

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

November 3, 2016

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 November 3, 2016, 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 Sams and Ragland, thus constituting a quorum. Also present at the meeting were Lisa Wald of Bott & Douthitt, PLLC, the District's bookkeeper; Dennis Hendrix of Crossroads Utility Services LLC, the District's utility operator; Russ Allison and Crys Sanders 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; Cheryl Allen and 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 12:05 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 15, 2016 Board meeting. Upon motion by Director Zuniga and second by Director Dalton, the Board voted unanimously to approve the minutes as presented.

Director Kochwelp then stated that the Board would consider the bond-related items on the Agenda. Ms. Allen reviewed the feasibility materials attached as **Exhibit "B"** and noted that the proposed bond issue was still sized at \$3,030,000 with a projected interest rate of 3.75%. She reviewed the projections, noting that they were consistent with the market study, and she pointed out that, after issuance of the bonds, the District would still be able to maintain a healthy general fund balance. Mr. Schroeder stated that he had received most of the cost information for the bond application report but was still waiting on some back-up documentation on creation costs from the developer. He stated that, in the past, Texas Commission on Environmental Quality ("TCEQ") staff had accepted a plug for creation costs but had recently begun to require back-up documentation substantiating those costs. He indicated that it was his goal to complete and file the bond application by the end of the month. Mr. Bartram then directed the Board's attention to the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds attached as

Exhibit “C”, which he noted would authorize the bond application to be filed with the TCEQ upon completion. He stated that the Resolution simply authorized the bond application and did not obligate the District to issue bonds. After discussion, upon motion by Director Zuniga and second by Director Dalton, the Board voted unanimously to approve the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, as presented. Director Kochwelp asked how long it would take to obtain approval from the TCEQ, and Ms. Allen estimated seven months.

Director Kochwelp then stated 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 “D”**. He reported that water usage had decreased slightly, and he confirmed that the bacteriological and chlorine samples were all satisfactory. He stated that water loss had stabilized at 6.95% in August, which was closer to the typical water loss average in the system. Director Kochwelp asked if the cause of the water loss spike earlier in the year had been identified. Mr. Hendrix stated that he could not say for certain but that he suspected that flushing and other unmetered construction usage was a likely factor. Mr. Hendrix next addressed wastewater treatment plant operations. He stated that due to Ovivo USA, LLC (“*Ovivo*”) taking the basins off line for membrane replacements and chemical cleanings, the plant had exceeded the 40% phosphorous limit, which required notification to the TCEQ explaining the cause. Director Kochwelp asked if Ovivo’s membrane replacement work and chemical cleanings could be better coordinated with Crossroads Utility Services in order to avoid similar problems in the future. Mr. Hendrix stated that he was working with Ovivo to get more advance notice of when the basins would be taken off line. Mr. Hendrix next reviewed the latest connection report, noting that there were currently 135 occupied connections in the District. He then reviewed the billing, adjustments, and delinquent accounts reports and recommended approval of one write-off which would be sent to collections. Upon motion by Director Dalton 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. Wald first reviewed the bookkeeper’s report, including the updated action items and cash activity reports, attached collectively as **Exhibit “E”**, and recommended approval of one transfer and the payment of the bills and invoices, with the exception of the per diem payments to Directors Sams and Ragland, which would be voided due to absence. She stated that the District had ended the 2016 fiscal year with 99.99% of taxes collected and a ±\$61,000 positive budget variance. After discussion, upon motion by Director Dalton and second by Director Zuniga, the Board voted unanimously to approve the bills, invoices, and transfer as presented.

Director Kochwelp next announced that the Board would receive reports from the developers. Mr. Allison reported that his company was about to close the sale of several lots in Section 19A to Scott Felder Homes and that homes should be under construction in the District soon.

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 engineering report attached as **Exhibit “F”** and presented and recommended approval of the following pay estimates, copies of which are attached collectively as **Exhibit “G”**: (i) pay estimate nos. 6 and 7 (final) for the ShadowGlen Trace commercial project; and (ii) pay estimate nos. 9 and 10 (final) for the ShadowGlen Phase 2, Section 19A project. Upon motion by Director Zuniga and second by Director Dalton, the Board voted unanimously to approve the pay estimates. Mr. Schroeder confirmed that both of these projects were now complete but stated that he had not yet received all of the close-out documentation required for acceptance. He suggested that, if the Board was

not going to meet for a few months, the Board could authorize him to administratively accept the projects for operation and maintenance upon receipt of all outstanding documentation. Director Kochwelp stated that he was comfortable with that suggestion, and, upon motion by Director Dalton and second by Director Zuniga, the Board voted unanimously to authorize Mr. Schroeder to administratively accept the ShadowGlen Trace Commercial and Section 19A projects for operation and maintenance upon receipt of all outstanding close-out documentation. Mr. Schroeder then addressed items related to the Master District. He reviewed the latest daily wastewater flows at the wastewater treatment plant and concluded by reporting that Master District repairs and maintenance were generally within budget and that all invoices were in order.

Director Kochwelp next announced that the Board would receive a report from the District's financial advisor. Ms. Allen stated that she had nothing further to report at this time.

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 there were no directives outstanding. He next reported that the developer had apparently recently increased its development loan with First Continental Investment Co., Ltd. and that the lender was requesting another round of acknowledgments from the ShadowGlen districts. Mr. Bartram stated that he would review the documentation submitted by the lender and include an appropriate item on the Board's next meeting agenda.

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 2016-2017 fiscal year attached as **Exhibit "H"**, 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 2017 fiscal year as reflected in the Calculation of Reserved and Allocated Water/Wastewater LUEs for FYE 9/30/2017 attached as **Exhibit "I"**, 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 next presented and reviewed the notices from Travis County Municipal Utility District No. 2 ("**TCMUD#2**"), copies of which are attached collectively as **Exhibit "J"**, advising the District that TCMUD#2 had adopted operating budgets for the 2016-2017 fiscal year for four joint facilities projects in its capacity as the manager of those joint facilities. He stated that all four of these projects affected the District and that limited expenses were anticipated. Mr. Bartram next reported that the Master District was contemplating the issuance of additional new money bonds, which would require notice to and confirmation and other documentation from the Participant Districts. He stated that, in an effort to make that process more efficient, he had worked with the District's bond counsel to prepare the Resolution Authorizing Confirmation of Notice of Intent to Issue or Approve Master District Bonds, and Other Action Related Thereto attached as **Exhibit "K"**, which would authorize the officers of the Participant Districts to confirm receipt of notice and execute the certificates and other paperwork required by bond counsel in connection with the issuance of Master District bonds between meetings, similar to what the Participant Districts had previously approved with respect to Master District refunding bonds. After discussion, upon motion by Director Zuniga and second by Director Dalton, the Board voted unanimously to approve the Resolution Authorizing Confirmation of Notice of Intent to Issue or Approve Master District Bonds, and Other Action Related Thereto, as presented. Director Kochwelp asked if the Master District's bonds were factored into the feasibility analysis for the District's bonds, and Ms. Allen confirmed that they were. 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.

Director Kochwelp then stated that the Board would consider its future meeting schedule and agenda items. Mr. Bartram stated that the Board would need to meet in February in order to consider approval of the audit for the latest fiscal year. After discussion, the Board confirmed that the next meeting would be scheduled on an as-needed basis.

Director Kochwelp then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 12:38 p.m.

(Signature page follows.)



Scott Sams
Secretary, Board of Directors

Date: February 2, 2017