

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**

August 6, 2025

THE STATE OF TEXAS       §  
  §  
COUNTY OF TRAVIS       §

A meeting of the Board of Directors of Travis County Municipal Utility District No. 2 (the "District") was held on August 6, 2025 at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701. The meeting was open to the public and notice was given in accordance with the Texas Open Meetings Act. Copies of the Certificates of Posting of the notice are attached collectively as **Exhibit "A"**.

The meeting was called to order at 12:00 p.m. The roll was called of the members of the Board:

Wilmer Roberts	-	President
Raymond C. Mura	-	Vice President
Tracy T. Johnson	-	Secretary
Daffney A. Henry	-	Assistant Secretary
Sarah Rossig	-	Assistant Secretary

and all of the Directors were present except Director Rossig, who arrived later, thus constituting a quorum. Also present in person at the meeting were Dennis Hendrix of Crossroads Utility Services LLC ("Crossroads"), the District's utility operator; John Barcellona of Jones-Heroy & Associates, Inc. ("JHA"), the District's engineer; Kyle Fadal of TexaScapes, Inc., the District's landscape maintenance contractor; and John Bartram of Armbrust & Brown, PLLC, the District's general legal counsel. Attending the meeting via telephone conference call were Russ Allison and Robert Starkman representing SG Land Holdings LLC, a developer in the District; Lauren Smith of Public Finance Group LLC, the District's financial advisor; and Allen Douthitt of Bott & Douthitt, PLLC, the District's accountant.

Mr. Bartram announced that he would be moderating the meeting on behalf of the Board, and he stated that the Board would first receive public comment. Director Rossig arrived at this time. There being no citizens' communications or Board member announcements, Mr. Bartram announced that the Board would next consider approving the minutes of the June 4, 2025 Board meeting. After review, upon motion by Director Mura and second by Director Johnson, the minutes were approved unanimously.

Mr. Bartram next recommended that the Board revise the District's Registration Form to reflect the engagement of JHA as the District's engineer and to update Crossroads' address. He also recommended that the District's consultants review their respective information and confirm that everything was still current. After review, upon motion by Director Roberts and second by Director Henry the Board voted unanimously to approve the revised District Registration Form attached as **Exhibit "B"** and its filing with the Texas Commission on Environmental Quality.

Mr. Bartram also recommended that the Board update the District's approved offices and meeting places outside the boundaries of the District to replace the offices of Schroeder Engineering Company with the offices of JHA and to update Crossroads' address. After review, upon motion by Director Mura and second by Director Rossig, the Board voted unanimously to approve the Amended and Restated Resolution Establishing Offices and Meeting Places of the

Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Bard attached as **Exhibit “C”**.

Mr. Bartram next announced that the Board would consider the Budget and Tax Items section of the agenda. He first reviewed the schedule and process for adopting a budget and setting a tax rate. He reminded the Board that the next meeting was scheduled for noon on Wednesday, September 3<sup>rd</sup>, and he asked the Board members to verify their availability. Director Rossig indicated that she may not be able to attend. The other Board members confirmed that they were all available. Mr. Bartram next directed the Board’s attention to the 2025 Certified Net Taxable Value from Travis Central Appraisal District attached as **Exhibit “D”**. He indicated that the net taxable value within the District for 2025 was ±\$456 million, which was down from ±\$485 million in 2024, with ±\$13.5 million still under protest. He added that the taxable value of the average homestead had also decreased from ±\$386,000 last year to ±\$366,000 this year. Mr. Bartram next advised the Board that water districts were divided into three classifications for tax rate purposes – low tax rate districts, developed districts, and other or “developing” districts. He referred the Board to the memorandum attached as **Exhibit “E”** and explained that low tax rate districts were districts with an operation and maintenance tax of 2½ cents or less; that developed districts were districts that had financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with applicable law; and that all other districts fell into the “other” or “developing” category. Mr. Bartram stated that the tax rate classification was important because it governed the rollback rate rules and procedures that would apply to the District. He indicated that the Board would need to determine the District’s tax rate classification annually, and he asked Ms. Smith and Mr. Barcellona for their recommendations for the 2025 tax year. Mr. Barcellona and Ms. Smith concurred that, based on the status of development and funding of infrastructure, the District was still a “developing district”.

Mr. Bartram then stated that the Board would conduct a work session on the proposed tax rate and draft budget for the next fiscal year. Ms. Smith reviewed the 2025 Tax Rate Analysis and related materials attached collectively as **Exhibit “F”** and, due to the decrease in property values, addressed two scenarios – the first at a total tax rate of \$0.7925, which she noted was the same rate as last year and would result in a \$160 decrease in the average tax bill, and the second at a total tax rate of \$0.8310, which she indicated would result in a \$20 decrease in the average tax bill. She stated that increasing the tax rate without increasing the average tax bill would give the Board some flexibility with respect to future bond issues. She noted that District would be able to meet its financial obligations under either scenario and that both scenarios were under the rollback threshold for developing districts, which meant that the rollback rate calculations would not be an issue this year. Mr. Bartram noted that the Board could adopt a lower tax rate next month, but not a higher tax rate. Ms. Smith then concluded by pointing out that property values in the Master District’s service area had also decreased; however, she confirmed that a \$0.35 contract tax would be sufficient to fund the Master District’s operations and debt service requirements. Director Roberts asked if Cheryl Allen had talked to the appraisal district about the decrease in property values. Ms. Smith confirmed that her office had had multiple conversations with the appraisal district, but that the chief appraiser felt that last year’s values were inflated and that the reduced values better reflected the current market.

