

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

June 6, 2019

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 June 6, 2019, 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
[vacancy]	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Brandon Somers, an owner of property in the District; Mary Bott of Bott & Douthitt, PLLC, the District’s bookkeeper; Dennis Hendrix of Crossroads Utility Services LLC, the District’s utility operator; Ken Schroeder of Schroeder Engineering Company, the District’s engineer; Crys Sanders of Argent Management, LLC, representing SG Land Holdings LLC, a developer in the District; and John Bartram of Armbrust & Brown, PLLC, the District’s general legal counsel.

Director Kochwelp called the meeting to order at 12:02 p.m. and stated that the Board would first receive citizens’ communications. There being none, Director Kochwelp then stated that the Board would consider the Director items on the agenda. Mr. Bartram recommended that the Board consider filling the vacancy on the Board, and he introduced Mr. Somers, who he stated had been identified as a candidate for service on the Board by the developer. At this time, Mr. Somers introduced himself, summarized his background and experience, and stated that he would welcome the opportunity to serve on the Board. After discussion, upon motion by Director Dalton and second by Director Zuniga, the Board voted 4-0 to appoint Mr. Somers to fill the vacancy on the Board.

Director Kochwelp then stated that the Board would consider the Sworn Statement, Oath of Office, and bond for Director Somers. At this time, Director Somers gave his oath, made his statement, and completed the application for a surety bond. Upon motion by Director Sams and second by Director Zuniga, the Board voted 4-0 to approve the Sworn Statement, Oath of Office, and director’s bond for Director Somers.

Director Kochwelp then stated that the Board would consider the election of officers. Director Zuniga moved that Director Somers slot in as the second Assistant Secretary and that the other officer positions remain unchanged. Upon second by Director Dalton, the motion passed unanimously.

Director Kochwelp next announced that the Board would consider a revised District Registration Form. Mr. Bartram recommended that the District's current Registration Form be updated to reflect Director Somers' appointment to the Board and election as an Assistant Secretary. He also recommended that the other Directors and consultants review their personal information and confirm that everything was still current. After review, upon motion by Director Sams and second by Director Dalton, the Board voted 5-0 to approve the revised District Registration Form attached as **Exhibit "B"**, and its filing.

Director Kochwelp then stated that the Board would consider revised bank account resolutions and bank signature cards. Mr. Bartram recommended that the account resolutions and signature cards for all of the District's bank accounts be updated to reflect the changes in Directors and officers. After discussion, upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the Resolution Approving Change in Bank Signatories and Change Certificate for the District's operating account, the Secretary's Certificate and Amended Resolutions Regarding Operating Account, the Resolution Approving Change in Bank Signatories and Change Certificate (Bookkeeper's Account), the Secretary's Certificate and Amended Resolutions Regarding Bookkeeper's Account, and the Secretary's Certificate and Amended Resolutions Regarding Lock Box Clearing Account attached collectively as **Exhibit "C"**, and all related signature cards.

Director Kochwelp next announced that the Board would consider taking action regarding budget and tax items. Mr. Bartram first reviewed the preliminary estimate of taxable value in the District from Travis Central Appraisal District attached as **Exhibit "D"**. He noted that values were usually certified in late July and directed the Board's attention to the memorandum attached as **Exhibit "E"**, summarizing the schedule and process for adopting a budget and setting a tax rate. He asked the Board to calendar the August and September meetings for quorum purposes.

Director Kochwelp then stated that the Board would consider approving the minutes of the April 4, 2019 Board meeting. Upon motion by Director Sams and second by Director Zuniga, the Board voted 5-0 to approve the minutes, as presented.

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 "F"** 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 the wastewater treatment plant was generally operating well, that he was coordinating with the Master District regarding the expansion of the wastewater treatment plant and construction of an elevated water storage tank, that all water samples were satisfactory, and that water loss was -8.1% for the month after accounting for a leak recently discovered on a fire hydrant in the creek. He added that he was coordinating with the Master District and the City of Manor regarding the timing of repairing this leak, noting that the work would likely be scheduled in August so that the creek could dry out and the City of Manor could complete a pending connection to a new water supply. He explained that repairing the leak would require use of the emergency water interconnect with the City of Manor and that, while using the interconnect, water flows would be reversed, and that, consequently, there would likely be water quality complaints from customers. He confirmed that he planned to notify residents well in advance. The Board generally agreed that notifying the residents was critical, and Director Kochwelp stated that the District should do "whatever it takes" to ensure that residents received plenty of advance notice. Mr. Hendrix next reported that Ovivo USA, LLC ("*Ovivo*") had recently sold its MBR line of business to Microdyn MBR Systems, LLC ("*Microdyn*"), that all personnel at Ovivo with whom the Master District had been dealing were now at Microdyn, and

that, in connection with this transition, the Master District's membrane services and replacement contract with Ovivo had been assigned to Microdyn. Mr. Hendrix then closed by recommending approval of one write-off, in the amount of \$178.07, which would be sent to collections. Upon motion by Director Sams and second by Director Zuniga, the Board voted unanimously to approve the write-off.

Director Kochwelp then stated that the Board would receive a report from the District's bookkeeper. Ms. Bott first reviewed the accounting report attached as **Exhibit "G"** and recommended approval of the Director and vendor payments and five transfers. He then reviewed the District's latest financial statements, tax collection report, and budget-to-actual comparison, noting that approximately 99% of the District's 2018 tax levy had been collected and that the District was currently \pm \$72,000 ahead of plan mainly due to growth. After discussion, upon motion by Director Zuniga and second by Director Sams, the Board voted 5-0 to approve the Director and vendor payments and the transfers, as presented.

