

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

CROSSWINDS MUNICIPAL UTILITY DISTRICT §

The Board of Directors (the “Board”) of Crosswinds Municipal Utility District (sometimes referred to herein as the “District”) met in special session, open to the public, on the 13th day of August, 2020, by telephone conference to mitigate the spread of COVID-19 pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, and the roll was called of the members of the Board of Directors, (herein referred to as the “Board”) to-wit:

Amy Laine	President
Lee Weber	Vice President
Elizabeth P. Edwards	Secretary
Anthony Dell’Abate	Assistant Secretary
Michael Gideon	Assistant Secretary

All members of the Board were present by telephone at the commencement of the meeting with the exception of Director Dell’Abate. All members participating at the time a vote was taken, voted on all matters that came before the Board. Also present by telephone were Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, Ronnie Moore with Carlson, Brigance & Doering, Inc. (“CB&D”), engineer for the District, Kristi Hester and Makenzi Scales with Inframark, the District’s operations firm, Justin Taack with Bott and Douthitt, PLLC (“Bott & Douthitt”), the District’s bookkeeping firm and Corey Howell, with GMS Group, Inc., the District’s financial advisor. In addition, Terry Howe, representing Development Solutions CW, LLC (“Dev Sol”), the current developer of lands within the District, joined into the telephone conference also.

Judy McAngus explained a few guidelines for the telephone conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to ensure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then called to order, and evidence was presented that public notice of such meeting had been given as required by law.

1. The Board called for public comments. Hearing no comments, the Board continued on to the next item of business.

2. The Board acknowledged receipt of a copy of the draft minutes of the Board's July 9, 2020 regular meeting and following a review and motion by Directors Weber, seconded by Director Gideon and unanimous approval, said Minutes were approved as written.

3. Upon motion by Director Laine, seconded by Director Gideon and unanimously carried, the Board approved and ratified that certain First Amendment to Professional Services Agreement between the District and Inframark, LLC, a copy of which is attached hereto as **EXHIBIT "A"**.

4. The Board confirmed receipt of the District's 2020 Certified Estimate of Values from the Hays Central Appraisal District, a copy of which is attached hereto as **EXHIBIT "B"**.

5. Corey Howell with GMS Group, the District's financial advisor, was recognized and reviewed a listing of 2020 Tax Rate Setting Points for discussions dated August 13, 2020 which contained Recommendations and a Findings/Analysis with respect to a proposed tax rate recommendation for the District's 2020 tax rate, a copy of which is attached hereto as **EXHIBIT "C"**. He noted that that he was recommending the District maintain its total tax rate for 2020 at the same rate of \$0.90/\$100 valuation with the 2020 tax rates being split into a \$0.40/\$100 for the operations and maintenance tax rate and a \$0.50/\$100 for debt service. He reviewed such recommendation in detail including, but not limited to, the Debt Service cash flow included in such presentation.

6. Justin Taack presented a proposed Operations Budget for the upcoming fiscal year ending September 30, 2021. The Board reviewed the proposed budget, which included revenue from the recommended tax rate of \$0.40 cents per \$100 of assessed valuation, in detail. It was discussed that the builder permit fees seemed quite high in view that such revenue is now collected at the time the lots sales close (sale from the developer to builder) in view of revenue collected in this calendar year. Judy McAngus noted that she would coordinate with the developer and Bott & Douthitt as to updates in proposed lot closings and revenue from such source into an updated final operations budget which would be presented for review and approval at the next meeting.

7. The Board was advised of the continuing requirement under Section 49.236, Texas Water Code, as amended and new requirements under SB 2 from the last legislative session, which now require the preparation of a water district tax rate worksheet (as prepared by Assessments of the Southwest, Inc, and included in Mr. Howell's above written tax rate recommendation) and that an updated form of a Water District Notice of Public Hearing on Tax Rate be adopted, published and posted on various websites. The Board reviewed the above-referenced information in items 4, 5 and 6 above and confirmed through discussions that the proposed tax rates for maintenance and operations of \$0.40 per \$100 assessed valuation and \$0.50 per \$100 for debt service (thus a total proposed tax rate of \$.90 per \$100) seemed reasonable and necessary. Following such discussion, upon motion by Director Weber, seconded by Director Gideon and unanimously carried, the Board approved the proposed tax rate of \$0.90 per \$100 assessed valuation, set a hearing date of September 10, 2020 and approved the form of Water District Notice of Public Hearing on Tax Rate ("Notice"), attached hereto as **EXHIBIT "D"**, and authorized the publication of said Notice and various required postings of such information pursuant to current law.

