

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

THE STATE OF TEXAS

COUNTY OF TRAVIS

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

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On September 14, 2021, at 7:00 p.m., the Board of Directors of Lakeside Water Control and Improvement District No. 1 (“District”) held its regular meeting, open to the public, outside the boundaries of the District, at the Blackhawk Amenity Center, 3111 Speidel Drive, 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:

Jeff Stivers	President
Thomas Arndt	Vice President
James Laughlin	Secretary/Treasurer
Brian Kinney	Assistant Secretary
Joshua Miller	Assistant Secretary

All members of the Board were in attendance, except Directors Arndt and Kinney, 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.; Danielle Lam, Attorney, and Fred Castro, Paralegal, of Lloyd Gosselink Rochelle & Townsend, P.C.

Director Stivers called the meeting to order at 7:05 p.m. After conducting a roll call, he announced that a quorum of the Board was in attendance. Next, Ms. Lam requested that the Board take agenda items out of order in order by receiving the report from the District’s Engineer in order to assist Ms. Davis with competing commitments. Director Stivers stated that the Board would 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.

Next, upon motion by Director Laughlin, seconded by Director Miller, and unanimously carried, Director Stivers announced that the Board would conduct a public hearing on a proposal to set a tax rate of zero dollars and seven thousand thirty-five ten-thousandths cents (\$0.7035) per one hundred dollars (\$100) of assessed valuation. Director Stivers 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 Stivers 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 \$143,486.65 or 15.66% of the total. Mr. Monzingo stated that this amount was incorporated into the 2021-2022 proposed budget. After discussion, upon motion by Director Laughlin, seconded by Director Stivers, 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 Stivers, seconded by Director Miller, and unanimously carried, Director Stivers closed the public hearing on a proposal to set a tax rate of zero dollars and seven thousand thirty-five ten-thousandths cents (\$0.7035) per one hundred dollars (\$100) of assessed valuation. Director Stivers 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 Stivers, seconded by Director Laughlin, and unanimously carried, the Board adopted an order setting an operations and maintenance tax rate for the year 2021 at zero dollars and four thousand seven hundred eighty-five ten-thousandths cents (\$0.4785) per one hundred dollars (\$100) of assessed valuation, and a debt service tax rate for the year 2021 at zero dollars and two hundred twenty-five thousandths cents (\$0.225) per one hundred dollars (\$100) of assessed valuation, for a total tax rate for the year 2021 of zero dollars and seven thousand thirty-five ten-thousandths cents (\$0.7035) 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 Laughlin, seconded by Director Stivers, 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 Stivers stated that the Board would consider the approval of the minutes of the August 10, 2021 regular meeting. Upon motion by Director Laughlin, seconded by Director Stivers, and unanimously carried, the minutes of the August 10, 2021 regular meeting were approved, as presented.

Director Stivers 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 (“Operators”) of the Park at Blackhawk and Reserve at Westcreek Amenity Centers (“Amenity Centers”), respectively, which are attached hereto as Exhibit “F”. 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 Stivers 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 expenditures for Legal Fees. After discussion, upon motion by Director Laughlin, seconded by Director Stivers, and unanimously carried, the Board adopted a resolution amending the District’s 2020-2021 budget, a copy of which is attached hereto as Exhibit “G”.

Director Stivers 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 “H”. Mr. Monzingo requested that the Board void Check Nos. 4815 and 4816, payable to Directors Arndt and Kinney due to their absence from the meeting. Mr. Monzingo requested that the Board transfer \$30,000.00 from the District’s Money Market Account to the District’s Checking Account to pay bills. He requested that the Board add Check Nos. 4828 and 4829, payable to Director Laughlin for \$138.52 each for his attendance at the Lakeside Utility Rate Subcommittee meeting and addressing work related to alerting residents of a utility line break. After discussion, upon motion by Director Stivers, seconded by Director Miller, 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. Director Laughlin provided a brief update of the Lakeside Utility Rate Subcommittee meeting which took place on August 18, 2021. Next, Ms. Lam 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 had 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 "I". After discussion, upon motion by Director Stivers, seconded by Director Laughlin, 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 Stivers 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 "J". 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, Raftelis, 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 14% of the total cost of such services. After discussion, upon motion by Director Stivers, seconded by Director Laughlin, and unanimously carried, the Board approved the above-referenced Cost Sharing Agreement, as presented.

Director Stivers stated that the Board would next consider action concerning the District's amenity center project. Director Miller stated that as a member of the Amenity Center Subcommittee he had nothing new to report at this time since PLACE Designers permit application submission to the City. Next, Ms. Lam provided an update on the status of the Request for Proposal (the "RFP") for the amenity center project. She stated that the latest draft the RFP was being reviewed by PLACE Designers. Ms. Lam informed the Board that the District had received Notice of Intent to File a Lien from K&W Engineering for unpaid engineering services with regard to the project for \$12,000.00. Based upon correspondence with PLACE Designers and K&W Engineering, Ms. Lam stated that PLACE Designers had paid the invoice and K&W Engineering confirmed that they would not file a lien against the District.

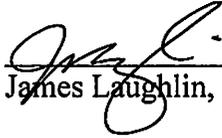
Director Stivers stated that the Board would next take action concerning the management of the District website. Ms. Lam stated that her office was working to post certain District information and documents to ensure the District's compliance with new legislation enacted by the 87th State Legislature. Director Laughlin stated that he had made minor tweaks to the District's website to provide for a place where notices could be posted to alert residents of important and timely information.

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

After discussion, there being no further business, and upon motion by Director Stivers, seconded by Director Laughlin, and unanimously carried, the meeting was adjourned until further call at 7:46 p.m.

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

(District Seal)


James Laughlin, Secretary