

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

October 1, 2025

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A meeting of the Board of Directors of Travis County Municipal Utility District No. 2 (the “District”) was held on October 1, 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 12:05 p.m., and 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

All of the Directors were present, 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; and Jayne Stark 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 and Tyler 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. There being no citizens’ communications or Board member announcements, Mr. Bartram announced that the Board would next consider approving the minutes of the September 3, 2025 Board meeting. After review, upon motion by Director Rossig and second by Director Roberts, the minutes were approved unanimously.

Mr. Bartram then stated that the Board would consider the Master District and Advisory Committee items on the agenda. Mr. Hendrix first reported that the elevated water storage tanks were full, that water pressures were normal, that water quality reports were down, and that he was working at the Master District level to resolve the water discoloration issues within the community. He presented a “coupon” (i.e., cut-out) from the Master District’s 24” water transmission line and explained that, although the overall condition of the pipe was good, the inside of the pipe had not been coated and, thus, the iron and manganese was leaching out. He stated that the Master District had asked Crossroads to obtain three additional coupons from other areas along the transmission line in order to verify the condition of the pipe; and he indicated that, if the integrity of the pipe was sound, periodic “ice pigging” of the 24” transmission line would likely be his recommendation going forward.

Mr. Hendrix 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. He stated that the existing plant was operating well and in compliance with the discharge permit, that a substantial completion "walk" for the 1.0 mgd expansion had been completed last month and that the project should be fully accepted within the next month or so, and that the engineering work on the 1.5 mgd expansion was underway. He noted that the 1.5 mgd expansion would include an on-site screw press for sludge processing, which would significantly reduce the cost of sludge hauls. Director Rossig asked where sludge was currently being disposed of. Mr. Hendrix stated that the Master District's sludge hauler transported the sludge to its own facility where the sludge was processed into "cake" and Dillo Dirt.

Mr. Bartram next reviewed the Master District budget for the 2025-2026 fiscal year attached as **Exhibit "B"**, which he noted had been adopted by the Master District in September and was being presented in accordance with the Master District Contract. He then reviewed the Master District's calculation of reserve requirements and reservation and allocation of capacity for the 2025-2026 fiscal year as reflected in the Calculation of Reserve Requirements FY 2025-2026 and the Manor Area Districts Calculation of Reserved and Allocated Water/Wastewater LUEs for FYE 9/30/2026 attached collectively as **Exhibit "C"**, 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 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. He stated that the subdivision should be fully paved by the end of the month and that home construction and sales should be in process by the end of the year. Mr. Allison then stated that it was his understanding that the District would need to issue two additional installments of bonds in order to fully reimburse the developer, and he asked for an update on the District's proposed Series 2026 bonds. Mr. Bartram confirmed that JHA was working on the bond application. 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 he had created a new page for the District's website for all budget, tax, and audit information and had completed other minor tune-ups, including correcting the links to Crossroads' website.

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 "D"** and reviewed the latest water usage, water accountability, connection, billing, and delinquent accounts reports. He reported that water loss was still estimated at 0% due to the failed master meter. He stated that a replacement master meter had been ordered and that he would coordinate with the wholesale water provider to estimate usage based on historic averages until the meter was replaced. He next reported that all facilities were generally operating well; that he had no concerns regarding aged receivables; that there were two write-offs for consideration this month in a total amount of \$1,457.89, one of which was a rental account; that he was coordinating with JHA to locate all of the valves necessary to isolate the District's water system from Wilbarger Creek MUD No. 1's water system; that Stage 2 water restrictions were still in effect; and that TexaScapes had started to clean up the detention ponds. He noted that the

initial reports from TexaScapes were that the beavers had apparently vacated the Southwest Detention Pond. Regarding the write-off for the rental account, Director Roberts asked if the District could make the landlord (*i.e.*, the actual owner of the home) responsible for the tenant's delinquent account. Mr. Hendrix stated that that was not permitted under Texas law. As an alternative, Director Roberts suggested that the District increase the security deposit for rental accounts. Mr. Hendrix stated that the District's security deposit for rental accounts was already twice the amount of the security deposit for owner accounts. He added that the underlying issue in this particular situation was apparently a water leak and request for a leak adjustment under the District's rate order. Director Henry stated that there should be some mechanism to ensure that water leaks were repaired promptly so that delinquent accounts were not run up so high. The Board generally concurred. Mr. Bartram stated that he would review the District's current rules with Mr. Hendrix offline and report back at the next meeting. After further discussion, upon motion by Director Mura and second by Director Henry, the Board voted unanimously to approve the write-offs as recommended.

