

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

THE STATE OF TEXAS

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COUNTY OF TRAVIS

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LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

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On September 14, 2021, at 5:45 p.m., the Board of Directors of Lakeside Water Control and Improvement District No. 2C (“District”) met in regular session, open to the public, outside the boundaries of the District, at 21100 Carries Ranch Road, Pflugerville, Texas. A copy of the notice of meeting along with associated certificates of posting is 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 were in attendance, except Directors Wang and Twellmann, thus constituting a quorum of the Board of Directors. All Directors who attended voted on all matters that came before the Board. Also attending were Jeff Monzingo of Montoya & Monzingo, LLP; Jessica Davis of Randall Jones & Associates Engineering, Inc.; John Barganski of Specialized Public Finance, Inc.; Ken Heroy of Jones-Heroy & Associates, Inc.; Danielle Lam, Attorney, and Fred Castro, Paralegal, of Lloyd Gosselink Rochelle & Townsend, P.C.

Director Stratton called the meeting to order at 6:45 p.m. After conducting a roll call, he announced that a quorum of the Board was in attendance. Next, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, Director Stratton announced that the Board would conduct a public hearing on a proposal to set a tax rate of zero dollars and nine hundred twenty-eight thousandths cents (\$0.928) per one hundred dollars (\$100) of assessed valuation. Director Stratton noted that in an effort to allow residents an opportunity to address the Board in connection with the proposed tax rate, the public hearing would remain open to allow residents an opportunity to arrive while the Board attended to regular business.

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 consider the adoption of a budget for the 2021-2022 fiscal year. Mr. Monzingo presented for the Board's review a copy of the projected operating expenses and revenues for the District for the period October 1, 2021 through September 30, 2022. He also provided a recap of the annual funding request for operations and maintenance

of the Lakeside amenity centers totaling \$916,521, a copy of which is attached hereto as Exhibit "B", of which the District's share came to \$258,019.75. Mr. Monzingo stated that this amount was incorporated into the 2021-2022 proposed budget. After discussion, upon motion by Director English, seconded by Director Bridgefarmer, and unanimously carried, the Board adopted a resolution adopting a budget for the 2021-2022 fiscal year, a copy of which is attached hereto as Exhibit "C".

Next, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, Director Stratton closed the public hearing on a proposal to set a tax rate of zero dollars and nine hundred twenty-eight thousandths cents (\$0.928) per one hundred dollars (\$100) of assessed valuation. Director Stratton stated that the Board would next discuss, consider, and take action as necessary to set a debt service tax rate, and to set an operations and maintenance tax rate for the year 2021. Ms. Lam noted that her office had published the required notice of the District's Public Hearing to allow taxpayers the opportunity to express their views on the tax rate being proposed by the Board. Upon motion by Director English, seconded by Director Bridgefarmer, and unanimously carried, the Board adopted an order setting an operations and maintenance tax rate for the year 2021 at zero dollars and three hundred ninety-eight thousandths cents (\$0.398) per one hundred dollars (\$100) of assessed valuation, and a debt service tax rate for the year 2021 at fifty-three cents (\$0.53) per one hundred dollars (\$100) of assessed valuation, for a total tax rate for the year 2021 of zero dollars and nine hundred twenty-eight thousandths cents (\$0.928) per one hundred dollars (\$100) of assessed valuation. A copy of the District's order setting a tax rate for 2021 is attached hereto as Exhibit "D".

The next item to come before the Board was to consider the approval of an amendment to the District's Information Form. Ms. Lam noted that the amendment accounted for the most recent tax rate adopted by the Board. Upon motion by Director English, seconded by Director Bridgefarmer, and unanimously carried, the Board approved the amendment to the District's Information Form, a copy of which is attached hereto as Exhibit "E".

Next, Director Stratton stated that the Board would consider the approval of the minutes of the August 10, 2021 regular meeting. Upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, the minutes of the August 10, 2021 regular meeting were approved, as presented.

Director Stratton stated that the Board would next receive a report from the District's Engineer. Ms. Davis stated that Mr. Keith Collins had retired from Randall Jones Engineering & Associates, Inc. and that she would be taking his place and would be attending Board meetings for the foreseeable future. She stated that she had nothing further to report at this time.

Director Stratton stated that the Board would next consider the adoption of a resolution amending the 2020-2021 District Budget. Mr. Monzingo proposed that the District's current budget be amended by increasing revenues for these categories: Tap Connection Fees and Interest Income and increasing expenditures for Legal Fees. After discussion, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, the Board adopted a resolution amending the District's 2020-2021 budget, a copy of which is attached hereto as Exhibit "F".

Director Stratton stated that the Board would next take action as necessary concerning a request from the developer for the District's participation in the construction of a boundary fence between the District and Kelly Lane WCID No. 2 ("Kelly Lane"). Ms. Lam presented this item and provided the Board with an update on the status of this request. Ms. Lam stated that the Board of Directors for Kelly Lane WCID No. 2 was open to participating in the construction of the masonry boundary fence between the Avalon and Blackhawk communities under certain conditions: (i) the masonry fence is located on the Blackhawk side of the boundary line; (ii) the masonry fence is identical – in terms of materials and appearance – to the existing Avalon masonry fences, and (iii) Blackhawk is solely responsible for maintaining and repairing the masonry fence. After discussion, the Board postponed action in connection with this item.