Mr. Douthitt then reviewed the draft budget for the 2025-2026 fiscal year attached as **Exhibit “G”**, which he stated was based on the certified assessed values, the tax rate allocations recommended by the District’s financial advisor, and historical “run rates plus a little”. He pointed out that property tax revenues should have been projected at \$812,000, not \$855,000; that garbage collection fees had increased again; and that, accounting for the correction in

property tax revenues, the budget projected a year-end net surplus of ±\$100,000. Mr. Douthit also reviewed the Joint Facilities Budget attached as **Exhibit “H”** and noted that, based on input from Mr. Hendrix, he had increased the budgets for the detention ponds managed by the District. He stressed that the budgets were drafts that were subject to change and that the final versions would be considered in September. He echoed Ms. Smith’s observation that a slight increase in the tax rate would give the District more flexibility for future bond issues. Director Johnson noted that the District’s utility infrastructure was aging and that a cushion in the tax rate would help in the event of emergency repairs. Director Mura stated that he was in support of the higher tax rate scenario. The Board generally concurred. Discussion of the increased garbage collection costs ensued. Mr. Bartram noted that the District was required by contract to receive solid waste and recycling collection services through the City of Manor. Mr. Hendrix stated that it was his understanding that the City’s new contract for solid waste collection services provided for periodic cost escalations as well as certain pass-through costs, such as landfill fees. **The Board expressed frustrations with the City’s solid waste collection contract and service provider and directed Mr. Bartram to send the City a letter requesting a copy of the City’s current contract and communicating the Board’s concerns about the repeated cost increases.** Mr. Bartram then summarized the action required with respect to the budget and tax rate items on today’s agenda. Upon motion by Director Mura and second by Director Henry, the Board voted to: (i) classify the District as a “developing district” for the 2025 tax year; (ii) establish a proposed 2025 tax rate of \$0.8310 per \$100 valuation; (iii) schedule a public hearing at noon on Wednesday, September 3, 2025 to consider the adoption of the tax rate; and (iv) authorize the Water District Notice of Public Hearing on Tax Rate to be published in the newspaper, with Directors Roberts, Mura, Johnson, Henry, and Rossig all present and voting “aye”.

Mr. Bartram then stated that the Board would consider the Master District and Advisory Committee items on the agenda. He first reviewed the notice from Metro Water System, Inc. (“*Metro*”) attached as **Exhibit “I”**, advising the Participant Districts of the annual surcharge passing through to the Participant Districts an increase in Metro’s water costs from EPCOR (*fka* Blue Water). Mr. Hendrix then reported that the elevated storage tanks were full, that water pressures were normal, that EPCOR was scheduled to start a new booster station project within the next 60 to 90 days, and that he was working at the Master District level to resolve the persisting water discoloration complaints within the community. He next updated the Board on wastewater treatment plant operations and the status of the Master District’s 1.0 mgd and 1.5 mgd wastewater treatment plant expansion projects. Mr. Bartram then concluded the Master District and Advisory Committee items by directing the Board’s attention to the agenda(s) and minutes from the most recent joint meeting(s) 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.

Mr. Bartram next announced that the Board would move to the Reports and Related Action Items section of the agenda, and he recognized Mr. Allison for a report from the developer. Mr. Allison reported that Section 18A, which was the last section to be developed in the District, was under construction by Perry Homes, that the wet utilities were almost complete, and that there had not been any issues so far. Mr. Starkman stated that he did not have anything to add.

Mr. Bartram next recognized Director Johnson for a report on website design and management. Director Johnson reported that the website was stable, that the number of visits had leveled off, and that he had not received any complaints.

Mr. Bartram then stated that the Board would receive a report from the District’s utility operator. Mr. Hendrix directed the Board’s attention to the General Manager’s Report attached as **Exhibit “J”** and reviewed the latest water usage, water accountability, connection, billing, and

delinquent accounts reports. He reported that water loss was estimated at 0% due the fact that Metro's master meter had failed and was pending replacement; that all facilities were generally operating well; that he had no concerns regarding aged receivables; and that there were no write-offs for consideration this month. He noted that a replacement master meter had been ordered, and he stated that he would coordinate with Metro to estimate usage based on historic averages until the meter was replaced.

