

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

October 1, 2015

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 October 1, 2015, 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 Directors Dalton and Zuniga, thus constituting a quorum. Also present at the meeting were Mary Bott of Bott & Douthitt, PLLC, the District's bookkeeper; Dennis Hendrix of Crossroads Utility Services LLC, the District's utility operator; Russ Allison of Argent Management, LLC, representing SG Land Holdings LLC, the residential developer in the District; Ken Schroeder of Schroeder Engineering Company, the District's engineer; and John Bartram of Armbrust & Brown, PLLC, the District's general legal counsel.

Director Kochwelp called the meeting to order at 12:00 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 September 3, 2015 Board meeting. Ms. Bott pointed out an incorrect reference to Mr. Douthitt. Mr. Bartram stated that he would correct the minutes accordingly. Upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the minutes, as corrected.

Director Kochwelp then stated that the Board would consider revised developer funding obligations for the 2015-2016 fiscal year. Mr. Bartram reported that Ms. Allen and Ms. Bott had determined that, based on the increase in property values and the District's general fund balance, the overall level of developer funding for the 2015-2016 fiscal year could be reduced from \$137,750 to \$83,190, which would still be pro-rated between the two developers based on acreage. Director Kochwelp asked Mr. Allison if his company supported the reduced developer funding amounts, and Mr. Allison confirmed that it did. He stated that his company also realized that it needed to hit its projections in order to limit the District's need for developer funding. After discussion, upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the revised Developer Funding Agreements with SG Land Holdings LLC and ShadowGlen Development Corporation for the 2015-2016 fiscal year, copies of which are attached collectively as **Exhibit "B"**.

Director Kochwelp next announced that the Board would consider budgets for the joint facilities projects shared with one or more other districts. Mr. Bartram presented and reviewed the notices from Travis County Municipal Utility District No. 2 ("*TCMUD#2*"), copies of which are attached collectively as **Exhibit "C"**, advising the District that TCMUD#2 had adopted operating budgets for the 2015-2016 fiscal year for four joint facilities projects in its capacity as the manager of those joint facilities. Mr. Bartram stated that all four of these projects affected the District and that limited expenses were anticipated. He stated that the Southwest Detention Pond project was nearing completion and that the budget for this project might need to be tweaked depending on the scope of utility versus amenity responsibilities. Upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the joint facilities budgets.

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 "D"**. He reported that water usage was up to a record level in August, but was still under the take-or-pay contract amount for now. He confirmed that the bacteriological and chlorine samples were all satisfactory and reported that water loss had increased to $\pm 9\%$. Director Sams asked if 9% was standard. Mr. Hendrix stated that it was on the high end of the range of acceptability. Mr. Schroeder stated that water loss under 10% was generally considered acceptable. Mr. Hendrix next reported that the wastewater treatment plant was running well. He then reviewed the latest connection report, noting that there had been only one new connection in the District this year. He then reviewed the billing, adjustments, and delinquent accounts reports and stated that there were no write-offs to consider this month. Mr. Hendrix next reported that the annual hydrant, valve, and manhole survey was complete. He stated that no problems with the manholes were identified but that many of the fire hydrants were in need of painting. He stated that he would work up a proposal to have them repainted for consideration at the Board's next meeting. He then concluded the operations report by noting that the contractor constructing the Southwest Detention Pond had requested 20,000,000 gallons of water to fill the pond and stabilize the clay liner. He stated that he was working with the developer and the District's other consultants to determine how this would affect the take-or-pay wholesale minimum and whether there were any other options. Mr. Bartram stated that preliminary indications were that the wholesale water provider might permit a one-time sale of water that did not count against the take-or-pay minimum. Director Kochwelp suggested that it count toward the take-or-pay but not increase it. Mr. Hendrix stated that he was working through those details and would keep the Board apprised.

Director Kochwelp then stated that the Board would receive a report from the District's bookkeeper. Ms. Bott first reviewed the bookkeeper's report attached as **Exhibit "E"**, including the bills, invoices, and transfers set forth on the updated cash activity report, and recommended approval. She next reviewed the tax collection report and the District's latest financial statements. She stated that the District was currently $\pm \$55,000$ ahead of plan. After discussion, upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the bills, invoices, and transfers as presented.

