (the “*District System*”);

**WHEREAS**, the District provides retail water and wastewater services to the landowners within the Service Area according to service policies and orders adopted by its Board of Directors (“*Service Policies*”);

**WHEREAS**, the District System is operated, maintained, and managed by the City of Pflugerville pursuant to the terms of that certain “Professional Services Agreement,” dated June 20, 2000, as amended, save and except for those portions of the District System which are located on the Regime’s side of the Master Meter (as hereinafter defined) (portions of the District System located on the Regime’s side of the Master Meter comprise the “*Regime System*”);

**WHEREAS**, the District desires to obtain services for the competent operation, maintenance, and management of the Regime System;

**WHEREAS**, Operator desires to provide operations, maintenance, and management services for the Regime System; and

**WHEREAS**, the Parties desire to enter into a definitive agreement pursuant to which Operator shall operate, maintain, and manage the Regime System.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and considerations hereinafter set forth, the sufficiency and adequacy of which is hereby acknowledged, the Parties agree as follows:

**ARTICLE I.**  
**GENERAL**

1. **Organization.** Operator shall administer all work, activities, operations, repair, replacement, and maintenance of the Regime System, including, but not limited to, routine and preventative services and maintenance (collectively, the “***Services***”) in accordance with the terms of this Agreement, the District’s Service Policies, and any and all applicable federal, state, and local laws, regulations, and ordinances (collectively, “***Applicable Laws***”).
2. **Relationship of the District and Operator.** Operator shall serve in the capacity of an independent contractor for the District during the period of this Agreement.
3. **Operator Responsibilities.** In the performance of its duties under this Agreement, Operator shall exercise a degree of care and diligence in the operation and maintenance of the Regime System that is consistent with generally accepted engineering standards and principles for utility systems, and is in conformance with all Applicable Laws.
4. **Personnel.** Operator shall provide competent, trained personnel that are licensed and/or certified by the Texas Commission on Environmental Quality (“***TCEQ***”), or other appropriate governmental authority. In addition, all personnel shall be trained to be professional and courteous in dealing with the District’s customers, suppliers, and vendors.
5. **24-Hour Service.** Operator shall maintain qualified personnel and all equipment necessary to provide a telephone and dispatch service to respond to emergencies, customer problems, and Regime System equipment malfunctions 24 hours a day, 7 days a week, and 365 days per year. Emergency wastewater system inspections and repairs performed hereunder shall be billed to the District on an hourly basis in accordance with the rate schedule set forth in **Exhibit B.**
6. **District Meetings.** Upon request, a representative of Operator shall attend meetings of the District’s Board of Directors which have an agenda item relating to the Services. The Operator representative will have direct knowledge concerning the agenda item(s) and/or of the Regime System’s ongoing operations, as appropriate.

7. Coordination with Consultants. Operator shall coordinate with, and respond to routine inquiries or correspondence from, the District and its professional services consultants, such as attorneys, engineers, auditors, bookkeepers, and financial advisors, in a prompt and professional manner.
8. Customer Relations. Operator shall promote good relations with the District's customers and act in a manner befitting a professional contractor of the District. Operator shall respond to routine inquiries and correspondence from the District's customers in a prompt, professional manner.

**ARTICLE II.**  
**RETAIL WATER AND WASTEWATER MANAGEMENT SERVICES**

1. Regime System Operations. Operator shall provide all personnel, equipment, materials, and supplies necessary to perform the Services in accordance with all Applicable Laws. With the exception of laboratory expenses and routine, non-routine, and emergency wastewater system inspections and repairs, the cost for all materials and supplies used to provide the Services under this Agreement shall be borne solely by the Operator.
2. Meter Reading, Billing, and Collection. Operator shall conduct weekly readings of the 4-inch master meter ("**Master Meter**") through which retail water service is provided to the Regime, but shall not be responsible for any aspect of internal meter reading, billing, or collection.
3. Chlorine Residual Monitoring. Operator shall timely conduct, and be responsible for all aspects of, weekly routine chloramine residual monitoring, including, but not limited to, sampling, reporting, and maintaining disinfectant levels in the water distribution system in compliance with all Applicable Laws.
4. Bacteriological Sampling. Operator shall timely conduct, and be responsible for all aspects of, monthly routine bacteriological sampling, including, but not limited to, monitoring, reporting, and correcting sanitary defects in the water distribution system in compliance with all Applicable Laws.
5. Dead-End Flushing. Operator shall timely conduct, and be responsible for all aspects of, monthly routine flushing at all dead-ends, regardless of size or type of flush valve, and including, but not limited to, retaining records of flushing, in compliance with all Applicable Laws.
6. Monthly Operations Report. Operator shall render a monthly operations report, which shall include the following information, or other information to which the Parties can agree, as applicable:
  - a. daily and monthly water flow data;

- b. the number of gallons of water billed to the District;
  - c. records regarding equipment repairs and replacements;
  - d. abnormal changes in the condition of the Regime System, needed repairs, and recommended schedules for such repairs;
  - e. insurance claims filed on behalf of the District with the concurrence of the District;
  - f. damage to the Regime System and possible causes thereof;
  - g. statistics relating to overall Regime System operations, as appropriate;
  - h. operations and maintenance cost data; and
  - i. information and reports as may be required for audit of the District's accounts.
7. **Information.** Any data, records, or other information (collectively "***Information***") gathered, collected, received, created, or maintained by Operator, in any form, in the performance of its duties under this Agreement, is the property of the District and Operator shall use commercially reasonable efforts to provide the District with the Information upon written or electronic request. This provision shall survive termination of this Agreement.
8. **Disclosure of Public Information.** Pursuant to Chapter 552, Subchapter J of the Texas Government Code, contracting information is public and must be released by any non-governmental entity that executes a contract with a governmental body; unless, however, specific factual evidence demonstrates that the information is a trade secret as defined in Section 552.110(a) or is proprietary under Section 552.1101. Operator acknowledges and agrees that the requirements of Subchapter J may apply to this Agreement, which can be terminated if Operator knowingly or intentionally fails to comply with a requirement of that subchapter. Operator further agrees to (1) preserve all contracting information related to this Agreement, for the duration of the Agreement, as provided by the records retention requirements applicable to the District; (2) promptly provide to the District any contracting information related to this Agreement that is in the custody or possession of Operator upon request of the District; and (3) upon termination of this Agreement, either: (a) provide, at no cost to the District, all contracting information related to the Services that is in the custody or possession of Operator, or (b) preserve the contracting information related to the Services as provided by the records retention requirements applicable to the District.
9. **Regulatory Reports and Requirements.** Operator shall prepare and submit all routine reports and regulatory compliance correspondence required by applicable regulatory for public drinking water systems and domestic wastewater systems to authorities under the Applicable Laws, and will provide a copy of such reports to the District. Operator shall also conduct studies and/or prepare special reports regarding the Regime System upon request by the District.

10. Regulatory Inspections. Operator shall advise the District of any and all inspections by regulatory authorities. When possible, Operator shall schedule regulatory inspections in a manner that provides an opportunity for a representative of the District to attend such inspections.

**ARTICLE III.**  
**MAINTENANCE, REPAIR, AND REPLACEMENT SERVICES**

1. Maintenance, Repairs, and Replacement. Operator shall administer and/or supervise all maintenance, repairs, and replacements to the Regime System facilities and equipment, and shall provide and/or supervise all personnel, tools, spare parts, and equipment necessary to do so. Except as limited by Article IV, below, the cost for all materials and supplies used to provide the Services under this Agreement shall be borne solely by the Operator. To maintain warranties and extend the useful life of the Regime System, Operator shall also ensure that maintenance which requires special skills and/or tools is performed in conformance with equipment manufacturers' recommendations. Operator shall obtain the prior consent of the District before making any repair or replacement that is in excess of \$5,000.00, unless it is an emergency. Operator shall use a reasonable degree of care with respect to replacement of Regime System equipment and facilities, and agrees to make reasonable efforts to obtain and assign to the District any guarantees or warranties associated with any replacement equipment.
2. Operator Subcontractors. Operator may subcontract for repairs and maintenance of the Regime System's facilities and equipment, such as for the groundwater well pumps, only with the prior written or electronic approval of the District. As between the District and Operator, Operator's subcontractors shall be considered employees of Operator, with Operator retaining responsibility for such subcontractors' performance. Operator agrees and understands that it will not routinely or regularly select and use a third party contractor to provide the District with the Services described in this Agreement, but shall only use third party subcontractors if emergency conditions exist and/or if Operator needs special equipment and services not provided for in this Agreement.

**ARTICLE IV.**  
**PAYMENT AND COMPENSATION**

1. Payment. Operator shall submit statements and/or invoices for the Services to the District on a monthly basis. For all of the Services provided and costs borne by Operator under this Agreement, the Parties agree that Operator shall be entitled to:
  - a. a Monthly Operational Fee of \$350.00;
  - b. an hourly fee, as set forth in Exhibit B, for all routine, non-routine, and emergency water and wastewater system inspections and repairs; and
  - c. reimbursement for any and all laboratory expenses incurred by Operator in providing the Services under this Agreement, but only upon Operator's provision of receipts and/or invoices evidencing Operator's payment of such costs.

The compensation to be paid to Operator hereunder is inclusive of any tax, assessment, or other charge which may be imposed upon the Operator as a result of performing the Services under this Agreement. The District will pay statements and/or invoices received from Operator within forty five (45) days of receipt.

**ARTICLE V.**  
**INSURANCE AND INDEMNIFICATION**

1. **Insurance.** Following the execution of this Agreement, Operator shall furnish to the District, upon request, Certificates of Liability Insurance evidencing insurance coverage. Operator shall list the District as an additional insured on general liability, auto, and/or excess liability policies, except for any claim against the District to the extent such claim arises as a result of the District's gross negligence or willful misconduct.
  
2. **Indemnification.** OPERATOR SHALL INDEMNIFY AND SAVE HARMLESS THE DISTRICT AND ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITY FOR ANY THIRD PARTY CLAIM AND DAMAGES (COLLECTIVELY, "***CLAIMS***") ARISING FROM, OUT OF, AND TO THE EXTENT CAUSED BY THE OPERATOR, ITS AGENTS OR EMPLOYEES, IN THE EXECUTION AND/OR PERFORMANCE OF THIS AGREEMENT. THE INDEMNITY EXTENDS TO ALL COSTS AND EXPENSES INCURRED, INCLUDING REASONABLE ATTORNEY'S FEES, TO DEFEND AGAINST, SETTLE OR PAY THE CLAIM ASSERTED BY ANOTHER. IN THE EVENT A THIRD PARTY CLAIM IS MADE AGAINST THE DISTRICT AND THE DISTRICT INTENDS TO SEEK INDEMNIFICATION FROM OPERATOR, THE DISTRICT SHALL PROMPTLY PROVIDE OPERATOR WITH WRITTEN NOTICE DETAILING THE CLAIM AND A REQUEST FOR INDEMNIFICATION, AND OPERATOR SHALL PROMPTLY PROVIDE THE DISTRICT WITH A WRITTEN ACKNOWLEDGEMENT TO INDEMNIFY THE DISTRICT THEREAFTER. TO THE EXTENT THAT OPERATOR HAS THE ABILITY TO SELECT AN ATTORNEY (I.E., THE INSURANCE COMPANY DOES NOT HAVE THE RIGHT TO SELECT AN ATTORNEY), ANY ATTORNEY SELECTED BY OPERATOR IN THE PERFORMANCE OF OPERATOR'S OBLIGATIONS UNDER THIS SECTION IS SUBJECT TO THE PRIOR APPROVAL OF THE DISTRICT, SO LONG AS SUCH APPROVAL IS PROVIDED IN A TIMELY MANNER THAT DOES NOT IMPACT OPERATOR'S ABILITY TO DEFEND SUCH CLAIM.

NOTWITHSTANDING THE PROVISIONS ABOVE, UNLESS AND UNTIL OPERATOR ACKNOWLEDGES IN WRITING ITS OBLIGATION TO INDEMNIFY THE DISTRICT AND ASSUMES CONTROL OF THE DEFENSE OF A CLAIM, THE DISTRICT SHALL HAVE THE RIGHT, BUT NOT THE OBLIGATION, TO CONTEST, DEFEND AND LITIGATE, WITH COUNSEL OF ITS OWN SELECTION, SUBJECT TO APPROVAL BY THE DISTRICT, ANY CLAIM BY ANY THIRD PARTY ALLEGED OR ASSERTED AGAINST THE DISTRICT IN RESPECT OF, RESULTING FROM, RELATED TO OR ARISING OUT OF ANY MATTER FOR WHICH IT IS ENTITLED TO BE INDEMNIFIED HEREUNDER, AND THE REASONABLE COSTS AND EXPENSES THEREOF SHALL

BE SUBJECT TO THE INDEMNIFICATION OBLIGATIONS OF OPERATOR HEREUNDER.

OPERATOR SHALL NOT BE ENTITLED TO SETTLE OR COMPROMISE ANY CLAIM AT ANY TIME WITHOUT THE PRIOR WRITTEN CONSENT OF THE DISTRICT, AND SUCH CONSENT SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED; PROVIDED, HOWEVER, THAT AFTER AGREEING IN WRITING TO INDEMNIFY THE DISTRICT, OPERATOR MAY SETTLE OR COMPROMISE ANY SUCH CLAIM WITHOUT THE APPROVAL OF THE DISTRICT SO LONG AS SUCH CLAIM IS SOLELY FOR MONETARY DAMAGES THAT ARE PAID IN FULL BY OPERATOR AND SO LONG AS THE DISTRICT IS FULLY RELEASED FROM LIABILITY BY THE CLAIMANT.

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, PUNITIVE, INDIRECT AND/OR CONSEQUENTIAL DAMAGES, INCLUDING DAMAGES ATTRIBUTABLE TO LOSS OF USE, LOSS OF INCOME OR LOSS OF PROFIT EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**ARTICLE VI.**  
**MISCELLANEOUS PROVISIONS**

1. **Force Majeure.** In the event that Operator or the District is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, it is agreed that each Party shall give written notice of such force majeure to the other Party as soon as possible after the occurrence of the cause relied on and shall, therefore, be relieved of its obligations, so far as they are affected by such force majeure, during the continuance of any inabilities so caused, but for no longer. If a force majeure event shall extend longer than thirty (30) consecutive days, then the District shall have the privilege of terminating this Agreement. In such event, the Operator shall pay the District for water provided under this Agreement up to the date of termination. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the Party claiming such inability.
2. **Notice.** Whenever the provisions of this Agreement require notice to be given, such notice shall be given in writing by certified or registered mail and addressed to the Party for who intended at its then address of record and such notice shall be deemed to have been given when the notice was then mailed.

Notices required to be given to Operator shall be addressed to:

Crossroads Utility Services, LLC  
Attn: Andrew Hunt, Executive Vice President  
2601 Forest Creek Drive  
Round Rock, Texas 78665  
Email: [ahunt@crossroadsus.com](mailto:ahunt@crossroadsus.com)

Notices required to be given to the District shall be addressed to:

Lakeside Water Control and Improvement District No. 2C  
Attn: David J. Klein, General Counsel  
Lloyd Gosselink Rochelle & Townsend, P.C.  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
Email: [dklein@lglawfirm.com](mailto:dklein@lglawfirm.com)

3. Term and Termination. The initial term of this Agreement with respect to the Services shall take effect on the Effective Date and shall continue in force for three (3) years. The Agreement shall automatically renew on an annual basis in subsequent years, unless Operator is otherwise notified by the District. The District shall have the unilateral right to terminate this Agreement at any time, and without liability to Operator. Operator shall be entitled to terminate this Agreement with ninety (90) days' prior written notice to the District.
4. Default. The failure of Operator to comply with any of the terms of this Agreement shall constitute a default. Upon default by the Operator, the District shall send written notice of termination ("**Notice of Termination**") to the Operator. The Notice of Termination shall clearly specify the nature of the default and provide the Operator seven (7) days to cure the default. If the default is not cured within seven (7) days, then the District shall have the right, but not the obligation, to terminate this Agreement at midnight of the eighth (8th) day following receipt of the Notice of Termination. In the case that the default that cannot be cured within seven (7) days, then this Agreement shall not terminate so long as the Operator has (i) given written notice to the District explaining why the default cannot be cured within seven (7) days and (ii) commenced and is diligently pursuing a cure. Evidence of such cure and its diligent pursuit shall be provided from the Operator to the satisfaction of the District. In the event of the termination of this Agreement under this Section, the Operator shall pay the District for the water provided and invoiced by the District up to the date of Notice of Termination. Payment shall be made within thirty (30) days of the date of termination, and such payment obligation shall survive termination of this Agreement.
5. Future Transitions. In the event that a Notice of Termination is delivered or this Agreement terminates for any reason, Operator agrees that it will cooperate with the District in the transition of administrative, operational, and maintenance services and Information (as

hereinafter defined) from Operator to any third party, and Operator shall render such services at its sole cost. This provision shall survive termination of this Agreement.

6. Other Instruments. The Parties hereto covenant and agree that they shall take such further actions, and shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.
7. Amendment. Except as otherwise provided herein, this Agreement shall be subject to change or modification only with the mutual written consent of the Parties hereto or their successors and assigns.
8. Captions. The section headings or paragraph captions herein are used for convenience of reference only and not intended to define, extend or limit any provision of this Agreement.
9. Recitals. The Parties incorporate the Recitals into this Agreement for all purposes.
10. Applicable Law. All amounts due under this Agreement, including, but not limited to, payments due under this Agreement or damages for the breach of this Agreement, shall be paid and be due in Travis County, Texas, which is the County in which the administrative offices of the District are located. It is specifically agreed by the Parties to this Agreement that Travis County, Texas is the place of performance of this Agreement, and in the event that any legal proceeding is brought to enforce this Agreement or any provision hereof, the same shall be brought in Travis County, Texas.
11. Severability. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.
12. Third Party Beneficiaries. The Parties agree that there are no third party beneficiaries, express or implied, to the Agreement, and that the only Parties to the Agreement are the District and Operator.
13. Assignment. Operator may not assign this Agreement without the prior written consent of the District, which shall not be unreasonably withheld.
14. Waiver. The failure of any Party hereto to insist in any one or more instances upon performance of any of the terms, covenants, or conditions of this Agreement shall not be construed as waiver or relinquishment of the future performance of any term, covenant, or condition by the other Party hereto, but the obligation of such other Party with respect to such future performance shall continue in full force and effect.
15. Agreement Binding. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors,

administrators, legal representatives, successors, and assigns.

16. Authority and Representations. Each Party warrants and represents that individual executing this Agreement on its behalf has the authority and power to execute this Agreement for the entity on behalf of which he or she executes this Agreement. Operator represents that it has the proper licenses from the TCEQ to perform its obligations under this Agreement.
17. Anti-Boycott Verification. As required by Chapter 2271, Texas Government Code, Operator hereby verifies that the Operator does not boycott Israel and will not boycott Israel through the term of this Agreement. For the purposes of this verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
18. Foreign Terrorists Organizations. Pursuant to Chapters 2252 and 2270, Texas Government Code, Operator represents and certifies that, at the time of execution of this Agreement, neither the Operator, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 2252 or 2270 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 2252.0153 and 2270.153 of the Texas Government Code. The term “foreign terrorist organization” in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.
19. Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all Parties hereto had signed the same document, and all counterparts will constitute one and the same agreement.