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 "E"** and recommended approval of all Director and vendor payments and fund transfers. He noted that the updated cash activity report included a payment to BLX Group LLC ("**BLX**"), the District's arbitrage and yield restriction compliance specialist, as well as a payment to the Internal Revenue Service (the "**IRS**"), and he directed the Board's attention to the Interim Arbitrage Rebate and Yield Restriction Analyses report from BLX and the related opinion letter from Orrick, Herrington & Sutcliffe LLP, a law firm affiliated with BLX, attached collectively as **Exhibit "F"**, which concluded that, due to higher interest rates, a \$5,308.71 yield reduction payment was due to the IRS for the September 2, 2020 through September 2, 2025 computation period for the District's \$5,000,000 Series 2020A bonds. Director Roberts recalled that the District had recently approved such payment. Mr. Douthitt stated that the prior payment was for a different bond issue. Mr. Douthitt next reviewed the District's latest collateral report, tax collection report, and financial statements. He pointed out that over 98% of the District's 2024 tax levy had been collected and that the District was \pm \$227,000 "to the good" through the end of August. After discussion, upon motion by Director Mura and second by Director Henry, the Board voted unanimously to approve the Director and vendor payments and fund transfers, as presented, including the yield reduction payment and submission of the related IRS Form 8038-T, as well as the invoice from BLX, attached collectively as **Exhibit "G"**, for preparation of the Interim Arbitrage Rebate and Yield Restriction Analyses report. Mr. Douthitt then concluded by reporting that, as directed last month, he had connected with representatives of Frontier Bank in an effort to determine if Frontier Bank could serve as a financial depository for the District and had been provided with numerous account-related documents that were under review by the District's attorney. Mr. Bartram reminded the Board that the reason for vetting Frontier Bank was in response to fraudulent activity on the District's accounts at Prosperity Bank and a recommendation from Mr. Douthitt to close those accounts and to open new accounts at another bank that offered enhanced account security services. He stated that it could take some time to review Frontier Bank's account documents and that, consequently, there were two options – either (i) open a new account at Prosperity Bank while the Frontier Bank account paperwork was reviewed and negotiated, or (ii) open new accounts at another bank whose account documentation had already been vetted, such as ABC Bank, in the interest of time. Mr. Douthitt stated that it would be more expeditious to proceed with option 2. The Board generally agreed and, after discussion, Director Rossig moved that the District's accounts at Prosperity Bank be closed; that new accounts at ABC Bank be opened, including approval all applicable account agreements and signature cards; and that the District's accountant and attorney be directed to continue to vet Frontier Bank as an

alternative depository for future consideration. Upon second by Director Mura, the motion passed unanimously.

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 "H"**, and presented and recommended approval of the following pay estimates for ShadowGlen Phase 2, Section 18A:

- **Pay Estimate No. 1 for \$47,963.25**
- **Pay Estimate No. 2 for \$266,291.50**
- **Pay Estimate No. 3 for \$841,060.17**
- **Pay Estimate No. 4 for \$215,574.98**
- **Pay Estimate No. 5 for \$5,863.50**

Mr. Bartram explained that these amounts were actually being paid by the developer but tracked by the District's engineer for future reimbursement purposes. After discussion, upon motion by Director Mura and second by Director Johnson, the Board voted unanimously to ratify payment of the foregoing pay estimates. Mr. Barcellona concluded by reporting that he was coordinating with Crossroads and the Master District's other consultants on the wastewater treatment plant expansion projects. Director Mura asked when the 1.5 mgd expansion project would be bonded. Mr. Hendrix stated that the current schedule anticipated that the Master District would issue bonds in the middle of next year to fund the construction of the 1.5 mgd expansion, which he indicated would be a five year project.

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 advised that the prior directives were either complete or in process. He reported that Messrs. Hendrix and Douthitt and he had met with City of Manor staff to review the City's billing procedures for solid waste and collection services and the District's frustrations regarding lack of notice of rate changes and imposition of late fees and were awaiting a response. Mr. Douthitt explained that, under the current process, the District had only three to five days to remit payment by courier. However, he noted that the City did accept electronic payments, and he recommended that the Board consider authorizing him to set that up in order to minimize the risk of future late fees. Upon motion by Director Mura and second by Director Rossig, the Board voted unanimously to authorize the District's accountant to set the District up to pay the City of Manor's invoices for solid waste and recycling collection services electronically.

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. After discussion, the Board agreed that, unless there was a need to meet next month, the November meeting would be canceled and the December meeting would be held as scheduled on December 3rd, but starting at 11:00 a.m. in order to accommodate a traditional holiday appreciation lunch after the meeting.

Mr. Bartram then asked if there was any further business to come before the Board. Director Roberts stated that some residents had bald lawns due to current watering restrictions, and he asked if those restrictions could be relaxed by action today under agenda item 10(a)(i)(3). Mr. Hendrix stated that, now that all water pressure and supply issues had been addressed, he was comfortable going back to Stage 1 watering restrictions. Director Henry observed that the restrictive covenants applicable in the District needed to be updated to permit more

drought-tolerant landscaping. After discussion, upon motion by Director Roberts and second by Director Henry, the Board voted 4 to 1 to move from Stage 2 to Stage 1 watering restrictions, with Director Johnson voting “nay”.

There being no further business to come before the Board, upon motion by Director Johnson and second by Director Henry, the meeting was adjourned at 1:38 p.m.

(Signature page follows.)

(SEAL)



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



Tracy T. Johnson, Secretary
Board of Directors

Date: December 3, 2025