The next item to come before the Board was to consider action concerning an Eagle Scout tree planting project. Mr. Heroy presented this item. He stated that the project was led by a young member of his church who was pursuing the rank of Eagle Scout. Mr. Heroy stated that the candidate's project would deal with erosion control and prevention by planting 20 trees in areas of need within the Blackhawk development. A copy of the proposed project is attached hereto as Exhibit "G". He stated that he had discussed the project with the developer, and the developer suggested that this District was a good candidate for such a project. After discussion, upon motion by Director English, seconded by Director Bridgefarmer, and unanimously carried, the Board approved the above-referenced Eagle Scout tree planting project.

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 copies of the recreational facilities reports provided by Goodwin Management and Associa Hill Country, operators of the Park at Blackhawk and Reserve at Westcreek Amenity Centers, respectively, which are attached hereto as Exhibit "H". He stated that the reports provided updates on existing projects, and noted that no action by the Board was required in connection with any of the projects referenced in the recreational facilities reports presented.

Director Stratton stated that the Board would next consider the payment of invoices and the Bookkeeper's report. Mr. Monzingo distributed a list of current invoices, money transfers, and Bookkeeper's report, copies of which are attached hereto as Exhibit "I". He requested that the Board void Check Nos. 3713 and 3711, payable to Directors Twellmann and Wang, due to their absence from the meeting. Next, Mr. Monzingo requested that the Board authorize the transfer of \$1,916.58 from the District's Checking Account to the District's Debt Service Account. After discussion, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, the Board approved the payment of invoices, and money transfers, as amended.

The next item to come before the Board was to consider the engagement of a consultant for utility rate review services. Ms. Lam presented this item and stated that before consideration of the engagement of a consultant for utility rate review services she would provide a brief update concerning the Lakeside Utility Rate Subcommittee meeting which took place on August 18, 2021. She reiterated that the City had proposed to increase its rate charged to Lakeside WCID Nos. 1,

2A, 2B, 2C, and 2D (the “Lakeside Districts”) for wholesale wastewater service. Ms. Lam stated that the Lakeside Districts currently pay a monthly base rate of \$40.00 to the City for wholesale wastewater service and have done so since the early 2000s. She stated that the City is now proposing a monthly base rate of \$56.00, with projected incremental increases over each of the next 5 years, with the monthly base rate for 2026 projected to be \$68.00. Ms. Lam stated that upon review of the agreement, pursuant to which the City provides wholesale wastewater service to the Lakeside Districts, the agreement specifies that the City may not unilaterally increase the monthly rate it charges to provide for wholesale wastewater service to the Lakeside Districts without the parties working out any adjustment in the rates through consultations and negotiations which is what her firm intends to do. She stated that at the Board’s last meeting, the Board was informed that other utilities find themselves in a similar situation and such utilities have determined that it was in their best interest to hire a rate consultant to review the City’s justifications underlying the proposed rate increase. Ms. Lam stated that her firm had contacted legal counsel for Kelly Lane WCID Nos. 1 and 2, and Lakeside MUD No. 3 in an attempt to determine whether these entities’ interests were aligned with the Lakeside Districts and to discuss an efficient strategy for responding to the City’s proposal. She stated that these entities have engaged a consultant to conduct a utility rate review and it appears that their interests and positions of leverage might not align with those of the Lakeside Districts. Ms. Lam stated that at the direction of the Lakeside Utility Rate Subcommittee, her firm was tasked to solicit proposals for utility rate review services. She presented copies of proposals from Willdan Financial Services and Raftelis, copies of which are attached hereto as Exhibit “J”. After discussion, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, the Board accepted the proposal for utility rate review services submitted by Raftelis and authorized Ms. Lam to issue correspondence to the City formally responding to the rate increase proposed by the City and indicating that the District is open to further rate-related negotiations but does not believe that the City should adopt the proposed increase at this time.

Director Stratton stated that the Board would next consider the approval of a Cost Share Agreement for utility rate review services, a copy of which is attached hereto as Exhibit “K”. Ms. Lam presented this item and stated that the proposed Cost Sharing Agreement provides that the Lakeside Districts acknowledge and agree that they shall collectively pay for the Lakeside Districts’ chosen consultant’s review and analysis of the City’s 2021 Utility Rate Study conducted by NewGen Strategies & Solutions and to coordinate in responding to the proposed rate increase by the City with the cost for such services to follow certain percentages provided in the Agreement with the District’s share coming to 29% of the total cost of such services. After discussion, upon motion by Director Bridgefarmer, seconded by Director English, and unanimously carried, the Board approved the above-referenced Cost Sharing Agreement, as presented.

The next item to come before the Board was to consider action as necessary concerning the management of the District’s website. Ms. Lam stated that her office was working with the District’s website consultant to post certain District information and documents to ensure the District’s compliance with new legislation enacted by the 87th State Legislature.

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 English, seconded by Director Bridgefarmer, and unanimously carried, the meeting was adjourned until further call at 6:10 p.m.

PASSED, APPROVED, AND ADOPTED THIS 12th day of October, 2021.



Larry English, Secretary