**AGREED TO AND EXECUTED** to be effective as of the date last signed.

**LAKESIDE WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 2C:**

By: \_\_\_\_\_  
David Wang, President

Date: \_\_\_\_\_

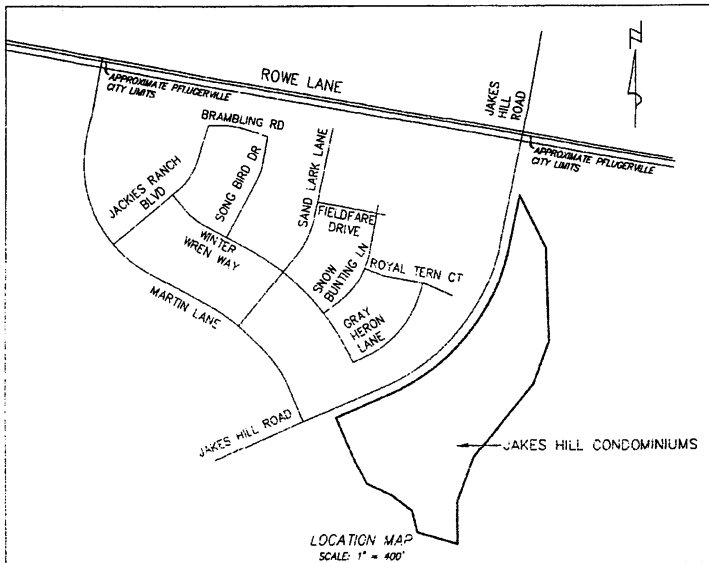
**CROSSROADS UTILITY SERVICES, LLC:**

By: \_\_\_\_\_  
Andrew Hunt, Executive Vice President

Date: \_\_\_\_\_

**Exhibit A**  
The "*Regime*"

FINAL PLAT OF  
**JAKES HILL CONDOMINIUMS**  
 TRAVIS COUNTY, TEXAS



*TRAVIS COUNTY  
 CONSUMER PROTECTION NOTICE FOR HOME BUYERS*

*IF YOU ARE BUYING A LOT OR HOME, YOU SHOULD DETERMINE WHETHER IT IS INSIDE OR OUTSIDE THE CITY LIMITS. DEPENDING ON STATE LAW AND OTHER FACTORS, LAND OUTSIDE THE CITY LIMITS MAY BE SUBJECT TO FEWER LOCAL GOVERNMENT CONTROLS OVER THE DEVELOPMENT AND USE OF LAND THAN INSIDE THE CITY LIMITS. BECAUSE OF THIS, LOCAL GOVERNMENT MAY NOT BE ABLE TO RESTRICT THE NATURE OR EXTENT OF DEVELOPMENT NEAR THE LOT OR HOME NOR PROHIBIT NEARBY LAND USES THAT ARE INCOMPATIBLE WITH A RESIDENTIAL NEIGHBORHOOD. THIS CAN AFFECT THE VALUE OF YOUR PROPERTY. TRAVIS COUNTY REQUIRES THIS NOTICE TO BE PLACED ON SUBDIVISION PLATS. IT IS NOT A STATEMENT OR REPRESENTATION OF THE OWNER OF THE PROPERTY, THE SUBDIVIDER, OR THEIR REPRESENTATIVES.*

OCTOBER 6, 2017

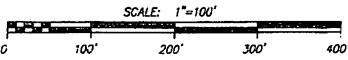
**RANDALL JONES & ASSOCIATES ENGINEERING, INC.**  
 2900 JAZZ STREET, ROUND ROCK, TEXAS, 78664  
 (512) 836-4793 FAX: (512) 836-4817 F-9784

**RJ SURVEYING & ASSOCIATES, INC.**  
 2900 JAZZ STREET, ROUND ROCK, TEXAS, 78664  
 (512) 836-4793 FAX: (512) 836-4817

SHEET 1 OF 4 SHEETS

F-10015400

# FINAL PLAT OF JAKES HILL CONDOMINIUMS TRAVIS COUNTY, TEXAS



### DESCRIPTION

BEING 14.415 ACRES OUT OF THE GEORGE CRIMES SURVEY, ABSTRACT NO. 306, AND THE V. W. SWEARENGEN SURVEY, ABSTRACT NO. 724, IN TRAVIS COUNTY, TEXAS, BEING A PART OF THAT 93.414-ACRE TRACT OF LAND CONVEYED TO SLF IV BLACKHAWK, L.P., BY DEED RECORDED IN DOCUMENT NO. 2011043430 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

### OWNER

TRAILS AT BLACKHAWK, LLC  
2088 OLD 141<sup>ST</sup> ROAD  
OXFORD, MISSISSIPPI 38655

### SITE DATA:

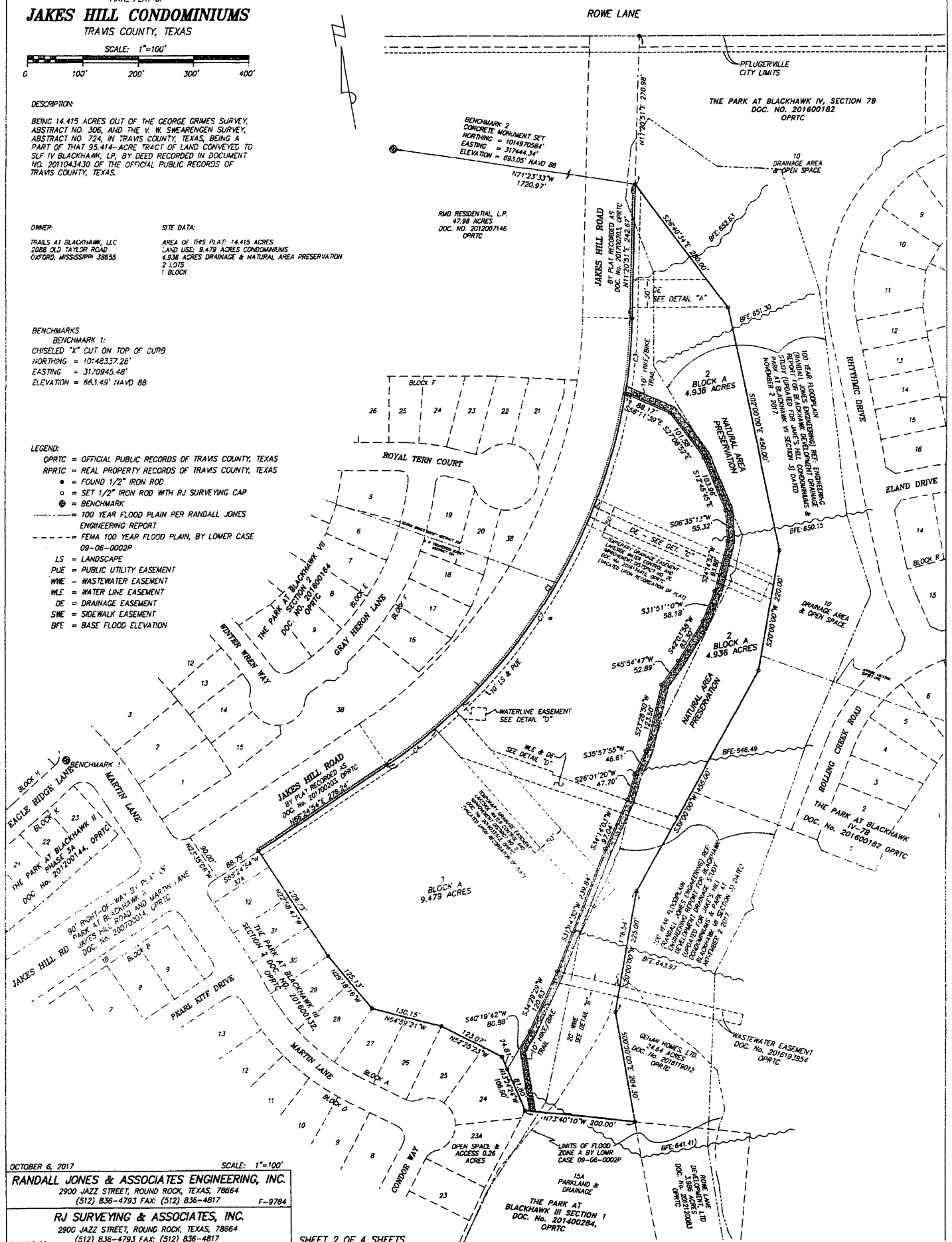
AREA OF THIS PLAT: 14.415 ACRES  
LAND USE: 9.479 ACRES CONDOMINIUMS  
4.936 ACRES DRAINAGE & NATURAL AREA PRESERVATION  
2 LOTS  
1 BLOCK

### BENCHMARKS

BENCHMARK 1:  
CHISELED "X" CUT ON TOP OF CURB  
NORTHING = 10148337.28'  
EASTING = 3170945.48'  
ELEVATION = 663.49' NAVD 88

### LEGEND:

- OPRTC = OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS
- RPRTC = REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS
- = FOUND 1/2" IRON ROD
- = SET 1/2" IRON ROD WITH RJ SURVEYING CAP
- ⊙ = BENCHMARK
- = 100 YEAR FLOOD PLAIN PER RANDALL JONES ENGINEERING REPORT
- - - = FEMA 100 YEAR FLOOD PLAIN, BY LOWER CASE 09-06-0002P
- LS = LANDSCAPE
- PUE = PUBLIC UTILITY EASEMENT
- WWE = WASTEWATER EASEMENT
- WLE = WATER LINE EASEMENT
- DE = DRAINAGE EASEMENT
- SWE = SIDEWALK EASEMENT
- BFE = BASE FLOOD ELEVATION



OCTOBER 6, 2017 SCALE: 1"=100'

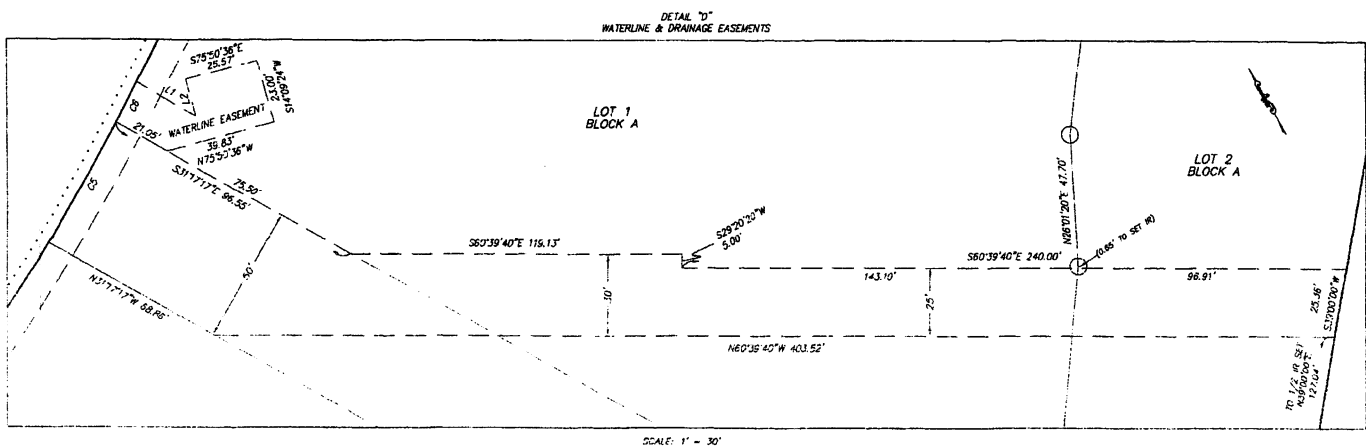
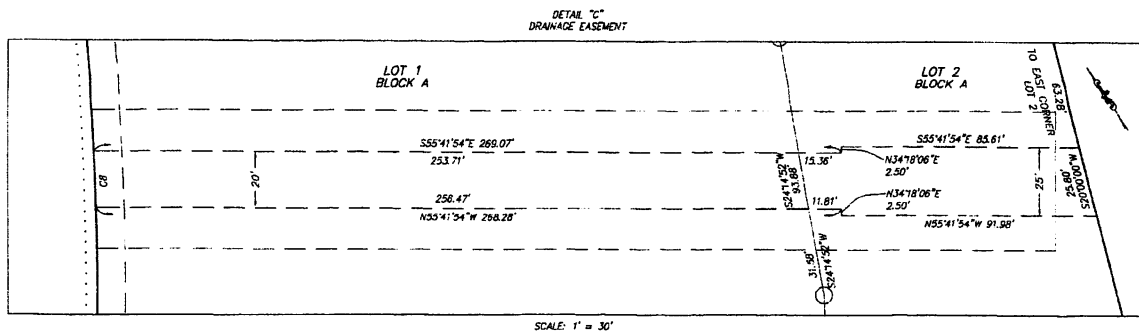
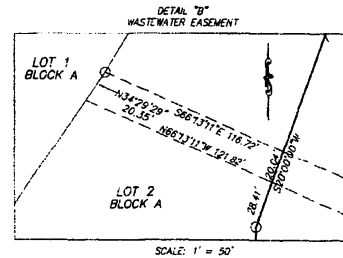
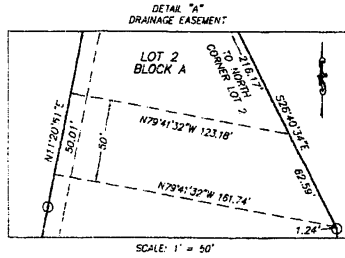
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F-10015400

S:\LAND\2017-250231\09\2516-PLAT.dwg, 12/4/2017 10:24:10 AM

FINAL PLAT OF  
**JAKES HILL CONDOMINIUMS**  
 TRAVIS COUNTY, TEXAS



| CURVE | LENGTH | RADIUS | DELTA      | CHORD BEING | CHORD  |
|-------|--------|--------|------------|-------------|--------|
| C1    | 856.31 | 995.00 | 332°42'44" | N38°52'31"E | 918.82 |
| C2    | 818.76 | 995.00 | 47°08'50"  | N42°50'29"E | 795.86 |
| C3    | 137.35 | 995.00 | 7°35'13"   | N15°18'22"E | 137.44 |
| C4    | 109.15 | 995.00 | 6°17'07"   | N6°17'21"E  | 109.10 |
| C5    | 50.01  | 995.00 | 2°52'48"   | N86°41'24"E | 50.00  |
| C6    | 16.09  | 995.00 | 0°55'35"   | N95°47'13"E | 16.09  |
| C7    | 411.62 | 995.00 | 23°42'09"  | N44°28'22"E | 408.69 |
| C8    | 23.02  | 995.00 | 1°09'09"   | N32°02'43"E | 23.02  |
| C9    | 211.88 | 995.00 | 12°12'04"  | N25°22'06"E | 211.48 |

| LINE | BEARING     | LENGTH |
|------|-------------|--------|
| L1   | S11°17'27"E | 24.36  |
| L2   | N14°08'24"E | 13.90  |

OCTOBER 6, 2017

**RANDALL JONES & ASSOCIATES ENGINEERING, INC.**  
 2900 JAZZ STREET, ROUND ROCK, TEXAS, 78664  
 (512) 836-4793 FAX: (512) 836-4817 F-9784

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 (512) 836-4793 FAX: (512) 836-4817 F-10015400

SHEET 3 OF 4 SHEETS

NOTES:

- THIS SUBDIVISION PLAT IS LOCATED WITHIN THE EXTRATERRITORIAL JURISDICTION OF THE CITY OF PFLUGERVILLE.
- WATER AND WASTEWATER SHALL BE PROVIDED BY LAKESIDE WATER AND CONTROL IMPROVEMENT DISTRICT (WCD NO. 2C). NO LOT IN THIS SUBDIVISION SHALL BE OCCUPIED UNTIL CONNECTED TO WATER AND WASTEWATER FACILITIES.
- 10 FOOT EASEMENT IS HEREBY DEDICATED ALONG ALL STREET FRONTAGE.
- EASEMENT(S) DEDICATED TO THE PUBLIC BY THIS PLAT SHALL ALSO BE SUBJECT TO THE TERMS AND CONDITIONS OF THE ENGINEERING DESIGN MANUAL PER ORDINANCE NO. 1208-15-02-24. THE GRANTOR, HIS OR HER HEIRS, SUCCESSORS AND ASSIGNS SHALL RETAIN THE OBLIGATION TO MAINTAIN THE SURFACE OF THE EASEMENT PROPERTY, INCLUDING THE OBLIGATION TO REGULARLY MOW OR CUT BACK VEGETATION AND TO KEEP THE SURFACE OF THE EASEMENT PROPERTY FREE OF LITTER, DEBRIS AND TRASH.
- NO IMPROVEMENTS INCLUDING, BUT NOT LIMITED TO STRUCTURES, FENCES, OR LANDSCAPING SHALL BE ALLOWED IN A PUBLIC EASEMENT, EXCEPT AS APPROVED BY TRAVIS COUNTY & THE CITY OF PFLUGERVILLE.
- THE PROPERTY OWNER SHALL PROVIDE ACCESS TO DRAINAGE AND UTILITY EASEMENTS AS MAY BE NECESSARY AND SHALL NOT PROHIBIT ACCESS FOR THE PLACEMENT, CONSTRUCTION, INSTALLATION, REPLACEMENT, REPAIR, MAINTENANCE, RELOCATION, REMOVAL, OPERATION AND INSPECTION OF SUCH DRAINAGE AND UTILITY FACILITIES, AND RELATED APPURTENANCES.
- A SIX (6) FOOT WIDE SIDEWALK SHALL BE PROVIDED ON THE SUBDIVISION SIDE OF JAKES HILL ROAD.
- STREETLIGHTS SHALL BE INSTALLED AND IN FULL WORKING ORDER WITH THE PUBLIC IMPROVEMENTS. ALL STREET LIGHTS SHALL BE IN CONFORMANCE WITH ALL TRAVIS COUNTY & CITY OF PFLUGERVILLE ORDINANCES INCLUDING BUT NOT LIMITED TO BEING DOWNCAST AND FULL DOT OFF TYPE.
- THIS SUBDIVISION IS SUBJECT TO ALL CITY OF PFLUGERVILLE ORDINANCES OR TECHNICAL MANUALS RELATED TO TREE PRESERVATION PER CITY ORDINANCES #1203-15-2-24 AND CITY RESOLUTION #1224-09-08-25-8A.
- PER THE 8TH AMENDMENT TO THE BLACKHAWK DEVELOPMENT AGREEMENT WITH THE CITY OF PFLUGERVILLE, DATED 9/29/2011, THE PARKLAND DEDICATION REQUIREMENTS HAVE BEEN MET TO DATE.
- ON-SITE STORM WATER FACILITIES SHALL BE PROVIDED TO MITIGATE POST-DEVELOPMENT PEAK RUNOFF RATES FOR THE 2 YEAR, 25 YEAR AND 100 YEAR STORM EVENTS.
- ALL ELECTRIC UTILITY INFRASTRUCTURE INCLUDING BUT NOT LIMITED TO TELEPHONIC, CABLE TELEVISION, ELECTRIC UTILITY (TERL) AND SERVICE LINES SHALL BE INSTALLED IN ACCORDANCE WITH THE CITY OF PFLUGERVILLE ENGINEERING DESIGN MANUAL.
- THE OWNER OF THIS SUBDIVISION, AND HIS OR HER SUCCESSORS AND ASSIGNS, ASSUMES RESPONSIBILITY FOR PLANS FOR CONSTRUCTION OF SUBDIVISION IMPROVEMENTS THAT COMPLY WITH APPLICABLE CODES AND REQUIREMENTS OF TRAVIS COUNTY & THE CITY OF PFLUGERVILLE.
- CONSTRUCTION PLANS AND SPECIFICATIONS FOR ALL SUBDIVISION IMPROVEMENTS SHALL BE REVIEWED AND APPROVED BY TRAVIS COUNTY & THE CITY OF PFLUGERVILLE PRIOR TO ANY CONSTRUCTION WITHIN THE SUBDIVISION.
- ALL PROPOSED FENCES AND WALLS ADJACENT TO INTERSECTION PUBLIC ROADWAY RIGHT-OF-WAY OR ADJACENT TO PRIVATE ACCESS DRIVES SHALL BE IN COMPLIANCE WITH THE SITE DISTANCE REQUIREMENTS OF THE CITY OF PFLUGERVILLE ENGINEERING DESIGN MANUAL, AS AMENDED.
- WASTEWATER AND WATER SYSTEMS SHALL CONFORM TO TCEQ (TEXAS COMMISSION ON ENVIRONMENTAL QUALITY) AND STATE BOARD OF INSURANCE REQUIREMENTS. THE OWNER UNDERSTANDS AND ACKNOWLEDGES THAT PLAT VACATION OR RE-PLANNING MAY BE REQUIRED AT THE OWNER'S SOLE EXPENSE IF PLANS TO DEVELOP THIS SUBDIVISION DO NOT COMPLY WITH SUCH CODES AND REQUIREMENTS.
- LOT 2 BLOCK A WILL BE A NATURAL AREA PRESERVATION EASEMENT AS DEFINED BY THE HIGHLAND LAKES WATERSHED ORDINANCE. THE DISTRICT IS RESPONSIBLE FOR MAINTENANCE OF ALL DRAINAGE FACILITIES WITHIN THE DISTRICT BOUNDARY. THAT IS THE FUNCTION OF THE DISTRICT WATER CODE.
- A TRAVIS COUNTY DEVELOPMENT PERMIT IS REQUIRED PRIOR TO ANY SITE DEVELOPMENT.
- THIS SUBDIVISION IS SUBJECT TO THE CONDITIONS, COVENANTS AND RESTRICTIONS RECORDED IN DOCUMENT NO. 2002010202 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS AND THE SUPPLEMENTAL DECLARATIONS TO THE PARK AT BLACKHAWK AND LAKESIDE AT BLACKHAWK MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, RECORDED IN DOCUMENT NO. 2004108271 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
- NO OBJECTS, INCLUDING BUT NOT LIMITED TO, BUILDINGS, FENCES, OR LANDSCAPING SHALL BE ALLOWED IN A DRAINAGE EASEMENT EXCEPT AS APPROVED BY TRAVIS COUNTY (AND OTHER APPROPRIATE JURISDICTION).
- PROPERTY OWNER AND/OR HIS/HER ASSIGNS SHALL PROVIDE FOR ACCESS TO THE DRAINAGE EASEMENTS AS MAY BE NECESSARY AND SHALL NOT PROHIBIT ACCESS BY TRAVIS COUNTY (AND OTHER APPROPRIATE JURISDICTION) FOR INSPECTION OR MAINTENANCE OF SAID EASEMENTS.
- ALL DRAINAGE EASEMENTS ON PRIVATE PROPERTY SHALL BE MAINTAINED BY THE OWNER AND/OR HIS/HER ASSIGNS.
- WITHIN A SIGHT LINE EASEMENT ANY OBSTRUCTION OF SIGHT LINE BY VEGETATION, FENCING, OR OTHER OBJECT WHICH IS DETERMINED TO CAUSE A TRAFFIC HAZARD IS PROHIBITED AND MAY BE REMOVED BY ORDER OF THE TRAVIS COUNTY COMMISSIONERS COURT AT THE OWNER'S EXPENSE. THE PROPERTY OWNER IS TO MAINTAIN AN UNOBSTRUCTED VIEW CORRIDOR WITHIN THE BOUNDS OF SUCH EASEMENT AT ALL TIMES.
- SITE DEVELOPMENT CONSTRUCTION PLANS SHALL BE REVIEWED AND APPROVED BY THE CITY OF PFLUGERVILLE PRIOR TO ANY CONSTRUCTION.
- THE 100-YEAR FLOOD PLAIN IS CONTAINED WITHIN THE DRAINAGE EASEMENT AS SHOWN HEREON. A PORTION OF THIS TRACT IS WITHIN THE DESIGNATED FLOOD HAZARD AREA AS SHOWN ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP (FIRM) #4845302854, TRAVIS COUNTY, TEXAS, DATED SEPTEMBER 26, 2008, COMMUNITY # 481026 (SEE ALSO LOMR CASE 09-06-002P). JAKES HILL CONDOS - PAGE 4 BY LAW, THE MINIMUM FINISHED FLOOR ELEVATION (FFE) OF ANY HABITABLE STRUCTURE MUST BE AT LEAST ONE FOOT ABOVE THE 100-YEAR FLOODPLAIN. CURRENT FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) MAPS INDICATE THAT THE 100-YEAR FLOODPLAIN IS PRESENT ON THIS LOCATION AS SHOWN ON THIS DOCUMENT. FLOOD INSURANCE IS MANDATORY FOR BUILDINGS IN FEMA-IDENTIFIED HIGH-RISK FLOOD AREAS, WHICH ARE DESIGNATED FLOOD HAZARD AREAS (FHA). THIS REQUIREMENT APPLIES TO BUILDINGS LOCATED IN FHA ON FEMA'S FLOOD MAPS INCLUDING LOANS FOR MANUFACTURED (MOBILE) HOMES AND COMMERCIAL BUILDINGS. WHENEVER FEDERALLY BACKED LENDERS MAKE, INCREASE, EXTEND, OR RENEW A MORTGAGE, HOME EQUITY, HOME IMPROVEMENT, COMMERCIAL, OR FARM CREDIT LOAN IN AN FHA, THE LENDER MUST REQUIRE FLOOD INSURANCE.
- BUILDING SETBACKS ARE AS FOLLOWS:  
JAKES HILL ROAD = 25'  
ALONG PARK AT BLACKHAWK SECTION 2 = 15'  
ALL OTHER LOT LINES = 20'
- NO CUT OR FILL ON ANY LOT MAY EXCEED EIGHT FEET, EXCLUDING DRIVEWAYS, A BUILDING STRUCTURE'S FOOTPRINT, OR A PARKING AREA FOOTPRINT, IN ACCORDANCE WITH THE TRAVIS COUNTY CODE.
- AS DEPICTED ON THE PLAT, EACH PROTECTIVE EASEMENT FROM A CRITICAL ENVIRONMENTAL FEATURE INCLUDING A CAVE, SINGLE POINT RECHARGE FEATURE, BLUFF, CANYON RIMROCK FEATURE, WETLAND, AND SPRING MUST REMAIN IN ITS EXISTING, UNDEVELOPED, NATURAL STATE. NATURAL VEGETATIVE COVER MUST BE RETAINED.