Director Kochwelp then stated that the Board would receive reports from the developers and recognized Mr. Allison. Mr. Allison reported that all of the engineered residential lots had been spoken for. He stated that the remaining lots in Sections 12 and 13 were under contract to Dreamfinders Homes and that Scott Felder Homes had contracted to purchase the lots in Sections 19A and 19B with an option to purchase the lots in Section 20. He reported that the construction contract for Section 19A had been executed the previous day and that Section 14B-1 was already 75% to 80% complete.

Director Kochwelp then stated that the Board would receive a report from the District's engineer. Mr. Schroeder first reviewed the design engineer's letter and accompanying bid tabulation for the ShadowGlen Phase 2, Section 19A water, wastewater, and drainage improvements, copies of which are attached as **Exhibit "F"**. He stated that five bids had been received for the project, the lowest of which was from DNT Construction in the amount of \$763,285.45, and that the developer's design engineer had recommended award of the construction contract to the low bidder. Mr. Schroeder next reviewed the design engineer's letter and accompanying bid tabulation for the ShadowGlen Trace Commercial water, wastewater, and drainage improvements, copies of which are attached as **Exhibit "G"**. He stated that seven bids had been received for the project, the lowest of which was from Smith Contracting Company, Inc. in the amount of \$256,638.20, and that the developer's design engineer had recommended award of the construction contract to the low bidder. Mr. Schroeder confirmed that he had reviewed the bid tabulations and concurred with the recommendations to award the contracts to the low bidders on the foregoing projects. After discussion, upon motion by Director Ragland and second by Director Sams, the Board voted unanimously to approve the award of the construction contract for the ShadowGlen Phase 2, Section 19A water, wastewater, and drainage improvements to DNT Construction and the award of the construction contract for the ShadowGlen Trace Commercial water, wastewater, and drainage improvements to Smith Contracting Company, Inc. Mr. Schroeder next reviewed the engineering report attached as **Exhibit "H"**. With respect to District matters, he stated that the Crossroads Utility Services invoice was in order and within budget. He then addressed items related to the Master District, noting that the daily wastewater flows at the wastewater treatment plant for the month of August had averaged $\pm 174,000$ gpd, with a maximum day of $\pm 280,000$ gpd, which were generally within the expected range of flows based on the current number of connections. He reported that Master District repairs and maintenance were generally within budget and all invoices were in order. He noted that there had been one excursion at the wastewater treatment plant related to the seven-day phosphorous average due to an alum pump malfunction but that this had been remedied and did not require any notice to the Texas Commission on Environmental Quality. Mr. Schroeder then concluded by reporting that the Master District had finalized a capital improvement and maintenance plan for the next several years for use in future budgeting cycles.

Director Kochwelp next announced that the Board would receive a report from the District's financial advisor. Mr. Bartram advised that Ms. Allen had been unable to attend the meeting but had called to report that she continued to work with the developer on opportunities for the ShadowGlen districts to assist the developer in expediting construction of a bridge across Wilbarger Creek connecting the existing development in the District and Travis County MUD No. 2 to the undeveloped land in Wilbarger Creek MUD No. 2.

Director Kochwelp then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram reviewed the outstanding consultant directives, noting that most were complete or in process. He stated that he would follow up with Mr. Burnett regarding status of payment of property taxes on the director lot.

Director Kochwelp next announced that the Board would consider the Master District and Advisory Committee items on the agenda. Mr. Bartram first reviewed the Master District budget for the 2015- 2016 fiscal year attached as **Exhibit "I"**, which he noted had been adopted in September and was being presented in accordance with the Master District Contract. He then reviewed the Master District's reservation and allocation of capacity for the 2016 fiscal year as reflected in the Calculation of Reserved and Allocated Water/Wastewater LUEs for FYE

9/30/2016 attached as **Exhibit “J”**, as required under the Master District Contract and the Master District’s Resolution Adopting Policy Regarding Reservation and Allocation of Capacity in Master District Facilities. Mr. Bartram then directed the Board’s attention to the agendas 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. He then concluded by reviewing the Master District’s capital improvement and maintenance plans for 2015-2019, copies of which are attached as **Exhibit “K”**.

Director Kochwelp then stated that the Board would consider its future meeting schedule and agenda items. After discussion, the Board agreed to adhere generally to an every-other-month meeting schedule, with the understanding that meetings would be cancelled as appropriate.

Director Kochwelp then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 12:28 p.m.

(Signature page follows.)

(SEAL)



A handwritten signature in black ink, appearing to read "SAMS", written over a horizontal line.

Scott Sams, Secretary
Board of Directors

Date: February 4, 2016