

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

September 7, 2017

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Wilbarger Creek Municipal Utility District No. 1 was held on September 7, 2017, 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
D. Page Ragland	-	Assistant Secretary
Diana Zuniga	-	Assistant Secretary

and all of the Directors were present except Director Zuniga, thus constituting a quorum. Also present at the meeting were Mary Bott of Bott & Douthitt, PLLC, the District's bookkeeper; Ken Schroeder of Schroeder Engineering Company, the District's engineer; Dennis Hendrix of Crossroads Utility Services LLC, the District's utility operator; Justin Taack of Public Finance Group LLC, the District's financial advisor; and John Bartram 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 then stated that the Board would consider approving the minutes of the August 3, 2017 Board meeting. Upon motion by Director Dalton and second by Director Ragland, the Board voted unanimously to approve the minutes as presented.

Director Kochwelp next announced that the Board would consider the budget and tax items on the agenda and recognized Mr. Taack for purposes of receiving a recommendation regarding the District's 2017 tax rate. Mr. Taack reviewed the tax rate analysis attached as **Exhibit "B"** and recommended that the District establish a tax rate for 2017 of \$0.8780 per \$100 of assessed value, which was the same as the proposed rate adopted at the last meeting. He stated that this was comprised of a \$0.35 contract tax component and a \$0.5280 operations and maintenance tax component. Director Kochwelp then stated that the Board would conduct a public hearing on the District's 2017 tax rate. He opened the public hearing and inquired whether there was anyone present wishing to address the Board regarding the District's tax rate. There being no public comment, Director Kochwelp closed the public hearing and then recognized Ms. Bott, who presented and reviewed the draft budget attached as **Exhibit "C"**, which she explained incorporated adjusted property tax revenues based on updated appraised values but had not otherwise changed since the draft reviewed at the August meeting. She noted that the budget was based on the recommended operations and maintenance tax rate of \$0.5280 and 20 new connections. She pointed out that the proposed budget projected a

year-end deficit of \$152,743, but she noted that the District had a sufficient general fund balance to absorb the loss. After discussion, upon motion by Director Dalton and second by Director Ragland, the Board voted unanimously to approve the Resolution Adopting Budget attached as **Exhibit “D”**, incorporating the fiscal year 2017-2018 budget, as presented.

Director Kochwelp then stated that the Board would next consider establishing the District’s 2017 tax rate. Mr. Taack reiterated his tax rate recommendations. Upon motion by Director Sams and second by Director Ragland, the Board voted unanimously to establish a tax rate of \$0.8780 per \$100 of assessed value, allocated as recommended by Mr. Taack, and to adopt the Order Levying Taxes attached as **Exhibit “E”**, with Directors Kochwelp, Dalton, Sams, and Ragland all present and voting “aye”. Director Zuniga was not present for the vote.

Director Kochwelp then stated that the Board would consider approving an Amended and Restated Information Form. Mr. Bartram explained that the form needed to be updated to reflect the change in the District’s tax rate. Upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit “F”** and its filing.

Director Kochwelp then stated that the Board would consider the renewal of the District’s Operations Services Agreement with Crossroads Utility Services LLC. Mr. Bartram stated that the current agreement was scheduled to expire at the end of September and that Crossroads was proposing renewal for the same scope of work with a small increase in compensation. Mr. Hendrix stated that his company was requesting a 3.5% increase on the base fee and a 2% increase on the per connection fee. Mr. Bartram added that he had also incorporated certain administrative updates to address such things as the new HB 1295 requirements and a tax exempt bond provision requested by the District’s bond counsel. After discussion, upon motion by Director Sams and second by Director Ragland, the Board voted unanimously to approve the renewed Operations Services Agreement with Crossroads Utility Services LLC attached as **Exhibit “G”**.

Director Kochwelp then stated that the Board would receive a report from the District’s utility operator. Mr. Hendrix first reviewed the operations report attached as **Exhibit “H”**. He stated that usage was up, that water loss was down, and that the bacteriological and chlorine samples were all satisfactory. Mr. Hendrix next addressed wastewater treatment plant operations. He stated that the plant had generally performed well through the recent hurricane without a significant spike in inflow and infiltration, which indicated that the manhole coating work completed earlier in the year was working. Mr. Hendrix then reviewed the latest connection, billing, adjustments, and delinquent accounts reports. He reported that there had been five new connections in the District thus far during the fiscal year, and he recommended approval of one write-off in the amount of \$9.08 to be sent to collections. Upon motion by Director Sams and second by Director Dalton, the Board voted unanimously to approve the write-off. Mr. Hendrix next reported that the Travis County Transportation and Natural Resources Department had issued a warning notice regarding a clogged drainage channel that needed to be cleaned out. Copies of the notice and related materials are attached as **Exhibit “I”**. He stated that he was in the process of coordinating to get a contractor on site for an estimate, and he recommended that, in the interest of time, the Board authorize him to proceed with the necessary corrective action at a cost not to exceed \$5,000. After discussion, upon motion by Director Sams and second by Director Ragland, the Board voted unanimously to do so.