CONSTRUCTION ACTIVITIES, WASTEWATER DISPOSAL, AND WASTEWATER IRRIGATION ARE PROHIBITED WITHIN A PROTECTIVE EASEMENT. A RESIDENTIAL LAWN OR TURF IS NOT TO BE LOST AT LEAST 50 FEET FROM THE EDGE OF A CRITICAL ENVIRONMENTAL FEATURE IN ACCORDANCE WITH THE TRAVIS COUNTY CODE.

- AS DEPICTED ON THE PLAT, THE SETBACK AREA IDENTIFIED FOR EACH WATERWAY IS A PROTECTIVE EASEMENT THAT MUST REMAIN UNDEVELOPED AND ACTIVITIES MUST BE LIMITED WITHIN THE EASEMENT. THE PROTECTIVE EASEMENT MUST REMAIN FREE OF CONSTRUCTION, DEVELOPMENT, AND OTHER ALTERATIONS EXCEPT WHEN SPECIFICALLY APPROVED IN A TRAVIS COUNTY DEVELOPMENT PERMIT.
- BEFORE BEGINNING CONSTRUCTION ACTIVITIES ON A SUBDIVISION LOT, THE OWNER MUST OBTAIN A TRAVIS COUNTY DEVELOPMENT PERMIT AND, WHEN APPLICABLE, OBTAIN AND IMPLEMENT A STORM WATER POLLUTION PREVENTION PLAN (SWPP). THE SWPP REQUIRES IMPLEMENTATION OF TEMPORARY AND PERMANENT BEST MANAGEMENT PRACTICES, INCLUDING EROSION AND SEDIMENT CONTROLS, FOR PROTECTION OF STORM WATER RUNOFF QUALITY, IN ACCORDANCE WITH THE TRAVIS COUNTY CODE.
- THE OWNER IS RESPONSIBLE FOR MAINTAINING AND OPERATING ALL PERMANENT WATER QUALITY CONTROLS IN COMPLIANCE WITH ALL APPLICABLE STANDARDS AND REQUIREMENTS OF THE TRAVIS COUNTY CODE. SEE DOCUMENT \_\_\_\_\_.
- AN ACTIVITY THAT MAY ADVERSELY AFFECT A TREE OF EIGHT INCHES OR MORE IN TRUNK DIAMETER (MEASURED AT FOUR FEET HEIGHT ABOVE THE GROUND) IN A RIGHT-OF-WAY ACCEPTED FOR MAINTENANCE BY TRAVIS COUNTY MUST COMPLY WITH ALL STANDARDS AND REQUIREMENTS IN THE TRAVIS COUNTY CODE.
- THIS SUBDIVISION IS LOCATED WITHIN THE BOUNDARIES OF THE WCD NO. 2C. WATER AND WASTEWATER SERVICE TO THIS SUBDIVISION WILL BE PROVIDED BY THE DISTRICT IN ACCORDANCE WITH ITS RATE ORDER, AS AMENDED. ALL CONSTRUCTION PLANS FOR WATER, WASTEWATER, AND STORM DRAINAGE IMPROVEMENTS MUST BE PRESENTED TO THE DISTRICT AND APPROVED BY THE DISTRICT'S ENGINEER, PRIOR TO BEGINNING CONSTRUCTION ACTIVITIES. THE DISTRICT MAY INSPECT ALL WATER, WASTEWATER, AND STORM DRAINAGE IMPROVEMENTS.
- THE PROPOSED DEVELOPMENT TYPE FOR THIS SUBDIVISION IS: SINGLE-FAMILY DETACHED CONDOMINIUMS.

STATE OF TEXAS  
KNOW ALL MEN BY THESE PRESENTS  
COUNTY OF TRAVIS

THAT TRAILS AT BLACKHAWK, LLC, A MISSISSIPPI LIMITED LIABILITY COMPANY, ACTING BY AND THROUGH NATHAN NEESE, OWNER OF THAT CERTAIN 14.415 ACRE TRACT OF LAND OUT OF THE V. W. SWEARENGEN SURVEY NO. 32 SURVEY, ABSTRACT 724 AND THE GEORGE GRONES NO. 33 SURVEY, ABSTRACT 306 CONVEYED TO IT BY DEED RECORDED IN DOCUMENT NUMBER 2017177182 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, DOES HEREBY SUBDIVIDE 14.415 ACRES IN ACCORDANCE WITH CHAPTER 232 AND CHAPTER 212 OF THE TEXAS LOCAL GOVERNMENT CODE AS SHOWN HEREON, TO BE KNOWN AS "JAKES HILL CONDOMINIUMS" AND DOES HEREBY DEDICATE TO THE PUBLIC THE USE OF THE STREETS AND EASEMENTS AS SHOWN ON SAID PLAT. WITNESS MY HAND THIS 4th DAY OF December, A. D. 2017

TRAILS AT BLACKHAWK, LLC, A MISSISSIPPI LIMITED LIABILITY COMPANY

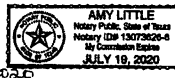
BY: *Nathan Neese*  
NATHAN NEESE  
2088 OLD TAYLOR ROAD  
OXFORD, MISSISSIPPI 38655

STATE OF TEXAS  
COUNTY OF TRAVIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED NATHAN NEESE, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 4th DAY OF December 2017

BY: *Amy Little*  
AMY LITTLE  
NOTARY PUBLIC, STATE OF TEXAS  
PRINTED NAME: Amy Little  
MY COMMISSION EXPIRES: July 19, 2020



ENGINEER'S CERTIFICATION:

THE FULLY DEVELOPED 100 YEAR FLOOD PLAIN IS CONTAINED WITHIN THE DRAINAGE EASEMENT(S) SHOWN HEREON.

A PORTION OF THIS TRACT IS WITHIN THE DESIGNATED FLOOD HAZARD AREA AS SHOWN ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP (FIRM) #4845302854 TRAVIS COUNTY, TEXAS EFFECTIVE DATE SEPTEMBER 26, 2008. LOMR CASE 09-06-002P.

THIS PLAT IS IN ACCORDANCE WITH CHAPTER 82 OF THE TRAVIS COUNTY DEVELOPMENT REGULATIONS.

I, J. KEITH COLLINS, AM AUTHORIZED UNDER THE LAWS OF THE STATE OF TEXAS TO PRACTICE THE PROFESSION OF ENGINEERING, AND HEREBY CERTIFY THAT THIS PLAT IS FEASIBLE FROM AN ENGINEERING STANDPOINT, AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

*J. Keith Collins*  
J. KEITH COLLINS  
LICENSED PROFESSIONAL ENGINEER NO. 80579  
STATE OF TEXAS



STATE OF TEXAS  
COUNTY OF TRAVIS

KNOW ALL MEN BY THESE PRESENTS

THAT I, J. KENNETH WEGAND, DO HEREBY CERTIFY THAT I PREPARED THIS PLAT FROM AN ACTUAL AND ACCURATE ON-THE-GROUND SURVEY OF THE LAND AND THAT ALL CORNER MONUMENTS SHOWN THEREON WERE PROPERLY PLACED UNDER MY PERSONAL SUPERVISION, IN ACCORDANCE WITH THE SUBDIVISION CODE OF THE CITY OF PFLUGERVILLE, TEXAS AND THAT ALL KNOWN EASEMENTS AS SHOWN ON THE LATEST TITLE COMMITMENT WITHIN THE BOUNDARY OF THE PLAT ARE SHOWN.

*John Kenneth Wegand*  
J. KENNETH WEGAND  
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5741  
STATE OF TEXAS



FINAL PLAT OF  
**JAKES HILL CONDOMINIUMS**  
TRAVIS COUNTY, TEXAS

IN APPROVING THIS PLAT, THE COMMISSIONERS COURT OF TRAVIS COUNTY, TEXAS, ASSUMES NO OBLIGATION TO BUILD THE STREETS, ROADS AND OTHER PUBLIC THOROUGHFARES SHOWN ON THIS PLAT OR ANY BRIDGES OR CULVERTS IN CONNECTION THEREWITH. THE BUILDING OF ALL STREETS, ROADS AND OTHER PUBLIC THOROUGHFARES SHOWN ON THIS PLAT, AND ALL BRIDGES AND CULVERTS NECESSARY TO BE CONSTRUCTED OR PLACED IN SUCH STREETS, ROADS OR OTHER PUBLIC THOROUGHFARES OR IN CONNECTION THEREWITH IS THE RESPONSIBILITY OF THE OWNER AND / OR DEVELOPER OF THE TRACT OF LAND COVERED BY THIS PLAT IN ACCORDANCE WITH PLANS AND SPECIFICATIONS PRESCRIBED BY THE COMMISSIONERS COURT OF TRAVIS COUNTY, TEXAS.

THE OWNER OF THE SUBDIVISION SHALL CONSTRUCT THE SUBDIVISION'S STREET AND DRAINAGE IMPROVEMENTS (THE "IMPROVEMENTS") TO COUNTY STANDARDS IN ORDER FOR THE COUNTY TO ACCEPT THE PUBLIC IMPROVEMENTS FOR MAINTENANCE OR TO RELEASE FISCAL SECURITY POSTED TO SECURE PRIVATE IMPROVEMENTS. TO SECURE THIS OBLIGATION, THE OWNER(S) MUST POST FISCAL SECURITY WITH THE COUNTY IN THE AMOUNT OF THE ESTIMATED COST OF THE IMPROVEMENTS. THE OWNER(S) OBLIGATION TO CONSTRUCT THE IMPROVEMENTS TO COUNTY STANDARDS AND TO POST THE FISCAL SECURITY TO SECURE SUCH CONSTRUCTION IS A CONTINUING OBLIGATION BINDING UPON THE OWNERS AND THEIR SUCCESSORS' AND ASSIGNS UNTIL THE PUBLIC IMPROVEMENTS HAVE BEEN ACCEPTED FOR MAINTENANCE BY THE COUNTY OR THE PRIVATE IMPROVEMENTS HAVE BEEN CONSTRUCTED AND ARE PERFORMING TO COUNTY STANDARDS.

THE AUTHORIZATION OF THIS PLAT BY THE COMMISSIONERS COURT FOR FILING OR THE SUBSEQUENT ACCEPTANCE FOR MAINTENANCE BY TRAVIS COUNTY, TEXAS, OF ROADS AND STREETS IN THE SUBDIVISION DOES NOT OBLIGATE THE COUNTY TO INSTALL STREET NAME SIGNS OR ERECT TRAFFIC CONTROL SIGNS, SUCH AS SPEED LIMIT, STOP SIGNS, AND YIELD SIGNS, WHICH IS CONSIDERED TO BE A PART OF THE DEVELOPER'S CONSTRUCTION.

APPROVED THIS 4th DAY OF December 2017 BY THE PLANNING AND ZONING COMMISSION OF THE CITY OF PFLUGERVILLE, TEXAS, ON BEHALF OF THE CITY.

BY: *Daniel Flores*  
DANIEL FLORES, CHAIR  
DANIEL FLORES, VICE CHAIR  
THIS PLAT REFLECTS THE APPROVAL GRANTED BY THE PLANNING AND ZONING COMMISSION ON THE DATE INDICATED ABOVE.

BY: *Emily B. Johnson*  
EMILY B. JOHNSON, JICP, PLANNING DIRECTOR



THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, DANA DEBEAUVOUR, CLERK OF THE COUNTY CLERK, OF TRAVIS COUNTY, TEXAS, DO HEREBY CERTIFY THAT ON THE 16th DAY OF February 2018, A.D. THE COMMISSIONERS COURT OF TRAVIS COUNTY, TEXAS, PASSED AN ORDER AUTHORIZING THE FILING FOR RECORD OF THIS PLAT AND THAT SAID ORDER WAS DULY ENTERED IN THE MINUTES OF THE SAID COURT.

WITNESS MY HAND AND SEAL OF THE OFFICE OF THE COUNTY CLERK, OF SAID COUNTY, THIS 16th DAY OF February 2018, A.D.

DANA DEBEAUVOUR, COUNTY CLERK  
TRAVIS COUNTY, TEXAS

*Gillian Porter*  
DEPUTY GILLIAN PORTER



I, DANA DEBEAUVOUR, CLERK OF THE COUNTY CLERK, OF TRAVIS COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING, AND ITS CERTIFICATE OF AUTHENTICATION, WAS FILED FOR RECORD IN MY OFFICE ON THE 16th DAY OF February 2018, A.D. AT 1:57:00 P.M. AND DULY RECORDED ON THE 16th DAY OF February 2018, A.D. AT 1:57:00 P.M. OF SAID COUNTY AND STATE IN DOCUMENT NUMBER 201800030 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY.

WITNESS MY HAND AND SEAL OF OFFICE OF THE COUNTY CLERK, OF SAID COUNTY, THIS 16th DAY OF February 2018, A.D.

DANA DEBEAUVOUR, COUNTY CLERK  
TRAVIS COUNTY, TEXAS

*A. Macedo*  
A. MACEDO



OCTOBER 6, 2017

RANDALL JONES & ASSOCIATES ENGINEERING, INC.  
2900 JAZZ STREET, ROUND ROCK, TEXAS, 78664  
(512) 836-4793 FAX: (512) 836-4817 F-9784

RJ SURVEYING & ASSOCIATES, INC.  
2900 JAZZ STREET, ROUND ROCK, TEXAS, 78664  
(512) 836-4793 FAX: (512) 836-4817

F-10019400

**Exhibit B**

**Rate Schedule for Water and Wastewater System Inspections and Repairs**



Personnel/Equipment Rates

| <b>Classification</b>         | <b>Regular Time (M-F<br/>8am-5pm)</b> | <b>Overtime (M-F<br/>5pm-8am, Sat-<br/>Sun, holidays,<br/>all hours)</b> | <b>Billing Time<br/>Interval</b> |
|-------------------------------|---------------------------------------|--|----------------------------------|
| Administrative – Clerical     | \$38.04                               | \$57.06  | 15 min.                          |
| Field Service Representative  | \$39.54                               | \$59.33  | 15 min.                          |
| Field Operator                | \$44.37                               | \$66.57  | 15 min.                          |
| Senior Field Operator         | \$55.13                               | \$82.69  | 15 min.                          |
| Equipment Operator            | \$46.79                               | \$70.19  | 15 min.                          |
| Foreman                       | \$58.26                               | \$87.40  | 15 min.                          |
| Supervisor                    | \$65.93                               | \$98.90  | 15 min.                          |
| Mechanical Technician         | \$68.10                               | \$102.14   | 15 min.                          |
| Electrical Technician         | \$71.40                               | \$107.10   | 15 min.                          |
| Master Electrician/SCADA Tech | \$102.64                              | \$153.96   | 15 min.                          |
| District Manager              | \$108.68                              | \$108.68   | 15 min.                          |
| VP/President                  | \$125.00                              | \$125.00   | 15 min.                          |

| <b>Classification</b>                     | <b>Rate Per Hour</b> | <b>Billing Time Interval</b> |
|---|----------------------|------------------------------|
| Service Truck                             | \$29.40              | 15 min.                      |
| HD Service Truck                          | \$38.17              | 2 Hr.                        |
| Back Hoe & Trailer                        | \$70.30              | 2 Hr.                        |
| HD/Small Crane Truck                      | \$65.97              | 2 Hr.                        |
| Utility Trailer                           | \$19.16              | 2 Hr.                        |
| Utility Dump Trailer                      | \$39.90              | 2 Hr.                        |
| Dump Truck (Crossroads)                   | \$100.00             | 2 hr.                        |
| Wastewater Vacuum Trailer<br>(Crossroads) | \$95.00              | 2 hr.                        |
| Plate Compactor                           | \$11.50              | 1 hr.                        |
| Jetting Trailer                           | \$95.00              | 2 hr.                        |
| Arrow Board                               | \$20.00              | 1 hr.                        |
| Utility Line Locator                      | \$78.75              | 15 min.                      |
| Meg/Ohm Meter                             | \$8.40               | 15 min.                      |
| Air Compressor                            | \$24.15              | 15 min.                      |
| Air Compressor (Small)                    | \$9.19               | 15 min.                      |
| Pressure Washer                           | \$21.16              | 15 min.                      |
| Jumping Jack                              | \$12.08              | 15 min.                      |
| Metal Detector                            | \$28.98              | 15 min.                      |
| Cutting Torch                             | \$14.49              | 15 min.                      |
| Gas Generator – 110V                      | \$14.49              | 15 min.                      |
| Welding Machine                           | \$21.74              | 15 min.                      |
| Weed eater                                | \$6.04               | 15 min.                      |



|                                  |         |         |
|----------------------------------|---------|---------|
| Shoring                          | \$35.00 | 1 hr.   |
| Cutoff Saw (Plus cost of blades) | \$18.11 | 15 min. |
| Chain Saw                        | \$12.08 | 15 min. |
| Road Plate                       | \$18.90 | 15 min. |
| Jack Hammer                      | \$13.65 | 15 min. |
| 12 Volt Pump                     | \$8.45  | 15 min. |
| Small camera (for televising)    | \$84.00 | 1 hr.   |
| 3" Pump                          | \$18.11 | 15 min. |
| Light Tower (1,000 Watt)         | \$6.04  | 15 min. |
| "A" Box Cleaner                  | \$3.15  | 15 min. |
| Tapping Tools                    | \$18.90 | 15 min. |
| Extension Ladder (20')           | \$6.04  | 15 min. |
| Fresh Air Blower                 | \$14.70 | 15 min. |
| A-Frame Winch                    | \$14.70 | 15 min. |
| Electric Hammer                  | \$3.68  | 15 min. |
| Electric Drill                   | \$3.68  | 15 min. |
| Electric Grinder                 | \$3.68  | 15 min. |
| Blower                           | \$3.68  | 15 min. |

## Agenda Item No. 12

Discuss, consider, and take action as necessary concerning engagement of West, Davis & Company for audit of developer reimbursables regarding District's Use of Surplus Funds No. 3.

# WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

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August 25, 2020

Board of Directors

Lakeside Water Control and Improvement District No. 2C

c/o David Klein

Lloyd Gosselink Rochelle & Townsend

816 Congress Ave #1900

Austin, Texas 78701

We are pleased to confirm our understanding of the services we are to provide the Lakeside Water Control and Improvement District No. 2C (the "District") in relation to its proposed Use of Surplus Funds No. 3. We will perform certain agreed procedures designed to test the accuracy of the costs proposed to be reimbursed to developers and issue our report thereon. The agreed procedures we will perform are summarized as follows:

1. We will inspect documentation supporting projects, amounts, and proof of payment for which reimbursement is requested.
  - a. We will inspect the Board's Approval to Purchase
  - b. We will inspect the Board's Resolution authorizing application to TCEQ
  - c. We will inspect the District's Developer Reimbursement Agreement
  - d. We will inspect the District's Application to TCEQ
  - e. We will inspect the List of Facilities to be acquired
  - f. We will inspect the Summary of Costs for each project
  - g. We will inspect the Construction Contract for each project
  - h. We will inspect the Bid Advertisement for each project
  - i. We will inspect the Bid Comparison for each project
  - j. We will trace construction costs on the Summary of Costs to pay applications
  - k. We will trace construction costs on the Summary of Costs to cancelled checks
  - l. We will inspect the Engineer's Concurrence for Project Acceptance
  - m. We will inspect the Contractor's All Bills Paid Affidavit
  - n. We will recalculate engineer's allocations of costs for shared facilities
  - o. We will trace non-construction costs on the Summary of Costs to cancelled checks
2. We will inspect all TCEQ Interoffice Memoranda, Orders and Rules of the Commission relative to the reimbursement request.
  - a. We will compare the Summary of Costs with the TCEQ Staff Memorandum
3. We will calculate interest on amounts to be reimbursed and determine if it is in accordance with TCEQ Interoffice Memoranda and Rules of the Commission.
4. We will discuss our findings and forward a draft of our report to the District's Attorney, Engineer, Financial Advisor, and Bookkeeper.
5. We will issue our report to the District. This report will include sufficient details and disclosures to serve the needs of the District and the Commission.

## Objective of Engagement

Because the above procedures do not constitute an examination made according to generally accepted auditing standards, the objective of our engagement is not the expression of an opinion on the schedules accompanying our report. Our report and accompanying schedules will conform to the requirements of the Texas Commission on Environmental Quality. An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulation; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the reimbursable costs to be paid from the fund that come to our attention. Our report will detail any amount included in the schedules accompanying our report that we believe should be adjusted. If no matters come to our attention that cause us to believe that an amount should be adjusted our report will read as follows:

*We have performed the procedures described below, which were agreed to by you, with respect to the accompanying Calculation of Amounts to be Reimbursed to Developers (Schedule A), the Comparison of Costs to the Interoffice Memorandum Schedule (Schedule B) and Cash Reconciliation (Schedule C) as approved by the TCEQ Staff Memorandum approving the use of surplus funds. Our report was made for the purpose of providing you with information relating to the use of surplus funds. The District's management is responsible for the District's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of Directors and the Texas Commission on Environmental Quality (TCEQ), the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which our report has been requested or for any other purpose. The procedures we performed are summarized as follows:*

- 1. Information for the use of funds was obtained from the TCEQ staff memorandum dated \_\_\_\_\_, \_\_\_\_\_ approving the use of \$ \_\_\_\_\_ of surplus funds.*
- 2. Information for costs to be reimbursed to the developers was obtained from the inspection of reimbursable costs and related supporting documentation obtained from the Developer and the District's Engineer. Our procedures included inspecting supporting documentation and calculations regarding these costs.*
- 3. Non-construction costs to be funded from this use of surplus funds were obtained from invoices and discussions with various parties who are to be reimbursed with these funds.*
- 4. We computed interest due the Developer based on financing agreements between thee District and the Developer.*

*Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on the accompanying schedules. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the attached Schedules A, B and C and does not extend to any financial statements of the District taken as a whole. This report is intended solely for the use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.*

## Management Responsibilities

You are responsible for the reimbursable costs to be paid from the surplus funds and that they are in accordance with the requirements of the Commission. You are responsible for determining that such criteria and procedures are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the reimbursable costs to be paid from the surplus funds. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures. We anticipate that your engineer will provide us with the Schedule of Costs and Developer Interest Calculation spreadsheets via active Excel files.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the reimbursable costs to be paid from the surplus funds in accordance with the requirements of the Commission. You agree to assume all management responsibilities for any non-attest services we provide; oversee the services by designating an individual with suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

## Engagement Administration, Fees, and Other

We expect to begin our engagement on approximately September 9, 2020 and to issue our report on the date the Board sets as the date it intends to make reimbursement to the developer and disburse funds in payment of related costs. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to this engagement. Our invoice for these fees will be rendered upon completion of our work and is payable on presentation. If a significant delay occurs in the course of completing our work, that is not a result of our actions or inactions, we reserve the right to invoice for our fees on an interim basis. Such interim invoices are also payable on presentation.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Bob West, CPA

Partner

RESPONSE:

This letter correctly sets forth the understanding of Lakeside Water Control and Improvement District No. 2C

By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

### Agenda Item No. 13

Discuss, consider, and take action as necessary concerning adoption of Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of Notice of Sale of Bonds; and Approving Other Related Matters in connection with the Lakeside WCID No. 2C \$1,500,000 Unlimited Tax Park Bonds, Series 2020.

**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT;  
AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL  
STATEMENT AND PUBLICATION OF A NOTICE OF SALE OF BONDS; AND  
APPROVING OTHER RELATED MATTERS**

---

**WHEREAS**, Lakeside Water Control and Improvement District No. 2-C (the "District") has submitted an application to the Texas Commission on Environmental Quality ("TCEQ") requesting approval of the issuance of its \$1,500,000 Unlimited Tax Bonds, Series 2020A (the "Bonds") for the purpose or purposes of construction of, acquisition of and/or reimbursement for certain park and recreational facilities serving the District; and

**WHEREAS**, the Board of Directors of the District has authorized the District's financial advisor, Specialized Public Finance, Inc. (the "Financial Advisor"), to prepare a Preliminary Official Statement, Official Notice of Sale and Official Bid Form (collectively the "Preliminary Official Statement") for the Bonds; and

**WHEREAS**, the Board has reviewed the Preliminary Official Statement; and

**WHEREAS**, the Board deems it appropriate to approve the Preliminary Official Statement and authorize the distribution of the Preliminary Official Statement and publication of the Notice of Sale, as further set forth below.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2-C THAT:**

**Section 1. APPROVAL AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT.** The Board hereby approves the Preliminary Official Statement substantially in the form attached hereto as Exhibit "A" with such changes, additions or deletions as directed by the Board. The District's Financial Advisor is hereby authorized and directed to distribute the Preliminary Official Statement to potential purchasers of the Bonds and to do all things necessary to market the Bonds.

**Section 2. PUBLICATION OF NOTICE OF SALE.** The District's Bond Counsel or Financial Advisor is hereby authorized to publish a Notice of Sale of the Bonds in such form as may be prepared by the District's Financial Advisor

**Section 3. CONDITIONS TO SALE.** The District's Financial Advisor, General Counsel and Bond Counsel are hereby authorized to take all actions necessary in connection with Sections 1 and 2 of this Resolution.

**Section 4. OTHER MATTERS.** The President or Vice President and the Secretary or Assistant Secretary of the Board are authorized to do all things proper and necessary to carry out the intent hereof, including the approval of appropriate changes to the Preliminary Official Statement

and the Notice of Sale. In particular, the President or Vice President is authorized to execute any rating agency applications and any bond insurance commitment letter, if applicable.

**Section 5. PAYMENT OF ATTORNEY GENERAL FEE.** The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

**EXHIBIT "A"**

Preliminary Official Statement

[See Separate Tab of Transcript]

**EXHIBIT "B"**

**NOTICE OF SALE**

**\$1,500,000**

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2-C  
UNLIMITED TAX BONDS, SERIES 2020A**

**(A political subdivision of the State of Texas located in Travis and Williamson Counties, Texas)**

**Selling: Tuesday, October 13, 2020**

**Bids Due: 10:30 a.m. C.S.T.**

**Place and Time of Award:** The District will consider the award of the sale of the Bonds on Tuesday, October 13, 2020 at 5:45 p.m., C.S.T. The meeting will be held via telephone conference call pursuant to Section 551.125, Texas Government code, as modified temporarily by Governor Greg Abbott, and the related guidance from the office of the Texas Attorney General, in connection with the Governor's COVID-19 Disaster Proclamation. Members of the public are entitled to participate in and to address the Board of Directors during the meeting. The toll-free dial-in number for the meeting is [877-309-2073], and the participant code is [834-101-717]. Please follow the instructions provided by the system to access the meeting. An electronic agenda and packet for the meeting may be obtained by emailing a request to the District's General Counsel at [dklein@lglawfirm.com](mailto:dklein@lglawfirm.com) with a copy to [fcastro@lglawfirm.com](mailto:fcastro@lglawfirm.com). Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a Bank Cashier's Check in the amount of \$30,000 payable to the order of Lakeside Water Control and Improvement District No. 2-C as a good-faith deposit to Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746 prior to 10:30 a.m., C.D.T. on the date of the sale.

**Written Bids/Bids Delivered in Person:** Written bids, plainly marked "Bid for Bonds" should be addressed to the Board of Directors of Lakeside Water Control and Improvement District No. 2-C, and if delivered in person, delivered to John Barganski, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 prior to 10:30 a.m., C.D.T., on Tuesday, February 11, 2020. All bids must be signed and submitted in duplicate on the "Official Bid Form," without alteration or interlineation, all as described in the "Official Notice of Sale" described below.

**Electronic Bidding Procedures:** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY prior to 10:30 a.m., C.D.T., on Tuesday, October 13, 2020 as described in the "Official Notice of Sale" described below. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

**Bids by Telephone:** Telephone bids will be accepted at (512) 275-7300, prior to 10:30 a.m. C.D.T. on the date of the bid opening as described in the "Official Notice of Sale" described below.

**Facsimile bids will not be accepted.**

**Information:** The Bonds are more completely described in the "Official Notice of Sale," "Official Bid Form" and the "Preliminary Official Statement" which may be obtained from Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746.

All bidders must submit a SIGNED Official Bid Form in connection with the sale prior to 10:30 a.m. C.D.T. on Tuesday, October 13, 2020 to John Barganski, Specialized Public Finance Inc., by email or facsimile ([john@spfmuni.com](mailto:john@spfmuni.com) / (512) 275-7305). The bidder whose bid is the winning bid in accordance with the "Official Notice of Sale" will be notified immediately. Additionally, pursuant to Texas Government Code Section 2252.908, the District may not award the Bonds to the winning bidder unless the bidder submits a Certificate of Interested Parties Form 1295, as prescribed by the Texas Ethics Commission, to the District, before the District formally votes to award the Bonds to the winning bidder, in accordance with the "Official Notice of Sale."

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale," the "Preliminary Official Statement" and the "Official Bid Form."

Board of Directors

Lakeside Water Control  
and Improvement District No. 2-C

This OFFICIAL NOTICE OF SALE does not alone constitute an invitation for bids on the Bonds but is merely notice of sale of the Bonds described herein. The invitation for bids is being made by means of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM attached hereto. Information contained in this OFFICIAL NOTICE OF SALE is qualified in its entirety by the detailed information contained in the PRELIMINARY OFFICIAL STATEMENT.

**OFFICIAL NOTICE OF SALE**

**\$1,500,000**

**LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT NO. 2-C**  
*(A political subdivision of the State of Texas located within Travis County)*  
**UNLIMITED TAX PARK BONDS**  
**SERIES 2020A**

**BIDS DUE: Tuesday, October 13, 2020 at 10:30 A.M., CDT**  
**BID AWARD: Tuesday, October 13, 2020 at 5:45 P.M., CDT**

The Bonds are obligations solely of Lakeside Water Control & Improvement District No. 2-C and are not obligations of State of Texas, Travis County, the City of Pflugerville or any entity other than the District.

**THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.**

**THE SALE**

**BONDS OFFERED FOR SALE BY COMPETITIVE BIDDING:** The Board of Directors (the "Board") of the Lakeside Water Control & Improvement District No. 2-C (the "District") is inviting competitive bids for the purchase of \$1,500,000 Unlimited Tax Park Bonds, Series 2020A (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

- (1) Deliver bids directly to the District as described below in "Bids Delivered to the District;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone as described below in "Bids by Telephone."

**BIDS DELIVERED TO THE DISTRICT:** Sealed bids, plainly marked "Bid for Bonds," should be addressed to "President and Board of Directors, Lakeside Water Control & Improvement District No. 2-C" and delivered to Specialized Public Finance Inc. ("SPFI"), 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 prior to 10:30 A.M., CDT, on October 13, 2020. All bids must be submitted in duplicate on the Official Bid Form, without alteration or interlineation.

**ELECTRONIC BIDDING PROCEDURES:** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit by e-mail or facsimile (john@spfmuni.com / (512) 275-7305), prior to 10:30 A.M., CDT on Tuesday, October 13, 2020, a signed Official Bid Form to John Barganski, SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

**If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5000.**

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

**BIDS BY TELEPHONE:** Bidders must submit by e-mail or facsimile (john@spfmuni.com / (512) 275-7305) prior to 10:30 A.M., CDT on Tuesday, October 13, 2020, a signed Official Bid Form to John Barganski, SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone on the date of the sale.

Telephone bidders that have provided signed bid forms will be telephoned by a representative of SPFI, as financial advisor for the District, between 10:00 A.M. and 10:30 A.M., CDT on the date of the sale.

**Facsimile bids will not be accepted.**

The District and SPFI are not responsible if such telephone is busy or is malfunctioning, which prevents a bid or bids from being submitted on a timely basis. **SPFI will not be responsible for submitting any bids received after the above deadlines.** The District and SPFI assume no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone option is exercised.

**PLACE AND TIME OF BID OPENING:** The bids for the Bonds will be publicly opened and read by an authorized representative of the Board at the offices of SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, at 10:30 A.M., CDT, Tuesday, October 13, 2020.

**AWARD OF THE BONDS:** The District will take action to award the Bonds or reject all bids at a meeting scheduled to convene at 5:45 P.M., CDT, on the date of the bid opening, at The Tiemann Land and Cattle Development, Inc., 21100 Carries Ranch Road, Pflugerville, Texas 78660. Upon awarding the Bonds to the winning bidder (the “Initial Purchaser”), the Board will adopt a resolution authorizing the issuance of the Bonds (the “Bond Resolution”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Resolution, to which Bond Resolution reference is hereby made for all purposes and subject to compliance with Texas Government Code §2252.908 as more fully described below. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing.

## THE BONDS

**DESCRIPTION OF THE BONDS:** The Bonds will be dated and accrue interest from November 1, 2020, and interest will be payable on March 1, 2021 and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid, initially by UMB Bank, N.A., Austin, Texas (the “Paying Agent/Registrar”). See the PRELIMINARY OFFICIAL STATEMENT (made a part hereof) for a more complete description of the Bonds. The Bonds will mature serially on September 1 in the years and amounts as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>YEAR</u> | <u>PRINCIPAL</u> | <u>YEAR</u> | <u>PRINCIPAL</u> |
|-------------|------------------|-------------|------------------|-------------|------------------|
| <u>DUE</u>  | <u>AMOUNT</u>    | <u>DUE</u>  | <u>AMOUNT</u>    | <u>DUE</u>  | <u>AMOUNT</u>    |
| 2022        | \$ 50,000        | 2029        | \$ 50,000        | 2036        | \$ 50,000        |
| 2023        | 50,000           | 2030        | 50,000           | 2037        | 50,000           |
| 2024        | 50,000           | 2031        | 50,000           | 2038        | 50,000           |
| 2025        | 50,000           | 2032        | 50,000           | 2039        | 200,000          |
| 2026        | 50,000           | 2033        | 50,000           | 2040        | 225,000          |
| 2027        | 50,000           | 2034        | 50,000           | 2041        | 225,000          |
| 2028        | 50,000           | 2035        | 50,000           |             |                  |

**SERIAL BONDS AND/OR TERM BONDS:** Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

**REDEMPTION PROVISIONS:** Bonds maturing on and after September 1, 2026, are subject to redemption prior to maturity, at the option of the District, as a whole or in part, on September 1, 2025, or on any date thereafter at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by The Depository Trust Company, New York, New York, (“DTC”) in accordance with its procedures while the Bonds are in book-entry-only form).

**MANDATORY SINKING FUND REDEMPTION:** If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such term bond and continuing on September 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth on the cover page hereof under the caption "MATURITY SCHEDULE." Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par by lot or other customary method of random selection. The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

**BOOK-ENTRY ONLY:** The Bonds will be registered in the name of Cede & Co., a nominee for DTC, which will act as securities depository for the Bonds. Beneficial Owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participant for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. See "BOOK-ENTRY ONLY SYSTEM" in the Preliminary Official Statement.

**REGISTERED FORM REQUIREMENT:** Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) must be in registered form in order for the interest payable on such obligations to be excluded from the Registered Owners' income for federal income tax purposes.

**SUCCESSOR PAYING AGENT/REGISTRAR:** Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or of any state authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state banking authorities.

**SOURCE OF PAYMENT:** The Bonds will constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of an annual ad valorem tax without legal limitation as to rate or amount, levied against taxable property located within the District, as further described in the Preliminary Official Statement. The Bonds are obligations solely of Lakeside Water Control & Improvement District No. 2-C and are not obligations of State of Texas, Travis County, the City of Pflugerville or any entity other than the District.

## CONDITIONS OF THE SALE

**TYPES OF BIDS AND INTEREST RATES:** The Bonds will be sold in one block, "all or none" and no bid of less than ninety-seven percent (97%) of the principal amount thereof plus accrued interest to the date fixed for delivery will be considered. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. No bid which results in a net effective interest rate as defined by Chapter 1204, Texas Government Code (the IBA method) in excess of \_\_\_% will be considered. No bid generating a cash premium greater than \$5,000 will be accepted. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used, but each rate of interest specified for the Bonds maturing in the years 2026 (base year) through 2041 shall not be less than the rate of interest specified for any earlier maturity in the years 2026 through 2041 and the highest interest rate bid may not exceed the lowest interest rate bid by more than two and one-half percent (2.5%) in rate. All Bonds maturing within a single year must bear the same rate of interest, and no bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid.

**BASIS OF AWARD:** For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the interest rate or rates specified therein, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto any discount bid, if any, or subtracting therefrom any premium bid, if any. The District reserves the right to reject any or all bids and to waive any and all irregularities except time of filing. Subject to such rights, the Bonds will be awarded to the bidder whose bid, under the above computation, produces the lowest net effective interest rate to the District, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. In the event mathematical discrepancies between the interest rate or rates and the interest costs determined therefrom, as both appear on the OFFICIAL BID FORM, the bid will be solely governed by the interest rates shown on the OFFICIAL BID FORM.

In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the District with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

**PROVISION OF TEXAS ETHICS COMMISSION FORM 1295:** In accordance with Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the District may not award the Bonds to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the District as prescribed by the Texas Ethics Commission (“TEC”), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder’s bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the District’s conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*Lakeside Water Control & Improvement District No. 2-C*) and box 3 is the identification number assigned to this contract by the District (*Lakeside 2C-UTPB-2020A*) and description of the goods or services (*Purchase of Lakeside WCID #2C Unlimited Tax Park Bonds, Series 2020A*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require certain business entities contracting with the District to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC’s “electronic portal” to the District. The completed and signed TEC Form 1295 must be sent by email, to the District’s financial advisor at [john@spfmuni.com](mailto:john@spfmuni.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [cchandler@mphlegal.com](mailto:cchandler@mphlegal.com).

