

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF
WILBARGER CREEK MUNICIPAL UTILITY DISTRICT NO. 1**

January 9, 2020

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A meeting of the Board of Directors of Wilbarger Creek Municipal Utility District No. 1 was held on January 9, 2020 at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit “A”**.

The roll was called of the members of the Board:

Bill Kochwelp	-	President
Tim Dalton	-	Vice President
Scott Sams	-	Secretary
Diana Zuniga	-	Assistant Secretary
Brandon Somers	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Allen Douthitt of Bott & Douthitt, PLLC, the District’s accountant; Dennis Hendrix of Crossroads Utility Services LLC, the District’s utility operator; Ken Schroeder of Schroeder Engineering Company, the District’s engineer; Clayton Chandler of McCall, Parkhurst & Horton L.L.P., the District’s bond counsel; Lauren Smith of Public Finance Group LLC, the District’s financial advisor; Russ Allison of Argent Management, LLC, representing SG Land Holdings LLC, a developer in the District; and Sean Abbott of Armbrust & Brown, PLLC, the District’s general legal counsel.

Director Kochwelp called the meeting to order at 12:01 p.m. and stated that the Board would first receive citizens’ communications. There being none, Director Kochwelp announced to the Board that Director Zuniga had recently received a prestigious award from the Austin Commercial Real Estate Society, a private organization, comprised of the top 90 commercial real estate brokers in the Austin area, of which Director Kochwelp was a long-standing member. The Board collectively offered their congratulations to Director Zuniga on the achievement. Director Kochwelp then stated that the Board would consider approving the minutes of the November 7, 2019 Board meeting. Upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the minutes.

Director Kochwelp next announced that the Board would receive a report from the District’s utility operator. Mr. Hendrix directed the Board’s attention to the operations report attached as **Exhibit “B”** and reviewed the latest “O&M”, water usage, take-or-pay water tracking, water quality, connection, billing, adjustments, and delinquent accounts reports. He reported that all water samples and residuals were adequate and that water loss was -4.08% for the month. He stated that the “creek leak” should be repaired by the end of business on January 9, 2020, with the insertion of an “Insta-Valve” to isolate the leak, which, if successful, would eliminate the need to shut down the entire system for more major repairs. Mr. Hendrix next

reported that he was coordinating with the Master District regarding the expansion of the wastewater treatment plant, that the wastewater treatment plant was generally operating well, and that there was one write-off in the total amount of \$144.09 to be sent to collections this month. Upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the write-off. Mr. Hendrix next reported that they had encountered issues with the blower at the wastewater treatment plant and recommended that, eventually, it would be optimal to purchase a blower from a different manufacturer that would include a better maintenance plan.

Mr. Hendrix then discussed credit and debit card and electronic utility bill payment processing services. He confirmed that Crossroads has been dealing with a ransomware issue but advised that no sensitive information of any customers had been breached. He then reviewed the Merchant Application and Merchant Services Program Terms and Conditions with Bluefin Payment Systems LLC attached as **Exhibit “C”**; the Addendum to Card Services Agreement with Bluefin Payment Systems LLC attached as **Exhibit “D”**; the Service Agreement with T-Tech, LLC attached as **Exhibit “E”**; and the Addendum to Service Agreement with T-Tech, LLC attached as **Exhibit “F”** (collectively, the “*Credit Card Processing Agreements and Addenda*”), and discussed the fees relating to credit card payments. Mr. Hendrix then explained that the services performed pursuant to the Credit Card Processing Agreements and Addenda would replace the payment processing services currently utilized by the District, which would require termination of existing agreements with Pace Payment Systems, Inc., Global Payments Director, Inc., Wells Fargo Bank, N.A., AVR, Inc., and T-Tech Inc. (collectively, the “*Existing Credit Card Agreements*”). Mr. Abbott confirmed that Armbrust & Brown, PLLC had reviewed and approved the proposed Credit Card Processing Agreements and Addenda. Director Kochwelp then stated that he would entertain a motion to approve the Credit Card Processing Agreements and Addenda and to terminate the Existing Credit Card Agreements. Upon motion by Director Dalton and second by Director Sams, the Board voted 5-0 to approve the Credit Card Processing Agreements and Addenda and terminate the Existing Credit Card Agreements upon completion of the transition.

Director Kochwelp then stated that the Board would receive a report from the District’s accountant. Mr. Douthitt first reviewed the accounting report attached as **Exhibit “G”** and recommended approval of five transfers and the Director and vendor payments. Mr. Douthitt then reviewed the District’s latest financial statements, tax collection report, and budget-to-actual comparison, noting that 100% of the District’s 2018 tax levy had been collected and that payments for the District’s 2019 tax levy were beginning to be received. After discussion, upon motion by Director Zuniga and second by Director Somers, the Board voted 5-0 to approve the Director and vendor payments and the transfers, as presented.

Director Kochwelp then stated that the Board would receive a developer’s report from Mr. Allison. Mr. Allison updated the Board on the status of development and homebuilding activity in the ShadowGlen project. He stated that sales in December were strong and that there were no longer any 55-foot lots available—only 45- and 65-foot lots remained for purchase. Mr. Allison then noted that there were seven builders currently active in the District and expressed satisfaction with the product that each builder provided. Director Kochwelp asked whether the District had accumulated enough assessed value to justify another bond issuance in 2020. Mr. Allison confirmed that significant assessed value had been added to the District, and he expected the District’s financial advisor to have a plan in place soon that would contemplate the District’s next bond issuance.