Director Kochwelp then stated that the Board would receive a report from the District’s bookkeeper. Ms. Bott first reviewed the bookkeeper’s report and handout update attached

collectively as **Exhibit “J”**, and recommended approval of the Director and vendor payments, with the exception of Director Zuniga’s per diem for today’s meeting, which would be voided due to absence. She then reviewed the latest financial statements. She stated that the District was 100% collected on taxes and ±\$103,000 ahead of plan through July. After discussion, upon motion by Director Dalton and second by Director Ragland, the Board voted unanimously to approve the Director and vendor payments as presented.

Director Kochwelp next announced that the Board would receive reports from the developers. Mr. Bartram stated that Mr. Allison had been unable to attend the meeting but had emailed a short development update, which Mr. Bartram then shared with the Board, a copy of which is attached as **Exhibit “K”**. Mr. Bartram noted that Mr. Allison had identified a drainage channel problem in Section 19A following the heavy rains associated with Hurricane Harvey. Mr. Bartram stated that he would coordinate with Mr. Schroeder to confirm the location of the channel in question and whose responsibility it was. Mr. Schroeder stated that the drainage channel in question had been accepted by the District for operation and maintenance in January. Mr. Bartram stated that he would include an appropriate item on the next agenda for further consideration.

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 “L”**. He confirmed that he had reviewed and recommended approval of the District’s operations invoices. He further reported that he had received and reviewed the developer’s construction plans for Sections 24A and 24B. Mr. Schroeder then addressed items related to the Master District. He reported that the latest average daily flows at the wastewater treatment plant were consistent with the number of current connections, that Master District repairs and maintenance were generally within budget, and that all Master District invoices were in order.

Director Kochwelp next recognized Mr. Taack for a report from the District’s financial advisor. Mr. Taack stated that his office was continuing to monitor build-out and the feasibility of the District’s first bond issue.

Director Kochwelp then recognized Mr. Bartram for purposes of receiving a report from the District’s attorney. Mr. Bartram first reviewed the consultant directives report, noting that the only directive outstanding had been addressed. He next directed the Board’s attention to the emails, aerial map, and related materials attached collectively as **Exhibit “M”**. He reported that Manville Water Supply Corporation (“*Manville WSC*”) had requested a 20’ water line easement along the eastern boundary of the Master District’s wastewater treatment plant property. Mr. Bartram stated that Manville WSC was willing to pay \$5,000 for the easement and that the consensus of the Master District’s consultants was that the proposed location of the easement would not conflict with any current or projected wastewater treatment plant improvements on the property. Mr. Bartram stated that the Master District was inclined to grant the easement but that bond counsel had recommended that the consent of all of the Participant Districts be obtained because the easement was technically an encumbrance on property that all of the Participant Districts paid taxes on under the Master District contract. After discussion, upon motion by Director Sams and second by Director Ragland, the Board voted unanimously to consent to the Master District’s grant of the requested water line easement to Manville WSC.

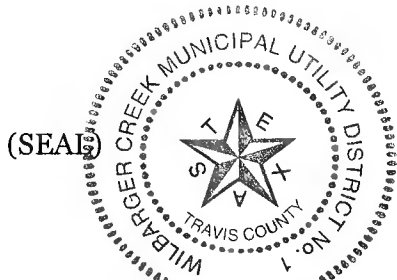
Director Kochwelp next announced that the Board would consider the Master District and Advisory Committee items on the agenda. Mr. Bartram directed the Board’s attention to the agenda and minutes from the most recent joint meeting of the Board of Directors of Wilbarger Creek Municipal Utility District 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. After discussion, the Board agreed to meet again in October and thereafter schedule meetings on an as-needed basis, consistent with past practice.

Director Kochwelp then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 12:24 p.m.

*(Signature page follows.)*



Date: October 5, 2017



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Scott Sams  
Secretary, Board of Directors