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the District, the Interested Party Disclosure Act and the TEC Form 1295 provide that such declaration is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed TEC Form 1295 is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC’s website at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**IMPACT OF BIDDING SYNDICATE ON AWARD:** For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

**GOOD FAITH DEPOSIT:** Each bid must be accompanied by a bank cashier’s check payable to the order of “Lakeside Water Control & Improvement District No. 2-C” in the amount of \$30,000, which represents two percent (2%) of the principal amount of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the “Initial Purchaser”) will be retained uncashed by the District until the Bonds are delivered. In the event the Initial Purchaser should fail or refuse to accept delivery of and pay for the Bonds in accordance with its bid, then the Good Faith Deposit shall be cashed and the proceeds accepted by the District as full and complete liquidated damages against the Initial Purchaser. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn to authorize its use as a Good Faith Deposit by the bidder, who shall be named in such instructions. The Good Faith Deposit will be returned immediately after full payment has been made by the Initial Purchaser to the District in federal or immediately available funds in the amount of the

purchase price plus accrued interest thereon. No interest will be paid on the Good Faith Deposit. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Bonds has been made.

**VERIFICATION PURSUANT TO CHAPTER 2270 OF THE TEXAS GOVERNMENT CODE:** To the extent the winning bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the winning bidder will be required to verify in the Official Bid Form, for purposes of Chapter 2270 of the Texas Government Code, as amended, that, at the time of execution and delivery of its bid, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, boycotts Israel or will boycott Israel through the date of delivery of the Bonds. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycotts Israel” and “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The bidder understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

**VERIFICATION PURSUANT TO CHAPTER 2252 OF THE TEXAS GOVERNMENT CODE:** Pursuant to Chapter 2252 of the Texas Government Code, the bidder will be required to verify that neither the bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly- or majority-owned subsidiaries, or other affiliates of the same are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the bidder or any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates, of the same, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

## **DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS**

**INITIAL DELIVERY OF INITIAL BOND:** Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond (the “Initial Bonds”), either in typed or printed form, in the aggregate principal amount of \$1,500,000, payable in stated installments, registered in the name of the Initial Purchaser, manually signed by the President and Secretary of the Board, or executed by the facsimile signatures of the President and Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or his authorized deputy. Initial Delivery will be at the corporate trust office of the Paying Agent/Registrar in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given three (3) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about November 11, 2020, and subject to the aforementioned notice it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 10:00 A.M., CST, on November 11, 2020, or thereafter on the date the Bonds are tendered for delivery, up to and including November 25, 2020. If for any reason the District is unable to make delivery on or before November 25, 2020, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within three (3) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable.

**CONDITIONS TO DELIVERY:** The obligation to take up and pay for the Bonds is subject to the following conditions: issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser's receipt of typewritten bonds, the legal opinion of Bond Counsel, and the No-Litigation Certificate, all of which are described herein, and the non-occurrence of the events described below under the caption "No Material Adverse Change." In addition, if the District fails to comply with its obligations described in the PRELIMINARY OFFICIAL STATEMENT, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**LEGAL OPINIONS:** The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principal of equity and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under Statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS."

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS:** The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions.

**ESTABLISHING THE ISSUE PRICE FOR THE BONDS:** The District intends to rely on Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the District receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the District the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the District with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the District or to the District's financial advisor, (the "District's Financial Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within five (5) business days of the Closing Date. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the District. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the

capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “Sale Date” means the date that the Bonds are awarded by the District to the winning bidder.

All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District’s Financial Advisor, and any notice or report to be provided to the District may be provided to the District’s Financial Advisor.

The District will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the District when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

**CERTIFICATION REGARDING OFFERING PRICE OF BONDS:** In order to provide the District with information to enable it to comply with certain conditions of the Code relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding “issue price” substantially in the form accompanying this Official Notice of Sale. If the Initial Purchaser will not reoffer the Bonds for sale or has not sold a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner acceptable to the District. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the date of delivery of the Bonds if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Special Tax Counsel.

**NO-LITIGATION CERTIFICATE:** The District will furnish the Initial Purchaser a certificate executed by both the President and Secretary of the Board, dated as of the date of delivery of the Bonds, to the effect that to their best knowledge no litigation of any nature is pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest on or principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the titles of the present officers of the District.

**NO MATERIAL ADVERSE CHANGE:** The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that to the time for delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

**RULE G-36 REQUIREMENTS:** It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the Official Statement along with two complete Form G-36's to the appropriate address.

#### **RULE 15c2-12 COMPLIANCE**

**CONTINUING DISCLOSURE:** The District will agree in the Bond Resolution to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission ("SEC") Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Bond Resolution containing the agreement described under such heading.

**SUBSTANTIVE REQUIREMENTS FOR OFFICIAL STATEMENT:** During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

**FINAL OFFICIAL STATEMENT:** The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District intends the Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of SEC Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are being or which will be made by the District are those described and contained in the Official Statement under the caption "PREPARATION OF OFFICIAL STATEMENT – Certification as to Official Statement."

**CHANGES TO OFFICIAL STATEMENT:** If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY OF BONDS AND ACCOMPANYING DOCUMENTS – Conditions to Delivery," the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers in which case the District's obligations hereunder will extend for an additional period of time as provided in SEC Rule 15c2-12 (but not more than 90 days after the date the District delivers the Bonds).

**DELIVERY OF OFFICIAL STATEMENTS:** The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements specified in the winning bid, not to exceed 250 copies. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential purchasers of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement specified in the winning bid and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

## GENERAL CONSIDERATIONS

**INVESTMENT CONSIDERATIONS:** The Bonds involve certain investment considerations. Prospective bidders are urged to examine carefully the entire Preliminary Official Statement, with respect to the investment considerations associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

**MUNICIPAL BOND INSURANCE AND MUNICIPAL BOND RATING:** Moody's Investors Service ("Moody's") has assigned an underlying, uninsured rating to the District of "\_\_\_\_." Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. The rating fees of Moody's will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser. A downgrade of the insurer by any rating agency subsequent to submitting a bid with municipal bond insurance and before the closing of the transaction is not a material adverse change nor is it a basis for the Initial Purchaser to terminate its obligations to pay for the Bonds at closing. See "Conditions to Delivery" and "No Material Adverse Change" herein. It should be noted that the state of the municipal bond insurance industry is under stress, which could result in downgrades of certain municipal bond insurers. Accordingly, investors should evaluate the underlying credit quality of the District.

**RESERVATION OF RIGHTS:** The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

**NOT AN OFFER TO SELL:** This OFFICIAL NOTICE OF SALE does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form.

**REGISTRATION AND QUALIFICATION OF BONDS FOR SALE:** The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than the State of Texas will be made pursuant to exemptions from registration or qualification, or where necessary, the Initial Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

**ADDITIONAL COPIES OF DOCUMENTS:** Additional copies of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM may be obtained from the Financial Advisor, SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

Mr. David Wang  
President, Board of Directors  
Lakeside Water Control & Improvement District No. 2-C

September 8, 2020

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**OFFICIAL BID FORM**

President and Board of Directors  
 Lakeside Water Control & Improvement District No. 2-C  
 Specialized Public Finance Inc.  
 248 Addie Roy Road, Suite B-103  
 Austin, Texas 78746

October 13, 2020

**Board Members:**

We have read in detail the Official Notice of Sale and Preliminary Official Statement dated September 8, 2020, relating to the \$1,500,000 Lakeside Water Control & Improvement District No. 2-C (the "District") Unlimited Tax Park Bonds, Series 2020A (the "Bonds"). We realize that the Bonds involve certain investment risks, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, as described in the "Official Notice of Sale" and "Preliminary Official Statement," we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_% of the principal amount thereof, plus accrued interest to the date of delivery to us. Such Bonds mature September 1, in each of the years and in the amounts and interest rates shown below:

| <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-----------------|-------------------------|----------------------|-----------------|-------------------------|----------------------|
| 2022            | \$ 50,000               | _____%               | 2032            | \$ 50,000               | _____%               |
| 2023            | 50,000                  | _____%               | 2033            | 50,000                  | _____%               |
| 2024            | 50,000                  | _____%               | 2034            | 50,000                  | _____%               |
| 2025            | 50,000                  | _____%               | 2035            | 50,000                  | _____%               |
| 2026            | 50,000                  | _____%               | 2036            | 50,000                  | _____%               |
| 2027            | 50,000                  | _____%               | 2037            | 50,000                  | _____%               |
| 2028            | 50,000                  | _____%               | 2038            | 50,000                  | _____%               |
| 2029            | 50,000                  | _____%               | 2039            | 200,000                 | _____%               |
| 2030            | 50,000                  | _____%               | 2040            | 225,000                 | _____%               |
| 2031            | 50,000                  | _____%               | 2041            | 225,000                 | _____%               |

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created areas follows:

| <u>Term Bond Maturing September 1</u> | <u>Year of First Mandatory Redemption</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|---------------------------------------|---|-------------------------|----------------------|
| _____                                 | _____                                     | \$ _____                | _____%               |
| _____                                 | _____                                     | \$ _____                | _____%               |
| _____                                 | _____                                     | \$ _____                | _____%               |
| _____                                 | _____                                     | \$ _____                | _____%               |
| _____                                 | _____                                     | \$ _____                | _____%               |

Our calculation (which is not a part of this bid) of the interest cost from the above is:

|                                    |          |
|------------------------------------|----------|
| TOTAL INTEREST COST FROM 11/1/2020 | \$ _____ |
| PLUS DOLLAR AMOUNT OF DISCOUNT     | \$ _____ |
| NET INTEREST COST                  | \$ _____ |
| NET EFFECTIVE INTEREST RATE        | _____ %  |

The initial Bonds shall be registered in the name of Cede & Co. We will advise UMB Bank, N.A., the Paying Agent/Registrar, on forms to be provided by the Paying Agent/Registrar, of our registration instructions at least five (5) business days prior to the date set for Initial Delivery. We will not ask the Paying Agent/Registrar to accept any registration instructions after the five (5) day period.

We are having the Bonds insured by \_\_\_\_\_ at a premium of \$ \_\_\_\_\_, **said premium to be paid by the Initial Purchaser. The rating fees of Moody's Investors Service will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser.**

A Cashier's Check payable to the order of the District in the amount of \$30,000 has been made available to you prior to the opening of this bid, as a Good Faith Deposit, and is submitted in accordance with the OFFICIAL NOTICE OF SALE. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the OFFICIAL NOTICE OF SALE, this check shall be cashed and the proceeds retained as complete liquidated damages against us.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the OFFICIAL NOTICE OF SALE, with such changes thereto as may be acceptable to the District.

We understand the sale of the Bonds has not been registered under the United States Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the OFFICIAL STATEMENT or other information concerning the District and the Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

The undersigned hereby certifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Official Bid Form is a contract for goods or services, will not boycott Israel during the term of this Official Bid Form. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The undersigned understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the undersigned and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The undersigned understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit."

The undersigned certifies that it [is]/[is not] exempt from filing the Texas Ethics Commission (the "TEC") Certificate of Interested Parties Form 1295 (the "Form 1295") by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Respectfully submitted,

\_\_\_\_\_  
Name of Initial Purchaser

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Lakeside Water Control & Improvement District No. 2-C, this the 13<sup>th</sup> day of October, 2020.

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors  
Lakeside Water Control & Improvement District No. 2-C

\_\_\_\_\_  
President, Board of Directors  
Lakeside Water Control & Improvement District No. 2-C

**ISSUE PRICE CERTIFICATE**

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Park Bonds, Series 2020A issued by the Lakeside Water Control & Improvement District No. 2-C ("Issuer") in the principal amount of \$1,500,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Initial Purchaser, the Initial Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Initial Purchaser in formulating its bid to purchase the Bonds.

(b) The Initial Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Initial Purchaser constituted a firm bid to purchase the Bonds.

(d) The Purchaser has [ ]/has not [ ] purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$ \_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Initial Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Initial Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

SCHEDULE A  
PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**ISSUE PRICE CERTIFICATE**

(Sales where less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Park Bonds, Series 2020A issued by the Lakeside Water Control & Improvement District No. 2-C ("Issuer") in the principal amount of \$1,500,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in \_\_\_\_\_ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the date of sale of the Bonds (the "Sale Date") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Initial Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Initial Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Initial Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

(d) The Purchaser has /has not  purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$\_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Initial Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Initial Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

SCHEDULE A  
PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2020**

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, COURT DECISIONS, AND PUBLISHED RULINGS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX EXEMPTION" HEREIN.

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

**NEW ISSUE – Book Entry Only**

**Rating: Moody's "\_\_\_\_\_"  
See "MUNICIPAL BOND  
INSURANCE AND RATING" herein**

**\$1,500,000**  
**LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT NO. 2-C**  
*(A political subdivision of the State of Texas located within Travis County)*  
**UNLIMITED TAX PARK BONDS, SERIES 2020A**

**Dated: November 1, 2020**

**Due: September 1, as shown below**

Principal of the above described bonds (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially UMB Bank, N.A. (the "Paying Agent/Registrar") in Austin, Texas. Interest on the Bonds will accrue from November 1, 2020 and be payable on March 1, 2021 and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS**

| Due<br>Sept. 1 | Principal<br>Amount <sup>(a)</sup> | Interest<br>Rate | Initial<br>Reoffering<br>Yield <sup>(b)</sup> | CUSIP<br>Number <sup>(c)</sup> | Due<br>Sept. 1 | Principal<br>Amount <sup>(a)</sup> | Interest<br>Rate | Initial<br>Reoffering<br>Yield <sup>(b)</sup> | CUSIP<br>Number <sup>(c)</sup> |
|----------------|------------------------------------|------------------|---|--------------------------------|----------------|------------------------------------|------------------|---|--------------------------------|
| 2022           | \$50,000                           |                  |   |                                | 2032           | \$50,000 <sup>(d)</sup>            |                  |   |                                |
| 2023           | 50,000                             |                  |   |                                | 2033           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2024           | 50,000                             |                  |   |                                | 2034           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2025           | 50,000                             |                  |   |                                | 2035           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2026           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2036           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2027           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2037           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2028           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2038           | 50,000 <sup>(d)</sup>              |                  |   |                                |
| 2029           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2039           | 200,000 <sup>(d)</sup>             |                  |   |                                |
| 2030           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2040           | 225,000 <sup>(d)</sup>             |                  |   |                                |
| 2031           | 50,000 <sup>(d)</sup>              |                  |   |                                | 2041           | 225,000 <sup>(d)</sup>             |                  |   |                                |

- (a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from November 1, 2020, is to be added to the price.
- (c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Bonds maturing on and after September 1, 2026, are subject to redemption prior to maturity at the option of the District, in whole or in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Lakeside Water Control & Improvement District No. 2-C (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville or any entity other than the District. The Bonds are subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 11, 2020.

**Bids Due: Tuesday, October 13, 2020, at 10:30 A.M., Central Daylight Time**  
**Bid Award: Tuesday, October 13, 2020, at 5:45 P.M., Central Daylight Time**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## TABLE OF CONTENTS

|  |    |
|--|----|
| MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS..... | 1  |
| USE OF INFORMATION IN OFFICIAL STATEMENT.....                                    | 2  |
| OFFICIAL STATEMENT SUMMARY.....  | 3  |
| SELECTED FINANCIAL INFORMATION.....  | 6  |
| THE BONDS.....   | 7  |
| BOOK-ENTRY-ONLY SYSTEM.....  | 11 |
| THE DISTRICT.....  | 13 |
| MANAGEMENT.....  | 14 |
| THE DEVELOPERS.....  | 15 |
| THE SYSTEM.....  | 17 |
| UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED.....                                 | 18 |
| FINANCIAL STATEMENT.....   | 19 |
| ESTIMATED OVERLAPPING DEBT STATEMENT.....  | 20 |
| TAX DATA.....  | 21 |
| TAX PROCEDURES.....  | 23 |
| GENERAL FUND OPERATIONS.....   | 28 |
| DEBT SERVICE REQUIREMENTS.....   | 29 |
| INVESTMENT CONSIDERATIONS.....   | 30 |
| LEGAL MATTERS.....   | 35 |
| TAX EXEMPTION.....   | 36 |
| SALE AND DISTRIBUTION OF THE BONDS.....  | 39 |
| MUNICIPAL BOND INSURANCE AND RATING.....   | 40 |
| PREPARATION OF OFFICIAL STATEMENT.....   | 40 |
| CONTINUING DISCLOSURE OF INFORMATION.....  | 41 |
| MISCELLANEOUS.....   | 43 |
| LOCATION MAP   |    |
| PHOTOGRAPHS OF THE DISTRICT  |    |
| APPENDIX A – DISTRICT AUDITED FINANCIAL STATEMENTS                               |    |
| FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019                                     |    |

### USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an “official statement” with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the District.

This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701, upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in “PREPARATION OF OFFICIAL STATEMENT – Updating the Official Statement.”

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

### OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

#### THE FINANCING

*The Issuer* .....Lakeside Water Control & Improvement District No. 2-C (the “District”), a political subdivision of the State of Texas, is located in Travis County, Texas. See “THE DISTRICT.”

*The Issue*.....\$1,500,000 Unlimited Tax Park Bonds, Series 2020A (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors. The Bonds will be issued as fully registered bonds maturing on September 1 in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from November 1, 2020 and is payable on March 1, 2021, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption.

The Bonds maturing on and after September 1, 2026, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2025, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS – Redemption Provisions.”

*Source of Payment*.....The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District (see “TAX PROCEDURES”). The Bonds are obligations of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville or any other political subdivision or agency other than the District. See “THE BONDS – Source of and Security for Payment.”

*Use of Proceeds*.....Proceeds from sale of the Bonds will be used to reimburse the Developers (as hereinafter defined) for funds advanced on behalf of the District as shown herein under “THE SYSTEM – Use and Distribution of Bond Proceeds.” Bond proceeds will also be used to pay interest to the Developers for funds expended for the foregoing and to pay certain costs associated with the issuance of the Bonds. See “THE SYSTEM – Use and Distribution of Bond Proceeds.”

*Payment Record* .....The District has previously issued nine series of unlimited tax bonds for water, wastewater, drainage and stormwater facilities and two series of unlimited tax refunding bonds, of which \$23,405,000 principal amount was outstanding as of September 1, 2020 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on its previously issued bonds.

*Qualified Tax-Exempt Obligations*.....The District expects to designate the Bonds as “qualified tax-exempt obligations for financial institutions.” See “TAX EXEMPTION – Qualified Tax-Exempt Obligations for Financial Institutions.”

*Municipal Bond Rating and Insurance*.....Moody’s Investors Service (“Moody’s”) has assigned an underlying, uninsured rating to the District of “\_\_\_\_\_.” The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Initial Purchaser.

The purchase of municipal bond insurance, if available, will be at the option and expense of the Initial Purchaser.

*Bond Counsel*.....McCall , Parkhurst & Horton L.L.P., Austin, Texas.

*General Counsel*.....Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas.

*Disclosure Counsel* .....McCall, Parkhurst & Horton L.L.P., Dallas Texas.

*Financial Advisor*.....Specialized Public Finance Inc., Austin, Texas.

*Engineer*.....Randall Jones Engineering, Inc., Austin, Texas.

*Paying Agent/Registrar* .....UMB Bank, N.A., Austin, Texas.

*Investment Considerations* .....The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned “INVESTMENT CONSIDERATIONS.”

**THE DISTRICT**

*Description*.....The District was created by division of Lakeside Water Control & Improvement District No. 2 at a division election duly called and held on January 15, 2000, and operates pursuant to Chapters 49 and 51, Texas Water Code. Prior to division, Lakeside Water Control & Improvement District No. 2 was originally created by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the “Commission”), dated September 14, 1998. The District presently contains approximately 408 acres of land located in the northeast portion of Travis County approximately five miles northeast of the central area of the City of Pflugerville, Texas (the “City”), which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the northeast by Rowe Lane. A small portion of the District is located on the north side of Rowe Lane. Access to the District is presently provided via Texas Highway 130 (“TX 130”), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 (“IH 35”), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 (“TX 45”), an east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately one mile from the District. The District lies totally within the exclusive extraterritorial jurisdiction of the City.

*Status of Development* .....The land within the District is being developed primarily for single family residential purposes and is within the Blackhawk development (“Blackhawk”). Blackhawk has been and is being developed by various landowners, developers and builders, including, among others, Rowe Lane Development Ltd., the original landowner and developer, and is planned to include approximately 1,370 acres of land. Five water control and improvement districts have been formed to include the 1,370 acres of land, and active single-family residential development is occurring, or has been completed, within all of the districts. To date, approximately \_\_\_ single family residential lots have been developed within Blackhawk, and approximately \_\_\_ houses are completed or are in various stages of construction, including approximately \_\_\_ houses within the District.