Mr. Hendrix next addressed maintenance of the District's drainage facilities, and he recommended that the District's existing contract with TexaScapes be amended to cover cleanout of the District's drainage structures as needed on a time and materials basis, as outlined in the proposal from TexaScapes attached as **Exhibit "K"**. Mr. Fadal explained how he envisioned maintenance tasks would be authorized by Mr. Hendrix and the Board. Director Johnson asked if maintenance proposals would be supported with photographs. Mr. Fadal confirmed that standard operating procedures would include "before and after" photographs. Director Roberts asked if development of the adjacent Butler tract was affecting the District's drainage system. Mr. Hendrix stated that the Butler tract drained in other directions but that he would monitor the situation. After discussion, upon motion by Director Rossig and second by Director Mura, **the Board voted unanimously to approve the proposal and to direct Mr. Bartram to prepare an appropriate amendment to the District's existing contract with TexaScapes.**

Mr. Hendrix next addressed maintenance of the joint facility ponds managed by the District. He reported that, in response to the recent inspections and corrective actions identified by Travis County's Transportation and Natural Resources Department at the Southwest Detention Pond, TexaScapes had developed, and TNR had approved, the maintenance plan attached as **Exhibit "L"** and that TexaScapes had submitted the proposals attached collectively as **Exhibit "M"** for willow removal and a first-time cleanout of the pond outfalls for a total cost of \$29,800. Mr. Fadal stated that maintenance in future years would be handled by separate proposal. Director Roberts expressed continued concerns about the District's liability for the beavers that had taken up residence at the pond. Mr. Hendrix noted that the beaver lodge would be removed as part of TexaScapes scope of work and that it was his expectation that the beavers would relocate voluntarily thereafter. After discussion, upon motion by Director Mura and second by Director Johnson, the Board voted unanimously to approve the proposals from TexaScapes for willow removal and first-time outfall cleanout, as presented.

Mr. Hendrix then concluded by addressing solid waste and recycling collection services. Mr. Bartram directed the Board's attention to the Supplemental Agenda and advised that, as mentioned previously during the meeting, the City of Manor had again increased the rates for solid waste collection services and that Mr. Douthitt was recommending that the increase be passed through to the District's retail rates via an amendment to the District's rate order. Mr. Douthitt stated that he would verify the exact amount by which the District's retail base should be increased. After discussion, upon motion by Director Mura and second by Director Rossig, 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 "N"**, subject to verification by Mr. Douthitt of the amount of the base fee increase.

Mr. Bartram next recognized Mr. Douthitt for purposes of receiving a report from the District's accountant. Mr. Douthitt directed the Board's attention to the accounting report and updated cash activity report attached collectively as **Exhibit "O"** and recommended approval of all Director and vendor payments and fund transfers, as well as the District's September bond payments. He next reviewed the District's latest tax collection report, collateral report, quarterly investment report, and financial statements. He pointed out that over 97% of the District's 2024

tax levy had been collected and that the District was ±\$174,000 “to the good” year to date. After discussion, upon motion by Director Mura and second by Director Rossig, the Board voted unanimously to approve the Director and vendor payments, transfers, and bond payments, as presented.

Mr. Bartram next recognized Mr. Barcellona for a report from the District’s engineer. Mr. Barcellona directed the Board’s attention to the memorandum report attached as **Exhibit “P”**, and reported that bids for ShadowGlen Phase 2, Section 18A had been opened in December 2022; that only one bid had been received from JL Gray Construction, Inc. in the amount of \$1,673,770.75; that the design engineer had recommended award of the contract to the sole bidder, as reflected in the correspondence attached as **Exhibit “Q”**; and that his office, as the District’s engineer, concurred. He added that JHA had received pay estimate no. 3 for the project but was waiting on copies of the executed contract, payment and performance bonds, and prior pay estimates before recommending approval. After discussion, upon motion by Director Rossig and second by Director Johnson, the Board voted unanimously to ratify the award of the construction contract for ShadowGlen Phase 2, Section 18A to JL Gray Construction, Inc. as the sole bidder on the project, as recommended.

Mr. Bartram next recognized Ms. Smith for a report from the District’s financial advisor. Ms. Smith stated that she had nothing further to address at this time.

Mr. Bartram stated that the next item on the agenda was a report from the District’s attorney. He first advised that there were currently no outstanding directives. He then concluded by recapping the 2025 Legislative Session and highlighting certain legislation affecting water districts, including changes to the notice of public meeting (agenda) posting requirements that would take effect on September 1, 2025 pursuant to H.B. 1522.

Mr. Bartram next announced that the Board would move to the Other Discussion/Action Items section of the agenda and conclude by reviewing the future meeting schedule. He reminded the Board that the next meeting was scheduled for September 3<sup>rd</sup>.

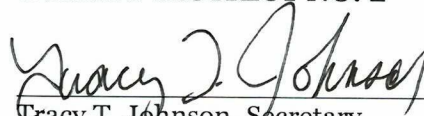
There being no further business to come before the Board, upon motion by Director Mura and second by Director Henry, the meeting was adjourned at 1:39 p.m.

*(Signature page follows.)*

(SEAL)



**TRAVIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 2**

  
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Tracy T. Johnson, Secretary

Board of Directors

Date: September 3, 2025