Director Kochwelp then stated that the Board would consider the bond-related items on the agenda. Mr. Abbott reported that the District's second bond application had been approved by the TCEQ, as evidenced by the order attached as **Exhibit "H"**. Ms. Smith then reviewed the graph of interest rates attached as **Exhibit "I"** and noted that rates for insured bonds were currently averaging about 2.9%. She then reviewed the bid tabulation for the District's \$2,250,000, Series 2020 bonds attached as **Exhibit "J"** and reported that five bids had been received, with interest rates ranging from 2.885234% to 3.044826%, which she characterized as a very competitive spread. She indicated that Robert W. Baird & Co., Inc. was the low bidder. Ms. Smith next reviewed the comparison of recent bond sales attached as **Exhibit "K"**, noting that the interest rate for the low bid on the District's bonds was very competitive and slightly below similar bonds that had just sold the previous day. She also reviewed the projection of assessed valuation, the projections of income and expenses for the District's debt service fund based on growth and no-growth scenarios, and the debt service schedule attached collectively as **Exhibit "L"**. Ms. Smith concluded with a recommendation that the Board approve the award of the sale of the bonds to Robert W. Baird & Co., Inc. as the low bidder. Upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to do so.

Mr. Abbott and Mr. Chandler then reviewed the Order Authorizing the Issuance of \$2,250,000 Wilbarger Creek Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2020; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds attached as **Exhibit "M"** (the "**Bond Order**"), which Mr. Chandler explained officially authorized, among other things, the sale of the bonds and the levy of a tax in support of the bonds. Mr. Chandler pointed out that the final version of the Bond Order would be updated to conform to the low bid on the bonds. Mr. Chandler stated that the closing of the bonds was scheduled for February 6, 2020 and that he planned to file the transcript with the Attorney General promptly after the meeting. After discussion, upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the Bond Order, as presented. Mr. Schroeder then confirmed that the Texas Commission on Environmental Quality ("**TCEQ**") pre-purchase inspection letter had yet to be received. However, Mr. Schroeder noted that he had spoken with a TCEQ representative who indicated there were no construction deficiencies, but that TCEQ staff had questions about the maintenance of certain facilities funded by the bond issue. Mr. Schroeder informed the Board he would follow up with TCEQ and work with the developer to ensure that all concerns were addressed expeditiously and prior to the closing of the bond sale. Mr. Abbott then recommended that the District's current Information Form and Notice to Purchaser be updated to reflect the bond sale. Upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the Amended and Restated Information Form attached as **Exhibit "N"** and its filing. Mr. Abbott further recommended that the Board also add the 2020 bonds to the scope of the District's existing agreement with BLX Group, LLC for arbitrage rebate compliance services. Upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the addendum to the District's agreement for arbitrage rebate compliance services with BLX Group, LLC attached as **Exhibit "O"**. Mr. Chandler then addressed closing procedures, noting that, between now and the Board's next meeting, the auditor would be finalizing the reimbursement report for the bond issue, which was a prerequisite to reimbursement of the developer under TCEQ rules, and that the District's general counsel would be working with the developer to finalize all applicable conveyance and authority documents for the facilities and capacity being financed by the District.

Director Kochwelp then stated that the Board would receive an Engineering Report from Mr. Schroeder. Mr. Schroeder directed the Board's attention to the memorandum attached as

Exhibit “P”. He confirmed that he had not received any documents for subdivision projects currently under construction, including any pay applications. Mr. Schroeder then closed by addressing items related to the Master District, noting that the flows through the wastewater treatment plant had generally been consistent and within expected ranges and that all effluent parameters were within permit limits.

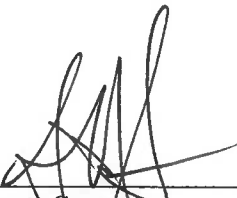
Director Kochwelp then recognized Mr. Abbott for purposes of receiving a report from the District’s attorney. Mr. Abbott first reviewed the consultant directives report and noted that there was none outstanding. Mr. Abbott next addressed the District’s website, stating that the website had recently been successfully migrated to an independent domain in the District’s own name.

Director Kochwelp next announced that the Board would consider the Master District and Advisory Committee items on the agenda. Mr. Abbott reported that the Master District continued to explore potential alternative water suppliers that might be interested in providing water service to the Participant Districts after the initial 20-year term of the current wholesale contract. He then closed by providing the Board with copies of the agenda for the next meeting of the Board of Directors of Wilbarger Creek Municipal Utility District No. 2 and the Advisory Committee, scheduled to take place on January 15, 2020.

Director Kochwelp then stated that the Board would consider its future meeting schedule and agenda items. Mr. Abbott noted that the Board would meet again on February 6, 2020.

There being no further business to come before the Board, the meeting was adjourned at 12:42 p.m.

(Signature page follows.)



Scott Sams
Secretary, Board of Directors

Date: February 6, 2020