The District presently provides water, sanitary sewer and drainage facilities to serve The Estates of Rowe Lane, Sections 1 and 2 (approximately 49 acres of land developed into 152 single-family residential lots), The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B (approximately 78 acres of land developed into 239 single-family residential lots), The Park at Blackhawk III, Sections 1 and 2 (approximately 29 acres of land developed into 74 single family residential lots), The Park at Blackhawk VII, Sections 1A, 1B, 2, and 3 (approximately 48 acres of land developed into 177 single family residential lots), Lakeside at Blackhawk II, Sections 1A, 1B, 2A, and 2B (approximately 77 acres of land developed into 143 single family residential lots), and Lakeside at Blackhawk III, Sections 1 through 4 (approximately 76 acres of land developed into 190 single family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in 2004, and as of \_\_\_\_\_, 2020, the District contained \_\_\_ single-family homes completed and occupied, \_\_\_ unoccupied single-family homes, \_\_\_ completed model homes, \_\_\_ single-family homes in various stages of construction, and \_\_\_ developed lots available to new home construction. Builders in the District include Ryland Homes, Wilshire Homes, David Weekley Homes, Scott Fielder Homes, and Century. New homes in the District range in offering prices from approximately \$250,000 to \$450,000.

Additionally, a 58-unit condominium complex has been constructed on approximately 14 acres of land within the District. The District also includes an amenity facility encompassing approximately six acres of land and a Pflugerville Independent School District elementary school on an 11-acre site. School district facilities are not subject to taxation by the District.

In addition to the development described above, approximately 20 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities, certain arterial roads, and other land uses. See “THE DISTRICT – Status of Development.”

*The Developers*.....The original developer of land within the District was Rowe Lane Development, Ltd. (“RLD”), which developed certain major water, sewer, and drainage facilities (and certain main arterial roads) to serve the land within the District. In March 2011, RLD sold its undeveloped land in the District and certain related District rights to SLF IV – Blackhawk, L.P., a Texas limited partnership (“SLF IV”). The general partner of SLF IV was an affiliate of Stratford Land Manager, L.P., a Dallas-based land investment manager, which, together with its predecessors and affiliates, has over 27 years of land investment management experience. SLF IV retained RMD Development Partners, LLC (“RMD Development”), a local land development company, to manage its District property. SLF IV subsequently sold all of its undeveloped land in the District to other owners and developers. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by Pulte Homes of Texas, Gehan Homes, Ltd., Cityview/Blackhawk 192, L.P., Ryland Homes, 2012 Lakeside at Blackhawk, LLC, Century Land Holdings II, LLC dba Century LH II, LLC, and RMD Residential, LP (an affiliate of RMD Development), all of which are unrelated to RLD or SLF IV. These entities, including RLD and SLF IV, may be collectively referred to herein as the “Developers.” See “THE DEVELOPERS.” Although SLF IV is included as a “Developer” herein for ease of reference, SLF IV itself is not in the development business and such terminology is not intended to imply that development activities were undertaken by SLF IV; instead those activities were (or will be) undertaken and performed, for the most part, by the other Developers or other parties to whom SLF IV conveyed land.

**SELECTED FINANCIAL INFORMATION**

|   |                                 |
|---|---------------------------------|
| 2020 Taxable Assessed Valuation.....  | \$ 269,326,389 <sup>(a)</sup>   |
| Gross Direct Debt Outstanding (after the issuance of the Bonds).....                        | \$ 24,905,000                   |
| Estimated Overlapping Debt .....  | <u>11,212,297<sup>(b)</sup></u> |
| Gross Direct Debt and Estimated Overlapping Debt.....                                       | \$ 36,117,297                   |
| Ratio of Gross Direct Debt to:  |                                 |
| 2020 Taxable Assessed Valuation .....   | 9.25%                           |
| Ratio of Gross Direct Debt and Estimated Overlapping Debt to:                               |                                 |
| 2020 Taxable Assessed Valuation .....   | 13.41% <sup>(b)</sup>           |
| Funds Available in Debt Service Fund as of August 11, 2020.....                             | \$ 553,587 <sup>(c)</sup>       |
| Funds Available in Operating Fund as of August 11, 2020.....                                | \$ 2,636,585                    |
| Funds Available for Capital Projects as of August 11, 2020.....                             | \$ 558,935                      |
| 2020 District Tax Rate:   |                                 |
| Debt Service <sup>(d)</sup> .....   | \$ 0.665                        |
| Maintenance and Operations.....   | <u>0.305</u>                    |
| Total .....   | \$ 0.970/\$100 A.V.             |
| Projected Average Annual Debt Service Requirements (2021-2041) (“Average Requirement”)..... | \$ 1,577,833                    |
| Tax rate required to pay Average Requirement based upon                                     |                                 |
| 2020 Taxable Assessed Valuation at a 95% collection rate .....                              | \$ 0.62/\$100 A.V.              |
| Status of home construction as of _____, 2020:  |                                 |
| Single-family residential – completed and occupied.....                                     | _____                           |
| Single-family residential – completed and unoccupied.....                                   | _____                           |
| Single-family residential – under construction.....   | _____                           |
| Model homes .....   | _____                           |
| Total .....   | _____                           |

Area of District – 408 acres  
Estimated 2020 Population – \_\_\_\_\_<sup>(e)</sup>

- (a) The 2020 Taxable Assessed Valuation shown herein includes \$236,737,703 of certified value and \$32,588,686 of uncertified value provided by the Travis Central Appraisal District (“Appraisal District”). The uncertified value is subject to review prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See “TAX PROCEDURES.”
- (b) See “ESTIMATED OVERLAPPING DEBT STATEMENT” herein.
- (c) Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund. See “THE SYSTEM – Use and Distribution of Bond Proceeds.”
- (d) In connection with its approval, the Commission (defined herein) concluded that the District’s levy a debt service tax in the year after the issuance of the Bonds (2021) at the rate of \$0.69 per \$100 assessed valuation would be sufficient to pay the debt service on the Bonds and the Outstanding Bonds.
- (e) Estimate based on 3.5 persons per occupied home.

**PRELIMINARY OFFICIAL STATEMENT**

**\$1,500,000**

**LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT NO. 2-C**

*(A political subdivision of the State of Texas located within Travis County)*

**UNLIMITED TAX PARK BONDS**

**SERIES 2020A**

This Official Statement provides certain information in connection with the issuance by Lakeside Water Control & Improvement District No. 2-C (the “District”) of its \$1,500,000 Unlimited Tax Park Bonds, Series 2020A (the “Bonds”).

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an election held in the District, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), and an order of the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developers of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Lloyd Gosselink Rochelle & Townsend, P.C., the District’s General Counsel, located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701, upon payment of the costs of duplication therefor.

This Preliminary Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be filed by the Initial Purchaser with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) System. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

**THE BONDS**

**General**

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from November 1, 2020. Interest is payable on each March 1 and September 1, commencing March 1, 2021, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

**Authority for Issuance**

At a bond election held within the District on September 11, 2004, the voters of the District authorized the issuance of a total of \$1,500,000 in unlimited tax bonds for the purpose of financing and constructing recreational facilities. The Bonds are being issued pursuant to such authorization. The Commission has authorized the District to sell the Bonds for the purposes described in “THE SYSTEM – Use and Distribution of Bond Proceeds.”

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an order of the Commission, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code, as amended.

### **Source of and Security for Payment**

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy an annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Travis County, the City of Pflugerville or any entity other than the District.

### **Funds**

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to reimburse the Developers for the costs of acquiring or constructing District facilities on behalf of the District, pay interest on such reimbursements and pay the costs of issuing the Bonds. See "THE SYSTEM – Use and Distribution of Bond Proceeds" for a more complete description of the use of Bond proceeds.

### **No Arbitrage**

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

### **Record Date**

The record date for determining to whom is owed payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

### **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2026, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on September 1, 2025, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar (hereinafter defined) by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any optional redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has

The District lies wholly within the extraterritorial jurisdiction of the City of Pflugerville (the "City") and may be annexed by the City in accordance with existing Texas law. The City has executed a certain "Comprehensive Development Agreement Between Tiemann Land and Cattle Development, Inc. and the City of Pflugerville, Texas Including Consent to the Creation of Water Control and Improvement Districts and the Development of a Certain 1,113 Acre Tract Located in Williamson and Travis Counties, Texas" dated April 29, 1997 and amended on January 5, 2000, June 27, 2003, March 28, 2006, July 3, 2006, August 7, 2007 and September 29, 2011 (the "Consent Agreement"). In the Consent Agreement, the City agreed to the creation of the District and certain terms and conditions governing, among other items, the City's annexation of the District.

been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

#### **Paying Agent/Registrar**

The Board has appointed UMB, N.A., Austin, Texas, as the initial Paying Agent/Registrar (the “Paying Agent/Registrar,” “Paying Agent” or “Registrar”) for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”

#### **Registration and Transfer**

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

#### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

#### **Issuance of Additional Debt**

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has prepared and adopted a detailed park plan and the authorized voters of the District have authorized the issuance of \$1,500,000 principal amount of park bonds. After issuance of the Bonds, the District will have no unlimited tax bonds authorized but unissued for parks. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park projects and bonds by the Commission and (b) approval of the bonds by the Attorney General of Texas. Additionally, the outstanding principal amount of park bonds may not exceed an amount equal to one percent of the value of the taxable property in the District.

Additionally, the District may issue additional bonds, with the approval of the Commission, necessary to acquire contract rights and provide and maintain improvements and facilities consistent with the purposes for which the District was created. Voters of the District authorized the issuance of \$27,500,000 unlimited tax bonds for such purposes, all of which have been issued. The District will have \$28,955,000 of unlimited tax refunding bonds authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See “THE SYSTEM – Future Debt.”

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Commission; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling such an election at this time.

#### **Annexation by the City of Pflugerville**

The District lies wholly within the extraterritorial jurisdiction of the City of Pflugerville (the “City”) and may be annexed by the City in accordance with existing Texas law. The City has executed a certain “Comprehensive Development Agreement Between Tiemann Land and Cattle Development, Inc. and the City of Pflugerville, Texas Including Consent to the Creation of Water Control and Improvement Districts and the Development of a Certain 1,113 Acre Tract Located in Williamson and Travis Counties, Texas” dated April 29, 1997 and amended on January 5, 2000, June 27, 2003, March 28, 2006, July 3, 2006, August 7, 2007 and September 29, 2011 (the “Consent Agreement”). In the Consent Agreement, the City agreed to the creation of the District and certain terms and conditions governing, among other items, the City’s annexation of the District.

Under current law, the District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to the annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days. Annexation of territory by the City and dissolution of the District is a policy-making matter within the discretion of the Mayor and City Council of the City and therefore the District makes no representation that the City will ever attempt to annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

### **Remedies in Event of Default**

Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy Limitations."

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

Pursuant to §49.186, Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

### **Defeasance**

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and which

mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

### **BOOK-ENTRY-ONLY SYSTEM**

*This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.*

*The District cannot and does not give any assurances that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

#### **General**

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Rating rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

## THE DISTRICT

### General

The District is a conservation and reclamation district created by division of Lakeside Water Control & Improvement District No. 2 at a division election duly called and held on January 15, 2000 and operates pursuant to Chapters 49 and 51, Texas Water Code. Prior to division, Lakeside Water Control & Improvement District No. 2 was originally created by order of the Texas Natural Resource Conservation Commission, predecessor to the Commission, dated September 14, 1998, and had operated under the provisions of Chapters 49 and 51 of the Texas Water Code and other general statutes applicable to water control and improvement districts. The District is located wholly within the extraterritorial jurisdiction of the City.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants, and contract rights therefor, necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission, and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City that limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, and recreational facilities or contract rights therefor, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to platted lots and reserves that have been approved by the City. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

### Location

The District presently contains approximately 408 acres of land located in the northeast portion of Travis County approximately five miles northeast of the central area of the City, which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the northeast by Rowe Lane. A small portion of the District is located on the north side of Rowe Lane. Access to the District is presently provided via Texas Highway 130 ("TX 130"), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 ("IH 35"), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 ("TX 45"), an east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately one mile from the District.

### Status of Development

The land within the District is being developed primarily for single family residential purposes and is within the Blackhawk development ("Blackhawk"). Blackhawk has been and is being developed by various landowners, developers, and builders including, among others, Rowe Lane Development Ltd., the original landowner and developer, and is planned to include approximately 1,370 acres of land. Five water control and improvement districts have been formed to include the 1,370 acres of land, and active single family residential development is occurring, or has been completed, within all of the districts. To date, approximately \_\_\_\_ single family residential lots have been developed within Blackhawk, and approximately \_\_\_\_ homes are completed or are in various stages of construction, including approximately \_\_\_\_ homes within the District.

The District presently provides water, sanitary sewer and drainage facilities to serve The Estates of Rowe Lane, Sections 1 and 2 (approximately 49 acres of land developed into 152 single-family residential lots), The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B (approximately 78 acres of land developed into 239 single-family residential lots), The Park at Blackhawk III, Sections 1 and 2 (approximately 29 acres of land developed into 74 single family residential lots), The Park at Blackhawk VII, Sections 1A, 1B, 2, and 3 (approximately 48 acres of land developed into 177 single family residential lots), Lakeside at Blackhawk II, Sections 1A, 1B, 2A, and 2B (approximately 77 acres of land developed into 143 single family residential lots), and Lakeside at Blackhawk III, Sections 1 through 4 (approximately 76 acres of land developed into 190 single family residential lots). Construction of underground utilities and street paving is complete in these sections.

Builders in the District include David Weekley Homes, Scott Fielder Homes, and Century. As of \_\_\_\_\_, 2020, the District contained \_\_\_ single-family homes completed or under construction as shown below:

Status of home construction as of \_\_\_\_\_, 2020:

|   |     |
|---|-----|
| Single-family residential – completed and occupied.....   | ___ |
| Single-family residential – completed and unoccupied..... | ___ |
| Single-family residential – under construction.....       | ___ |
| Model homes.....  | ___ |
| Total .....   | ___ |

Additionally, a 58-unit condominium complex has been constructed on approximately 14 acres of land within the District. The District also includes an amenity facility encompassing approximately six acres of land and a Pflugerville Independent School District elementary school on an 11-acre site. School district facilities are not subject to taxation by the District.

In addition to the development described above, approximately 20 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities, certain arterial roads, and other land uses.

**MANAGEMENT**

**Board of Directors**

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. One of the Directors listed below resides within the District, but each of the other Directors owns a small parcel of land in the District subject to a Note and Deed of Trust in favor of a third party. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held in May in even numbered years. The Directors and Officers of the District are listed below:

| <u>Name</u>         | <u>Title</u>          | <u>Term Expires May</u> |
|---------------------|-----------------------|-------------------------|
| David Wang          | President             | 2024                    |
| Scott Stratton      | Vice President        | 2022                    |
| Larry English       | Secretary / Treasurer | 2024                    |
| Joshua Bridgefarmer | Assistant Secretary   | 2022                    |
| Craig Twellmann     | Assistant Secretary   | 2024                    |

While the District does not employ any full-time employees, it has contracted for certain services as follows:

**Tax Assessor/Collector**

Land and improvements within the District are appraised for ad valorem taxation purposes by the Travis Central Appraisal District. The District’s Tax Assessor/Collector is appointed by the Board of Directors of the District and the District has appointed the Travis County Tax Assessor/Collector to serve in this capacity for the District.

**Operations**

The District has contracted with the City of Pflugerville to operate the District’s System and provide billing services for the District’s customers.

**Bookkeeper**

The District has engaged Montoya & Monzingo, LLP to serve as the District’s bookkeeper.

**Engineer**

The consulting engineer for the District in connection with the design and construction of the District’s facilities is Randall Jones & Associates Engineering, Inc. (the “Engineer”).

**Special Engineer for the Bonds**

The District contracted with Jones-Heroy & Associates, Inc. for preparation of the bond application related to this bond issue.

**General Counsel**

The District engages Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas, as general counsel for the District.

**Bond Counsel**

The District engages McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

**Disclosure Counsel**

The District engages McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel in connection with the issuance of the Bonds. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

**Financial Advisor**

Specialized Public Finance Inc. (the “Financial Advisor”) serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

**Auditor**

The District’s financial statements for the fiscal year ending September 30, 2019 have been audited by West, Davis & Company, LLP.

**THE DEVELOPERS**

**Role of a Developer**

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. In most instances, a landowner or developer will be required by the Commission to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the Commission to pave streets, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

None of the Developers (as hereinafter defined) nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developers nor any of their affiliates has any binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District.

## **The Developers**

The original developer of land within the District was Rowe Lane Development, Ltd. (“RLD”), which developed certain major water, sewer, and drainage facilities (and certain main arterial roads) to serve the land within the District. In March 2011, RLD sold its undeveloped land in the District and certain related District rights to SLF IV – Blackhawk, L.P., a Texas limited partnership (“SLF IV”). The general partner of SLF IV was an affiliate of Stratford Land Manager, L.P., a Dallas-based land investment manager, which, together with its predecessors and affiliates, has over 27 years of land investment management experience. SLF IV retained RMD Development Partners, LLC (“RMD Development”), a local land development company, to manage its District property. SLF IV subsequently sold all of its undeveloped land in the District to other owners and developers. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by Pulte Homes of Texas, Gehan Homes, Ltd., Cityview/Blackhawk 192, L.P., Ryland Homes, 2012 Lakeside at Blackhawk, LLC, Century Land Holdings II, LLC dba Century LH II, LLC, and RMD Residential, LP (an affiliate of RMD Development), all of which are unrelated to RLD or SLF IV. These entities, including RLD and SLF IV, may be collectively referred to herein as the “Developers.” Although SLF IV is included as a “Developer” herein for ease of reference, SLF IV itself is not in the development business and such terminology is not intended to imply that development activities were undertaken by SLF IV, instead, those activities were (or will be) undertaken and performed, for the most part, by the other Developers or other parties to whom SLF IV conveyed land.

Pulte Homes of Texas financed the development of the Estates of Rowe Lane Sections 1 and 2 in the District with funds provided by its indirect parent, Pulte Homes, Inc. (“Pulte”), a publicly held company, the stock of which is listed on the New York Stock Exchange. Pulte is subject to the information requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (“SEC”). The Estates of Rowe Lane is built out, and Pulte does not own any additional land in the District.

Gehan Homes Ltd. (“Gehan”) financed the development of the Park at Blackhawk II, Sections 1, 2A, and 2B in the District with financing provided by commercial lending institutions. The Park at Blackhawk II, Sections 1, 2A, and 2B is built out and Gehan does not own any additional land in the District.

Cityview/Blackhawk 192, L.P. (“C/B”) is a Delaware limited partnership, the general partner of which is Wilshire Management, Inc., which is wholly owned by Wilshire Homes, L.P., and the limited partners of which are Wilshire Homes, L.P., and a real estate investment trust. C/B has financed the acquisition and development of Lakeside at Blackhawk II, Section 1A with funds provided by its limited partners. C/B conveyed all of the 47 lots in this subdivision to Wilshire Homes, L.P., a limited partner of C/B and a homebuilder active in the Austin, San Antonio and Houston areas. Lakeside at Blackhawk II, Section 1A is built out and C/B does not own any additional land in the District.

In 2012, 2012 Lakeside at Blackhawk, LLC (“2012 Lakeside”) purchased the remaining land in Lakeside at Blackhawk II from C/B and developed 52 lots on such land as Lakeside at Blackhawk II, Section 2A. MHI Homes (successor in interest to Wilshire Homes, L.P.) was the homebuilder in Lakeside at Blackhawk II, Section 2A under the name Wilshire in Blackhawk. Lakeside at Blackhawk II, Section 2A is built out. 2012 Lakeside has also developed Lakeside at Blackhawk II, Sections 1B and 2B with financing provided by commercial lending institutions. Of the 93 lots in these two sections, houses have been constructed on approximately \_\_\_ of such lots. 2012 Lakeside does not own any additional land in the District.

RMD Residential, LP (“RMD”) has financed the development of the Park at Blackhawk II, Sections 3A and 3B, Park at Blackhawk III, Sections 1 and 2, and Park at Blackhawk VII, Sections 1A, 1B, 2, and 3 in the District with financing provided by commercial lending institutions. Of the 325 lots in these sections, houses have been constructed on approximately \_\_\_ of such lots. RMD does not own any additional land in the District.

Century Land Holdings II, LLC (“Century”) developed Lakeside at Blackhawk III, Sections 1 through 4 with funds provided by its parent company, Century Communities, Inc. a publicly held company, the stock of which is listed on the New York Stock Exchange. Of the 190 lots in these sections, houses have been constructed on approximately \_\_\_ of such lots. Century does not own any additional land in the District.

None of the Developers are responsible for, liable for, and have not made any commitment for, payment of the Bonds or other obligations of the District. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time.

## THE SYSTEM

### **Regulation**

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System is conducted by the City. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in the future in connection with any permit held by the City for the wastewater treatment plants from which the District receives service could result in the need to construct additional facilities in the future.