Director Kochwelp next announced that the Board would receive a report from the developer. Ms. Sanders updated the Board on the status of development and homebuilding activity in the ShadowGlen project. She stated that the preliminary plan for the remaining lots in Phase 2 had been approved by the City of Manor and was going through the second round of comments at Travis County. She closed by indicating that Section 22 was under contract to Gehan Homes and that Section 23 was under contract to Buffington Homes.

Director Kochwelp then stated that the Board would receive a report from the District's engineer. Mr. Schroeder directed the Board's attention to the memorandum attached as **Exhibit "H"**. He first reported that work on the District's next bond application was in process. He stated that the District's financial advisor was reviewing the latest estimate of taxable value in the District, noting that the application may be eligible to be filed on a "no growth" basis. He next reported that the Misty Grove Boulevard and Silent Falls Way project and the ShadowGlen Phase 2, Section 20 project were complete but that he was still waiting on certain close-out documentation before recommending acceptance for operation and maintenance. He then presented and recommended approval of the following pay estimates for ShadowGlen Phase 2, Sections 24A and 24B, copies of which are attached collectively as **Exhibit "I"**: Pay Estimate No. 1 (\$72,218.52), Pay Estimate No. 2 (\$130,486.50), Pay Estimate No. 3 (\$261,066.15), Pay Estimate No. 4 (\$622,734.25), Pay Estimate No. 5 (\$16,719.30), Pay Estimate No. 6 (\$50,834.88), and Pay Estimate No. 7 (\$83,837.25). He stated that, together, these pay estimates represented work through April and that there were no change orders yet. Upon motion by Director Dalton and second by Director Zuniga, the Board voted unanimously to approve the foregoing pay estimates. Mr. Schroeder next referenced the letter from the TCEQ attached as **Exhibit "J"**, which he stated approved for construction the water distribution system to serve Sections 27A and 27B. Mr. Schroeder then closed by addressing items related to the Master District, noting (i) that the flows through the wastewater treatment plant had generally been consistent with no significant inflow and infiltration despite several recent rain events; and (ii) that the Master District was planning additional bond applications to fund the expansion of the wastewater treatment plant and construction of the additional elevated storage tank.

There being no report from the financial advisor, Director Kochwelp then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram reported that there were currently no outstanding consultant directives and stated that, unless the Board had any specific questions for him, he had nothing specific to cover under the attorney's report this month.

Director Kochwelp then stated that the Board would consider retail rates and related matters, including amendments to the District's rate order. Mr. Bartram reminded the Board that the wholesale contract between the Participant Districts and Metro H₂O, Ltd. ("Metro") required the Participant Districts to begin paying water LUE fees again once the total number of LUEs connected to the water system reached 2,610. He stated that, according to Mr. Hendrix's latest calculations, the LUE count was quickly approaching 2,610 and that he was recommending that the Participant Districts all amend their rate orders to re-implement the \$1,900 water LUE fee. He suggested that the Board take this opportunity to also incorporate some of the changes recommended by the District's rate analyst earlier in the year, including (i) billing customers with both a domestic meter and an irrigation meter a wastewater commodity charge based on 100% of domestic water consumption; and (ii) increasing meter equivalency factors for purposes of determining monthly base fees for non-residential customers. Mr. Bartram stated that, as previously planned, adjustments to residential rates would be postponed until next fiscal year. Mr. Hendrix concurred with Mr. Bartram's recommendation to adjust the non-residential base fees now. After discussion, upon motion by Director Zuniga and second by Director Sams, the Board voted unanimously to approve the Amended Order Establishing Rates and Charges, and Adopting Rules with Respect to District Water, Wastewater and Drainage, Including Water Quality, Systems attached as Exhibit "K".

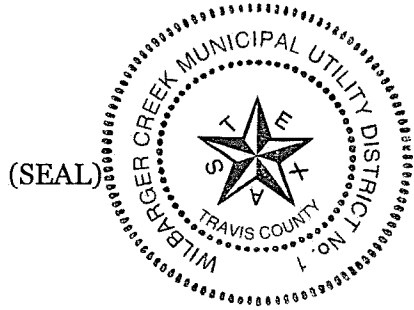
Director Kochwelp next announced that the Board would consider the Master District and Advisory Committee items on the agenda. Mr. Bartram stated that, as touched on previously by Messrs. Hendrix and Schroeder, the Master District was contemplating the issuance of additional new money bonds to finance the expansion of the wastewater treatment plant and construction of the additional elevated storage tank. He then concluded by directing the Board's attention to the agenda and minutes from the most recent joint meetings of the Board of Directors of Wilbarger Creek Municipal Utility District No. 2 and the Advisory Committee, which was a recurring agenda item so that the Board could stay informed of the activities of the Master District and Advisory Committee.

Director Kochwelp then stated that the Board would consider its future meeting schedule and agenda items. Mr. Bartram reminded the Board members to calendar the August and September meetings for quorum purposes.

Director Kochwelp then asked if there was any further business to come before the Board. Director Somers stated that, while previously on the board of directors of Travis County MUD No. 2, he had been active in the Capital Area Suburban Exchange (CASE), which was an industry organization comprised of water districts in central Texas, and that he was now on the CASE board. He stated that he would like to continue to be involved in CASE as a representative of the District, but he noted that the District would need to become a member of CASE in order for him to do so. After discussion, the other Board members expressed support for joining CASE, and Ms. Bott stated that she would handle the membership paperwork.

There being no further business to come before the Board, the meeting was adjourned at 12:39 p.m.

(Signature page follows.)



Brandon Somers
Assistant Secretary, Board of Directors

Date: August 1, 2019