### **Water, Sanitary Sewer and Drainage Facilities**

Construction of the water, sanitary sewer and drainage facilities to serve the District have been financed from proceeds of the District's Outstanding Bonds.

The District's water, sanitary sewer and drainage system is operated by the City pursuant to an agreement between the District and the City. The agreement provides for the City to operate the system, including billing and collecting and repairing the system. Pursuant to the agreement, the District sets retail water and sewer rates necessary to cover the City's costs of providing such services.

*Source of Water Supply:* The District receives its water supply pursuant to an Agreement for Providing Wholesale Water Service (the "Water Supply Agreement") between Tiemann Land and Cattle Development, Inc. ("TLCD") and Manville Water Supply Corporation ("MWSC"). Pursuant to terms of the Agreement, which expires in 2036, MWSC is obligated to provide wholesale water to meet the needs of the area encompassing the Blackhawk development, including land within the boundaries of the District. A portion of the proceeds from the sale of the Outstanding Bonds were used to pay MWSC for the connection fees to obtain service capacity rights to serve the District. TLCD has assigned its rights in the Water Supply Agreement to the District.

*Source of Wastewater Treatment:* The District is provided wastewater treatment capacity by the City. TLCD entered into an Agreement Providing Wholesale Wastewater Service ("Wastewater Agreement") with Kelly Lane Utility Company ("KLUC"), and TLCD has assigned its rights in the contract to the District, which in turn assigns capacity to the districts within Blackhawk as development occurs, pursuant to the contract between the District and the districts within Blackhawk. Pursuant to the terms of the contract, KLUC is obligated to provide wholesale wastewater service to meet the needs of the area within Blackhawk including land within the boundaries of the District. The agreement expires in 2036. In 2003, the City purchased the wastewater treatment plant of KLUC and assumed the obligations of the Wastewater Agreement. A portion of the proceeds from the sale of the Outstanding Bonds were used to pay KLUC, and now the City, for the connection fees to obtain service capacity rights to serve the District.

Certain Developers within Blackhawk and developers of additional land in the vicinity of the District, together with the City, financed the construction of a major sanitary sewer interceptor and conveyance facilities to transport all wastewater flows from the District and neighboring areas to a regional wastewater treatment plant owned by the City several miles south of the District. Wastewater flows are pumped to the City's plant, which has a current capacity of 4.36 million gallons per day.

*100-Year Flood Plain:* "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to the Engineer, approximately 16 acres of undevelopable land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map. All of the land in the District which has been developed is outside the 100-year flood plain.

**Use and Distribution of Bond Proceeds**

The estimated use and distribution of Bond proceeds is shown below.

**CONSTRUCTION RELATED COSTS**

|  |                     |
|--|---------------------|
| Hike and Bike Trail for Lakeside at Blackhawk Section 5 .....                            | \$ 118,931          |
| Recreational Improvements for Speidel Drive Section 2-Water, Wastewater & Drainage. .... | 53,536              |
| Recreational Improvements for Speidel Drive Phase 2, Revision 3 .....                    | 181,792             |
| Blackhawk Amenity Center .....   | 656,000             |
| Trail Improvements for Lakeside at Blackhawk Section 5 .....                             | 12,100              |
| Trail Improvements for Park at Blackhawk Section 6 .....                                 | 5,328               |
| Recreational Facilities at Reserve at Westcreek .....                                    | 15,430              |
| Pond 1 Fishing Piers, Irrigation and Landscaping .....                                   | 97,929              |
| Hike and Bike Trail Connection .....   | 4,125               |
| Engineering, Inspection and Testing .....  | <u>56,036</u>       |
| <b>Total Construction Related Costs.....</b>   | <b>\$ 1,201,207</b> |

**NON-CONSTRUCTION COSTS**

|   |                   |
|---|-------------------|
| Bond Discount <sup>(a)</sup> .....              | \$ 45,000         |
| Interest on Construction Costs (Estimated)..... | <u>104,622</u>    |
| <b>Total Non-Construction Costs .....</b>       | <b>\$ 149,622</b> |

**ISSUANCE COSTS AND FEES**

|  |                   |
|--|-------------------|
| Issuance Costs and Professional Fees ..... | \$ 108,921        |
| Bond Application Report Costs .....        | 35,000            |
| State Regulatory Fees .....                | <u>5,250</u>      |
| <b>Total Issuance Costs and Fees.....</b>  | <b>\$ 149,171</b> |

**TOTAL BOND ISSUE REQUIREMENT .....** \$ 1,500,000

(a) The Commission approved a maximum bond discount of \$45,000, or 3.0% of the Bonds.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

**UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

| <u>Date of Authorization</u> | <u>Purpose</u>                     | <u>Amount Authorized</u> | <u>Issued to Date</u>      | <u>Amount Unissued</u> |
|------------------------------|------------------------------------|--------------------------|----------------------------|------------------------|
| 11/04/2003                   | Water, Sanitary Sewer and Drainage | \$27,500,000             | \$27,500,000               | \$0                    |
| 11/04/2014                   | Recreational Facilities            | \$1,500,000              | \$1,500,000 <sup>(a)</sup> | \$0                    |
| 11/04/2003<br>09/11/2004     | Refunding                          | \$29,000,000             | \$65,000                   | \$28,935,000           |

(a) Includes the Bonds.

## FINANCIAL STATEMENT

|   |                               |
|---|-------------------------------|
| 2020 Taxable Assessed Valuation.....                                | \$ 269,326,389 <sup>(a)</sup> |
| District Debt:  |                               |
| Outstanding Bonds (as of September 1, 2020).....                    | \$ 23,405,000                 |
| The Bonds .....   | <u>1,500,000</u>              |
| Gross Direct Debt Outstanding (after issuance of the Bonds).....    | \$ 24,905,000                 |
| Ratio of Gross Direct Debt to 2020 Taxable Assessed Valuation ..... | 9.25%                         |

Area of District – 408 acres  
Estimated 2020 Population – \_\_\_\_\_<sup>(b)</sup>

- (a) The 2020 Taxable Assessed Valuation shown herein includes \$236,737,703 of certified value and \$32,588,686 of uncertified value provided by the Appraisal District. The uncertified value is subject to review prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAX PROCEDURES."
- (b) Estimate based on 3.5 persons per occupied home.

### Cash and Investment Balances (unaudited as of August 11, 2020)

|                       |                                |                           |
|-----------------------|--------------------------------|---------------------------|
| General Fund          | Cash and Temporary Investments | \$ 2,636,585              |
| Capital Projects Fund | Cash and Temporary Investments | \$ 558,935                |
| Debt Service Fund     | Cash and Temporary Investments | \$ 553,587 <sup>(a)</sup> |

- (a) Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

### Outstanding Bonds (as of September 1, 2020)

| <u>Series</u> | <u>Original<br/>Principal<br/>Amount</u> | <u>Principal Amount<br/>Outstanding as of<br/>September 1, 2020</u> |
|---------------|--|---|
| 2007          | \$2,535,000                              | \$ 0  |
| 2008          | 2,040,000                                | 0   |
| 2010          | 1,200,000                                | 0   |
| 2012          | 980,000                                  | 795,000   |
| 2014          | 1,165,000                                | 970,000   |
| 2015          | 1,815,000                                | 1,560,000   |
| 2016          | 2,085,000                                | 1,685,000   |
| 2016A         | 7,600,000                                | 6,300,000   |
| 2019          | 5,350,000                                | 4,900,000   |
| 2019A         | 2,515,000                                | 2,380,000   |
| 2020          | <u>4,815,000</u>                         | <u>4,815,000</u>  |
|               | \$32,100,000                             | \$23,405,000  |

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**ESTIMATED OVERLAPPING DEBT STATEMENT**

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

| <u>Taxing<br/>Jurisdiction</u>  | <u>Outstanding<br/>Bonds<sup>(a)</sup></u> | <u>As of</u> | <u>Overlapping</u> |                   |
|---|--|--------------|--------------------|-------------------|
|   |  |              | <u>Percent</u>     | <u>Amount</u>     |
| Travis County .....   | \$ 1,081,470,000                           | 07/31/2020   | 0.10%              | \$ 1,081,470      |
| Pflugerville Independent School District .....  | 624,910,000                                | 07/31/2020   | 1.62%              | 10,123,542        |
| Travis County Healthcare District.....  | 7,285,000                                  | 07/31/2020   | 0.10%              | <u>7,285</u>      |
| Total Estimated Overlapping Debt  |  |              |                    | \$ 11,212,297     |
| The District.....   | \$24,905,000 <sup>(b)</sup>                | 07/31/2020   | 100.00%            | <u>24,905,000</u> |
| Total Direct and Estimated Overlapping Debt   |  |              |                    | \$36,117,297      |
| Ratio of Total Direct and Estimated Overlapping Debt to<br>2020 Taxable Assessed Valuation..... |  |              |                    | 13.41%            |

- (a) Includes principal amounts of current interest bonds and capital appreciation bonds. Capital appreciation bonds are shown at original principal amount as opposed to maturity value.  
(b) Includes the Bonds and the Outstanding Bonds.

**Overlapping Tax Rates for 2019**

|   | <u>2019 Tax Rate per<br/>\$100 Assessed Valuation</u> |
|---|---|
| Travis County                                   | \$0.369293  |
| Pflugerville Independent School District        | 1.450000  |
| Travis County Emergency Services District No. 2 | 0.100000  |
| Travis County Healthcare District               | 0.105573  |
| The District                                    | <u>0.970000</u>                                       |
| Total Overlapping Tax Rate                      | \$2.994866  |

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## TAX DATA

### Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

| Tax<br>Year | Assessed<br>Valuation | Tax<br>Rate | Tax<br>Levy | Total Collections<br>as of 07/31/2020 |          |
|-------------|-----------------------|-------------|-------------|---------------------------------------|----------|
|             |                       |             |             | Amount                                | Percent  |
| 2015        | \$106,968,041         | \$0.97      | \$1,037,590 | \$1,037,590                           | 100.00 % |
| 2016        | 135,677,399           | 0.97        | 1,320,484   | 1,320,484                             | 100.00   |
| 2017        | 173,014,685           | 0.97        | 1,677,526   | 1,677,526                             | 100.00   |
| 2018        | 208,035,478           | 0.97        | 2,015,145   | 2,011,811                             | 99.83    |
| 2019        | 241,396,272           | 0.97        | 2,367,757   | 2,359,306                             | 99.64    |

Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

### Tax Rate Distribution

|                            | <u>2020</u>  | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------------|--------------|-------------|-------------|-------------|-------------|
| Debt Service               | \$0.665      | \$0.62      | \$0.55      | \$0.66      | \$0.75      |
| Maintenance and Operations | <u>0.305</u> | <u>0.35</u> | <u>0.42</u> | <u>0.31</u> | <u>0.22</u> |
| Total                      | \$0.970      | \$0.97      | \$0.97      | \$0.97      | \$0.97      |

### Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).  
 Maintenance and Operations: Unlimited (no legal limit as to rate or amount).

### Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2020 tax year, the Board levied a debt service tax in the amount of \$0.665 per \$100 assessed valuation. In connection with the approval of the Bonds, the Commission staff has recommended the District levy a tax for debt service at a rate of \$0.69 per \$100 assessed valuation in the first year after issuance of the Bonds (2021).

### Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on November 4, 2003, the Board was authorized to levy such a maintenance tax without legal limitation as to rate or amount. For the 2020 tax year, the Board levied a maintenance tax in the amount of \$0.305 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

### Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

**Additional Penalties**

The District has contracted with Travis County to collect delinquent taxes. Travis County has contracted with a delinquent tax attorney to collect certain delinquent taxes. The contract establishes an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code. See “TAX PROCEDURES – Levy and Collection of Taxes.”

**Principal Taxpayers**

The following list of principal taxpayers was provided by the District’s Tax Assessor/Collector based upon the 2019 tax roll.

| <u>Taxpayer</u>                                  | <u>Type of Property</u> | <u>2019 Assessed Valuation</u> | <u>% of Assessed Valuation</u> |
|--|-------------------------|--------------------------------|--------------------------------|
| Century Land Holding II LLC <sup>(a)</sup>       | Land and Improvements   | \$2,356,681                    | 0.98 %                         |
| Ashford Montessorri LLC                          | Land and Improvements   | 1,862,840                      | 0.77 %                         |
| MHI Partnership LTD <sup>(b)</sup>               | Land and Improvements   | 1,663,643                      | 0.69 %                         |
| 2012 Lakeside at Blackhawk LLC <sup>(a)</sup>    | Land and Improvements   | 999,602                        | 0.41 %                         |
| Tiemann Land & Cattle Development <sup>(a)</sup> | Land and Improvements   | 982,770                        | 0.41 %                         |
| Scott Felder Homes LLC <sup>(b)</sup>            | Land and Improvements   | 851,585                        | 0.35 %                         |
| Homeowner  | Land and Improvements   | 472,827                        | 0.20 %                         |
| Homeowner  | Land and Improvements   | 466,082                        | 0.19 %                         |
| Homeowner  | Land and Improvements   | 461,726                        | 0.19 %                         |
| Homeowner  | Land and Improvements   | <u>455,470</u>                 | <u>0.19 %</u>                  |
| Total  |                         | \$10,573,226                   | 4.38 %                         |

(a) Developer or related entity.

(b) Homebuilder active within the District.

**Summary of Assessed Valuation**

The following summary of the 2019, 2018 and 2017 Assessed Valuation is provided by the District’s Tax Assessor/Collector based on information contained in the 2019, 2018 and 2017 tax rolls of the District.

|                           | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         |
|---------------------------|---------------------|---------------------|---------------------|
| Land                      | \$24,493,799        | \$38,269,761        | \$30,597,374        |
| Improvements              | 233,963,809         | 184,318,385         | 156,775,527         |
| Personal Property         | 128,584             | 256,484             | 223,224             |
| Exemptions and Deferments | <u>(17,189,920)</u> | <u>(14,770,704)</u> | <u>(14,581,440)</u> |
| Total Assessed Valuation  | \$241,396,272       | \$208,073,926       | \$173,014,685       |

**Tax Adequacy for Debt Service**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2020 Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District’s average annual debt service requirements on the Bonds and the Outstanding Bonds.

|  |             |
|--|-------------|
| Average annual debt service requirement (2021-2041) .....  | \$1,577,833 |
| \$0.62 tax rate on the 2020 Taxable Assessed Valuation<br>of \$269,326,389 at a 95% collection rate produces ..... | \$1,586,332 |

## **TAX PROCEDURES**

### **Authority to Levy Taxes**

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations. See "TAX DATA."

### **Property Tax Code and County-Wide Appraisal District**

The Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. The District must also follow tax procedures found in the Texas Water Code. These statutory provisions are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Travis Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis County Appraisal Review Board (the "Appraisal Review Board").

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles.

Property owned by a disabled veteran or by the surviving spouse (so long as the surviving spouse remains unmarried) or children (under 18 years of age) of a deceased veteran is partially exempt to between \$5,000 and \$12,000 of assessed value depending on the disability rating of the veteran. Additionally, if an individual dies while on active duty as a member of the armed services of the United States, the surviving spouse and surviving children (under 18 years of age) are entitled to an exemption from taxation of \$5,000 of the assessed value of certain designated property owned by the spouse or children. A disabled veteran who receives 100% disability compensation from the United States Department of Veteran Affairs or its successor due to a service-connected disability and a rating of 100% disabled or of individual un-employability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was entitled to an exemption for the full value of the veteran's residence homestead when the disabled veteran died, or the surviving spouse of a disabled veteran who would have qualified for such exemption if such exemption had been in effect on the date the disabled veteran died, is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Furthermore, a partially disabled veteran or the surviving spouse of a partially disabled veteran, if such spouse has not remarried since the death of the disabled veteran and the property was the residence homestead of the surviving spouse when the disabled veteran died and remains the residence homestead of the surviving spouse, is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran, or at some cost to the disabled veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50% of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the first responder's death and said property was the first responder's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. See "TAX DATA."

*Residential Homestead Exemptions:* Under Article VIII, Section 1-b of the Texas Constitution and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$5,000 of the market value of the residence homestead of persons 65 years of age or older or the disabled from all ad valorem taxes thereafter levied by the political subdivision.

Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In the case of residence homestead exemptions granted under Article VIII, Section 1-b, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

*Freeport Goods and Goods-in-Transit Exemptions:* A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

### **Tax Abatement**

Travis County or Williamson County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Travis County, Williamson County, the District, and, if the District is annexed and dissolved, the City, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement,

which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property.

Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year.

State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the property's market value in the most recent tax year in which the market value was determined by the appraisal district or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. If the landowner of qualified open space land is a member of the U.S. Armed Forces, subject to certain conditions, the appraisal of the land as qualified open space does not change while the landowner is stationed or deployed outside Texas. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

### **District and Taxpayer Remedies**

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

## **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

## **Rollback of Operation and Maintenance Tax Rate**

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

### *Special Taxing Units*

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

### *Developed Districts*

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to

approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

#### *Developing Districts*

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

#### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

#### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "ESTIMATED OVERLAPPING DEBT STATEMENT – Overlapping Tax Rates for 2019"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS."

## GENERAL FUND OPERATIONS

### General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's general fund are not pledged to the payment of the Outstanding Bonds and the Bonds but are available for any lawful purpose including payment of debt service on the Outstanding Bonds and the Bonds, at the discretion and upon action of the Board. The District's water and wastewater system is operated by the City. Consequently, the District's general fund is used primarily for administration and payment for services to the City. It is not expected that significant net revenues, if any, will be available for debt service.

### Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information.

|   | 10/1/2019 to              | Fiscal Year Ended September 30 |                     |                     |                     |
|---|---------------------------|--------------------------------|---------------------|---------------------|---------------------|
|   | 07/31/2020 <sup>(a)</sup> | 2019                           | 2018                | 2017                | 2016                |
| <b>Revenues</b>   |                           |                                |                     |                     |                     |
| Water Service   |                           | \$ 617,190                     | \$ 553,062          | \$ 451,118          | \$ 352,944          |
| Wastewater Service  |                           | 386,840                        | 347,597             | 302,008             | 259,137             |
| Tap Connection Fees   |                           | 94,400                         | 71,000              | 76,950              | 71,300              |
| Property Taxes  |                           | 874,691                        | 547,391             | 311,723             | 406,511             |
| Interest & Miscellaneous  |                           | 21,901                         | 5,029               | 3,969               | 3,401               |
| <b>Total Revenues</b>   |                           | <b>\$ 1,995,022</b>            | <b>\$ 1,524,079</b> | <b>\$ 1,145,768</b> | <b>\$ 1,093,293</b> |
| <b>Expenditures</b>   |                           |                                |                     |                     |                     |
| Water Purchased   |                           | \$ 316,019                     | \$ 327,746          | \$ 263,424          | \$ 198,155          |
| City Water Fees   |                           | 149,844                        | 138,323             | 122,018             | 102,800             |
| Wastewater Service Purchased  |                           | 386,840                        | 347,597             | 302,008             | 259,137             |
| Repairs and Maintenance   |                           | 214,662                        | 231,670             | 152,801             | 140,656             |
| Accounting Fees   |                           | 20,872                         | 18,938              | 15,598              | 14,720              |
| Audit Fees  |                           | 10,500                         | 10,500              | 10,500              | 10,500              |
| Engineering Fees  |                           | 12,230                         | 19,444              | 11,974              | 19,777              |
| Legal Fees  |                           | 79,902                         | 66,724              | 53,382              | 67,695              |
| Tax Assessor/Collector  |                           | 10,313                         | 9,987               | 7,398               | 6,156               |
| Director Salaries and Taxes   |                           | 11,626                         | 9,042               | 7,105               | 8,558               |
| Insurance   |                           | 4,794                          | 4,469               | 4,223               | 4,053               |
| Licenses and Fees   |                           | 6,688                          | 8,885               | 8,586               | 6,225               |
| Printing and Office Supplies  |                           | 4,600                          | 3,685               | 3,905               | 2,334               |
| Fiscal Agent Fees   |                           | 9,000                          | 1,000               | 1,000               | 1,500               |
| Public Notices  |                           | 846                            | 423                 | -                   | -                   |
| Recreation Improvements   |                           | 22,944                         | 55,323              | -                   | -                   |
| <b>Total Expenditures</b>   |                           | <b>\$ 1,261,680</b>            | <b>\$ 1,253,756</b> | <b>\$ 963,922</b>   | <b>\$ 842,266</b>   |
| <b>Excess (Deficit) of Revenues and<br/>Other Sources Over Expenditures</b> |                           | <b>\$ 733,342</b>              | <b>\$ 270,323</b>   | <b>\$ 181,846</b>   | <b>\$ 251,027</b>   |
| <b>Fund Balance - Beginning of Year</b>                                     |                           | <b>1,362,056</b>               | <b>1,091,733</b>    | <b>909,887</b>      | <b>658,860</b>      |
| <b>Fund Balance - End of Year</b>   |                           | <b>\$ 2,095,398</b>            | <b>\$ 1,362,056</b> | <b>\$ 1,091,733</b> | <b>\$ 909,887</b>   |

(a) Unaudited, prepared by the Bookkeeper.

## DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds and the estimated debt service requirements for the Bonds at an assumed interest rate of 4.25% per annum.

| Year         | Outstanding<br>Bonds<br>Debt Service<br>Requirements | Debt Service on the Bonds |                   |                     | Debt Service<br>Requirements |
|--------------|--|---------------------------|-------------------|---------------------|------------------------------|
|              |  | Principal                 | Interest          | Total               |                              |
| 2021         | \$ 1,796,916   | \$ -                      | \$ 53,125         | \$ 53,125           | \$ 1,850,041                 |
| 2022         | 1,790,516  | 50,000                    | 63,750            | 113,750             | 1,904,266                    |
| 2023         | 1,786,873  | 50,000                    | 61,625            | 111,625             | 1,898,498                    |
| 2024         | 1,767,310  | 50,000                    | 59,500            | 109,500             | 1,876,810                    |
| 2025         | 1,767,198  | 50,000                    | 57,375            | 107,375             | 1,874,573                    |
| 2026         | 1,749,655  | 50,000                    | 55,250            | 105,250             | 1,854,905                    |
| 2027         | 1,741,469  | 50,000                    | 53,125            | 103,125             | 1,844,594                    |
| 2028         | 1,730,444  | 50,000                    | 51,000            | 101,000             | 1,831,444                    |
| 2029         | 1,718,544  | 50,000                    | 48,875            | 98,875              | 1,817,419                    |
| 2030         | 1,709,446  | 50,000                    | 46,750            | 96,750              | 1,806,196                    |
| 2031         | 1,692,643  | 50,000                    | 44,625            | 94,625              | 1,787,268                    |
| 2032         | 1,673,699  | 50,000                    | 42,500            | 92,500              | 1,766,199                    |
| 2033         | 1,648,529  | 50,000                    | 40,375            | 90,375              | 1,738,904                    |
| 2034         | 1,573,539  | 50,000                    | 38,250            | 88,250              | 1,661,789                    |
| 2035         | 1,465,675  | 50,000                    | 36,125            | 86,125              | 1,551,800                    |
| 2036         | 1,434,548  | 50,000                    | 34,000            | 84,000              | 1,518,548                    |
| 2037         | 1,308,963  | 50,000                    | 31,875            | 81,875              | 1,390,838                    |
| 2038         | 1,140,888  | 50,000                    | 29,750            | 79,750              | 1,220,638                    |
| 2039         | 783,013  | 200,000                   | 27,625            | 227,625             | 1,010,638                    |
| 2040         | 450,450  | 225,000                   | 19,125            | 244,125             | 694,575                      |
| 2041         | -  | 225,000                   | 9,563             | 234,563             | 234,563                      |
| <b>Total</b> | <b>\$ 30,730,314</b>                                 | <b>\$ 1,500,000</b>       | <b>\$ 904,188</b> | <b>\$ 2,404,188</b> | <b>\$ 33,134,501</b>         |

Projected Average Annual Debt Service Requirements (2021-2041) .....\$1,577,833  
 Projected Maximum Annual Debt Service Requirements (2022) .....\$1,904,266

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## INVESTMENT CONSIDERATIONS

### **General**

The Bonds, which are obligations of the District and not obligations of the State of Texas, Travis County, the City, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

### **Infectious Disease Outlook (COVID-19)**

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. In addition, on June 15, 2020, the Travis County Judge issued a County order, which among other things, orders County residents to continue practicing social distancing behaviors, unless excepted by such order, consistent with the Governor’s Executive Order GA-21. Such County order remains in place until 11:59 p.m. on August 15, 2020 unless terminated or modified by a subsequent County order. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Austin area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition.

### **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developers for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Austin area,

the State of Texas and the nation and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, energy costs and availability, credit availability (see “Credit Market and Liquidity in the Financial Markets” below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

### **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 16 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Austin and decline in the nation’s real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of the District’s property tax base.

### **Competition**

The demand for and construction of single-family homes in the District, which is approximately 16 miles from downtown Austin, could be affected by competition from other residential developments, including other residential developments located in the northeastern portion of the Austin area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

### **Developer/Landowner Obligation to the District**

There are no commitments from or obligations of the Developers or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner’s right to sell its land. Failure to construct taxable improvements on developed lots or developed tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds continued development of taxable property within the District will increase or maintain its taxable value.

### **Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 taxable assessed valuation of the District (see “FINANCIAL STATEMENT”) is \$269,326,389. After issuance of the Bonds, the maximum annual debt service requirement will be \$1,904,266 (2022) and the average annual debt service requirement will be \$1,577,833 (2021-2041). Assuming no increase or decrease from the 2020 taxable assessed valuation and no use of funds other than tax collections, a tax rate of \$0.75 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$1,904,266 and a tax rate of \$0.62 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,577,833 (see “DEBT SERVICE REQUIREMENTS”). Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2020 taxable assessed valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District’s assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES” and “TAX DATA – Tax Adequacy for Debt Service.”

### **Future Debt**

The District reserves in the Bond Resolution the right to issue additional bonds which may be voted hereafter. The District may also issue refunding bonds. See “THE BONDS – Issuance of Additional Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the Commission.

### **Tax Collection Limitations**

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAX PROCEDURES – District’s Rights in the Event of Tax Delinquencies.”

### **Registered Owners’ Remedies and Bankruptcy Limitations**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. There is no provision for acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District or by a State of Texas statute reasonably required to attain an important public purpose.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner’s remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. The District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

The District may not be placed into bankruptcy involuntarily.

### **Continuing Compliance with Certain Covenants**

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX EXEMPTION – Opinion."

### **Marketability**

The District has no agreement with the Initial Purchaser (hereinafter defined) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

### **Environmental Regulation**

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring remedial action to prevent or mitigate pollution;
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

*Air Quality Issues.* The Federal Clean Air Act ("CAA") requires the United States Environmental Protection Agency (the "EPA") to adopt and periodically revise national ambient air quality standards ("NAAQS") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and "attain" compliance with the appropriate standard. This so called State Implementation Plan ("SIP") entails enforceable control measures and time frames.

In 1997, the EPA adopted an ozone standard with a standard for fine particulates, often referred to as the 8-hour standard because it is based on an 8-hour average and is intended to protect public health against longer exposure. In 2008, the EPA tightened the existing eight-hour ozone standard from 0.08 ppm to 0.075 ppm. The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin Area"), was not designated "nonattainment" for any NAAQS by the EPA in 2012; however, the Austin Area has been just below the 2008 eight-hour ozone standard.

On November 26, 2014, the EPA announced a new proposed ozone NAAQS range of between 65-70 ppb. The Austin Area is vulnerable to being designated nonattainment if the EPA adopts the new proposed ozone NAAQS or otherwise maintains the existing standard applied to more recent air quality monitoring data.

On October 1, 2015, the EPA adopted new NAAQS for ground level ozone of 70 ppb. On November 6, 2017, the EPA issued final designations for the 2015 Ozone NAAQS for most areas of the United States and found that the Austin Area met the standards and thus designated the Austin Area “attainment/unclassified.”

Should the Austin Area fail to achieve attainment under an EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA’s implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

*Water Supply & Discharge Issues.* Water supply and discharge regulations that the District may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, potable (drinking) water provided by a Utility District to more than twenty-five (25) people or fifteen (15) service connections is subject to extensive federal and state regulation as a public water supply system, which includes, among other requirements, frequent sampling and analyses. Utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment facilities.

Operation of the District’s sewer facilities is subject to regulation under the Federal Clean Water Act and the Texas Water Code. All discharges of pollutants into the nation’s navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed under permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System (“NPDES”) program, a national program established by the Clean Water Act for issuing, revoking, monitoring and enforcing wastewater discharge permits. On September 14, 1998, EPA authorized Texas to implement the NPDES program, which is called the Texas Pollutant Discharge Elimination System (“TPDES”) program.

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies.

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and proposed two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may also be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

### **Changes in Tax Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District**

The “Financial Institutions Reform, Recovery and Enforcement Act of 1989” (“FIRREA”), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such Act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney’s fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

## **LEGAL MATTERS**

### **Legal Proceedings**

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described below under “TAX EXEMPTION.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT – General,” “MANAGEMENT – Bond Counsel,” “TAX PROCEDURES,” “LEGAL MATTERS – Legal Proceedings” (insofar as such section relates to the legal opinion of Bond Counsel), and “TAX EXEMPTION” (insofar as such section relates to the legal opinion of Bond Counsel) and “CONTINUING DISCLOSURE OF INFORMATION” (except under the subheading “Compliance with Prior Undertakings”) solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

### **No Material Adverse Change**

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth or contemplated in the Preliminary Official Statement as amended or supplemented through the date of sale.

### **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

## **TAX EXEMPTION**

### **Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) for Federal income tax purposes interest on the Bonds (1) will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference under Section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) the District’s federal tax certificate, and (b) covenants of the District relating to, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with the covenants and the requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bonds, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments and payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of redemption, sale or other taxable disposition of such Original issue Discount Bonds prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original issue Discount Bond in the hands of such owner (adjusted upward by the portion of the Original Issue Discount allocable to the period for which such Original issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original disuse discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners or Original Issue Discount Bonds should consult their own tax advisors with respect to the determination of federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

### **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

### **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **Qualified Tax-Exempt Obligations for Financial Institutions**

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 55(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligation, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District expects to designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by \_\_\_\_\_ (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of \_\_\_\_\_% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of \_\_\_\_\_% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

### Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which the Bonds have been offered for sale to the public. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

### Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

## MUNICIPAL BOND INSURANCE AND RATING

Moody's Investors Service ("Moody's") has assigned an underlying, uninsured rating to the District of "\_\_\_." An explanation of the rating may be obtained from Moody's. Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser.

An explanation of the significance of the foregoing rating may only be obtained from Moody's. The foregoing rating expresses only the view of Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of Moody's.

## PREPARATION OF OFFICIAL STATEMENT

### Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

### Financial Advisor

The Financial Advisor is engaged as the financial advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice Of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, the Financial Advisor has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

### Consultants

In approving this Official Statement the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Travis Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Travis County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the Travis Central Appraisal District and the Travis County Tax Assessor/Collector and is included herein in reliance upon their respective authority as experts in assessing and collecting taxes.

**Auditor:** The District's financial statements for the year ended September 30, 2019, were audited by West, Davis and Company. See APPENDIX A for a copy of the District's September 30, 2019 audited financial statements.

### **Updating the Official Statement**

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

### **Certification of Official Statement**

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"), or any successor, through its Electronic Municipal Market Access System ("EMMA").

### **Annual Reports**

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "GENERAL FUND OPERATIONS," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within twelve months after any applicable fiscal year end, then the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such twelve month period, and audited financial statements when the audit report of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

## **Event Notices**

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in clauses (15) and (16) in the preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

## **Availability of Information from MSRB**

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

## **Limitations and Amendments**

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in

aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance with Prior Undertakings**

During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

**MISCELLANEOUS**

All estimates, statements and assumptions in this Official Statement and the Appendix hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement was approved by the Board of Directors of Lakeside Water Control & Improvement District No. 2-C, as of the date shown on the cover page.

/s/

\_\_\_\_\_  
President, Board of Directors  
Lakeside Water Control & Improvement District No. 2-C

ATTEST:

/s/

\_\_\_\_\_  
Secretary, Board of Directors  
Lakeside Water Control & Improvement District No. 2-C

**LOCATION MAP**

## **PHOTOGRAPHS OF THE DISTRICT**

The following photographs were taken in the District in January, 2020, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.

**APPENDIX A**

**Audited Financial Statements for the fiscal year ended September 30, 2019**

## Agenda Item No. 14

Receive recreational facilities report and take action as necessary concerning same, including, but not limited to, operations, maintenance, and/or improvements related to existing recreational facilities.

**RECREATIONAL FACILITIES REPORT**  
**FOR PARK AT BLACKHAWK RECREATIONAL FACILITIES**  
**September 9, 2020**

- I. BUDGETED MAINTENANCE AND REPAIR PROJECTS IN REMAINDER OF DISTRICTS' FISCAL YEAR (AND ESTIMATED COSTS)**
- II. OTHER ISSUES FOR DISTRICTS' ATTENTION AND/OR APPROVAL (CONDITIONS OF BUILDINGS, EQUIPMENT, IRRIGATION SYSTEM, BUDGET VARIANCES, OUTCOME OF BIDDING OF WORK, ETC.)**
- III. UNBUDGETED ITEMS THAT NEEDED ATTENTION/WORK COMPLETION**
  - a) Railing to be added to off Eire Dr. and Blarney Rd. Railing will be installed along with a sign stating boat entry is prohibited. Cost for 40ft rail is \$1,600.00. Quote from Viking Fence is attached : 9/9/2020 UPDATE- PROJECT COMPLETE
  - b) Water Fountain Replacement- I have attached a quote to replace the water fountain at the playground located at the Amenity Center. The one we currently have has continued to have issues. I am suggesting we upgrade to a fountain that is ADA compliant, as well as offers a dog bowl at the bottom for residents who walk their dogs on the trails. We have had an influx of residents bringing their dogs in the facility during UPDATE: 8/5/2020 Project pending completion. Fountain needed is on back order
- IV. DISCUSSION FOR WCID**
  - a) HOA was approached by Mr. and Mrs. Kleppe who reside at 20613 Pinewalk Dr. about requesting a pocket type park be out in behind their home. They have gathered signatures from neighbors who ok'd this request be asked. I have attached their proposal for review and discussions. UPDATE: 8/5/2020 I am leaving this subject on the report for discussion purposes. Will remove at WCID request if needed

**Recreational Facilities Report for Reserve at Westcreek  
Reporting Period July 1- 31, 2020**

**1. List maintenance and repair projects identified or started during the reporting period, current status, costs, and budget**

- 1.
- 2.
- 3.
- 4.
- 5.

**2. Planned maintenance and repair projects in remainder of RWC fiscal year, estimated costs and budget**

**3. Other issues for Districts' attention and/or approval (conditions of buildings, equipment, irrigation system, budget variances, outcome of bidding work, etc.)**

1. Electrician coming out evaluating indoor emergency lighting, was not working after last storm.
2. Urban Dirt "Clean debris and cut back trees in the greenbelt." \$4870.00
3. Urban Dirt Trim back canopy around amenity center property and provide clearance around building at a 5 ft clearance. \$4720.00
- 4.
- 5.

**Budget trending/issues identified for January 2020 (see detail on "WCID" tab):**

No budget issues in July. Expenses are 31% of total budget with 58% of the budget year elapsed (Calendar Year Budget Cycle). Only one line items have exceeded the 25% trend (discussed below) but overall the budget spending is being managed closely and overspending in some line items will be offset by savings in others.

**GL**

- 6402: Extra cleaning expense due to dust from flooring
- 6555: Install of new tennis screens (OA purchased and paid for the new screens)
- 6625: HVAC repair

**Upcoming Projects:**

1. Interior furnishings have been purchased and paid by the OA
- 2.



# Proposal

512-971-0101 Office  
PO Box 161687  
Austin, TX 78716

Project Reserve at West Creek  
Mgmt Assoc  
Contact Delmy Ramon  
Address 17701 Bridge Farmer Blvd  
City, zip Pflugerville, Texas  
Date 8/21/20

Phone \_\_\_\_\_  
Fax \_\_\_\_\_  
email \_\_\_\_\_  
mobile \_\_\_\_\_

Submitted by: Phillip Graves  
Mobile #: 512-563-3986  
email: [phillip@urbandirt.us](mailto:phillip@urbandirt.us)

Client PO #: \_\_\_\_\_  
Urban Dirt WO #: \_\_\_\_\_

## Item Description

Reserve at West Creek structural Prune and building clearance around amenity center.

Structurally prune trees at RWC amenity center. Includes removal of dead, diseased or broken limbs and raise canopy of trees. Approx. 5' building clearance.

\$4,720



Pruning Cuts shall be clean and smooth and treated after cut. Removal of all debris will be done off site.

Sub-total \$4,720.00  
Sales tax \_\_\_\_\_

**Total \$4,720.00**

\_\_\_\_\_  
Authorized Signature  
Date signed \_\_\_\_\_

\_\_\_\_\_  
Urban Dirt  
Date signed \_\_\_\_\_

## Agenda Item No. 15

Discuss, consider, and take action as necessary concerning adoption of resolution amending 2019–2020 District Budget.

**RESOLUTION AMENDING 2019-2020 DISTRICT BUDGET**

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

**WHEREAS**, a regular meeting of the Board of Directors of Lakeside Water Control and Improvement District No. 2C (the "District") was held on September 15, 2020 by teleconference, in accordance with the Governor of the State of Texas’s suspension of certain Texas Open Meetings Act statutes; and

**WHEREAS**, the Board of Directors projected the operating expenses and revenues for the District for the period October 1, 2019 through September 30, 2020, and adopted a budget consistent therewith;

**WHEREAS**, the Board of Directors is of the opinion that the District's budget should be amended to reflect adjustments made to the operating expenses and revenues of the District; and

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board of Directors considered and approved an amendment to the District's budget, attached hereto as "Exhibit A", and incorporated herein for all purposes, adjusting the operating expenses and revenues for the District for the period of October 1, 2019 through September 30, 2020.
2. The Secretary of the Board of Directors is hereby directed to file a copy of this Resolution Amending the 2019-2020 District Budget in the official records of the District.

**ADOPTED** this 15th day of September, 2020.

**LAKESIDE WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 2C**

\_\_\_\_\_  
David Wang, President

ATTEST:

\_\_\_\_\_  
Larry English, Secretary

[DISTRICT SEAL]

**Agenda Item No. 17**

**Discuss, consider, and take action concerning  
District website and maintenance of website.**

## Maxwebs Co. - Web Design and Maintenance

Owner: Mark Maxwell

Board of Directors  
Lakeside W.C.I.D. #2C  
c/o Lloyd Gosselink Rochelle & Townsend, P.C.  
816 Congress Ave.  
Suite 1900  
Austin, TX 78701

September 8, 2020

### Proposal to Develop a Website for Lakeside W.C.I.D. #2C

#### Scope of Work:

Develop and maintain a website for Lakeside W.C.I.D. #2C and to provide online access all the information required by Texas Law. Other information can be included on the website to provide the District residents with transparency of District actions and also helpful neighborhood information.

#### Possible information that can be included on the website at the direction of the Board:

- a. Names of Directors
- b. Director Election Information
- c. Agendas
- d. Minutes
- e. District Financial Information to comply with SB 2 requirements
- f. Calendar of Meetings and other Events
- g. Contact Information & Services
- h. Links to Online Billing Services
- i. Service Applications
- j. Helpful information regarding other governments, and utilities
- k. Email Contact System (additional cost)

#### Breakdown of Startup costs:

- |    |   |                      |
|----|---|----------------------|
| 1. | Creation of website with features listed above, up to 15 pages:<br><b>50% Payable with Order</b>        | \$1500.00            |
| 2. | Register Domain Name, such as " <b>lakesidewcid2c.com</b> " (2 year term)<br><b>Payable with Order.</b> | \$ 78.00             |
| 3. | Annual Webhosting Service:<br>(up to 25 pages, and 100 MB of storage) <b>Payable with Order.</b>        | \$240.00/yr.         |
| 4. | Official email account for directors. If chosen:  | approx. \$240.00/yr. |

Continuing Monthly Maintenance Fee: \$100.00/mo.

Includes all updates to original pages and uploading related documents (agendas, updated applications, etc.). Updates are generally posted in less than 24-hours of receipt.

Additional Pages: If at a later date the client wishes to have additional pages added to the website, these would be created at a cost of \$50 per page.

Procedure: We generally meet with a designated Board Director, Committee or Manager to obtain initial direction for the website development, including color preferences, layout, photos, etc.

Timeframe: After the initial meeting, the preliminary site can be completed in 3-4 weeks. Once developed, the website will be made available for review by the designated Board Director and the Board. **50% of development cost is payable with the order, the balance upon completion.**

Experience: The owner of Maxwebs, Mark Maxwell, was Involved with the operation and management of a municipal utility district (approx. 3500 connections) and a limited district for 35 years. He has been developing websites, newsletters and other publications specifically for water districts for nearly 24 years. He is familiar with the legal requirements of district information postings. Maxwebs goal is to develop an attractive website that presents information on the district in an easy to navigate manner, and to keep the information on the site up-to-date.

**Thank you for the opportunity to offer this proposal.**

**Mark Maxwell, Owner**

**Maxwebs Co.**

[maxwell@maxwebs.us](mailto:maxwell@maxwebs.us)