8. Judy McAngus reminded the Board that under the evergreen provision of the existing agreement with the McGrath & Company ("McGrath), the District's auditor, that McGrath would be preparing the District's annual financial report for the upcoming 9/30/20 fiscal year end. She indicated that Crystal Horn with McGrath had provided an estimate of \$12,500 for the current audit (compared to last year's estimate of \$12,000).

9. The Board recognized Ronnie Moore with CB&D who referred the Board to CB&D's Engineering Report for the current meeting, a copy of which is attached hereto as **EXHIBIT "E"**. The report updated the Board with regard to the status of the Preliminary Plans for Crosswinds, Phase 3 through 5 (Phase 3A, 3B, 4, 5A and 5B) for a total of 735 single family lots, which plans have been initially reviewed by the City of Kyle ("City") who had requested certain changes which had since been made and resubmitted to the City for a final review. In addition, he noted that construction plans and the final plat have been prepared for Crosswinds, Phase 3A and was submitted to the City on July 1st. He reiterated that Phase 3A will extend Crosswinds Parkway all the way to Go Forth Road and thus, provide two separate entrances/exits for the District. In addition, he stated that construction plans for the elevated water storage tank had been submitted to the City for review and that CB&D had received comments from the City as well as GBRA and that CB&D are now reviewing and will be addressing such comments in the near future. He confirmed that there were no action items to be approved by the Board.

10. Terry Howe updated the Board with regard to the home construction going on in the District noting that there are 299 homes on the ground with 47 new homes under construction. Also he noted that his sources confirm that 11 new home closings had occurred in July with another 9 currently anticipated for August.

11. In addition, Mr. Barrett noted that he was continuing to work with the City with regard to a proposed form of Amendment to the existing Retail Water and Wastewater Service Agreement between the District and City with regard to a design change to a tear drop type of water storage tank that will provide the required water storage capacity but at a cost savings to the District.

12. Justin Taack with Bott & Douthitt, the District's new bookkeeping firm, reviewed an Accounting Report which included a Review of the Cash Activity Report, including receipts and expenditures, a summary of action items and a set of May 31, 2020 Financial Statements, as attached hereto as **EXHIBIT "F"**. It was noted that Director Dell'Abate's check would be voided due to his absence from the meeting. In addition, the Board reviewed a summary with respect to the annual renewal of the District's insurance and bonds, a copy of such summary being attached hereto as **EXHIBIT "G"**, it being noted that payment for such renewal was included in Operating Check No. 5009 of the report. Upon motion by Director Weber, seconded by Director Edwards and unanimously carried, the Board approved such renewal. Following a full review of such report and upon motion by Director Edwards, seconded by Director Gideon and unanimously carried, the Board approved the Accounting Report which included the approval of director and vendor payments and the fund transfers as set out therein with the exception of the check to Director Dell'Abate.

In addition, Justin Taack explained the details relating to a proposed Bookkeeper's Account that many districts set up in addition to their Operating Account. He noted that such separate District bank account could be set up with signature authority being handled by 2 of 3 stated members of the Bott & Douthitt firm (either one or both principal owners of the firm, Mary Bott and Allen Douthitt, or, in the event one was not available, then the 2nd signature would be that of Patricia Melton, a Bott & Douthitt employee). Mr. Taack noted that the bookkeeper's account could be used for any approved expenditures of the Board at a meeting or in between meetings for simple expenditures including mileage reimbursements, IRS payroll deposits, or routine expenses that might otherwise incur service charges if not paid on time, etc. for a few examples. It was noted that ALL checks written from such account, would either have the Board's advance approval secured at a Board meeting or a listing of such additional checks would be included in the next accounting such that all activity would be reviewed by the Board and accounted for in the reporting. Following a discussion and motion by Director Weber, seconded by Director Edwards and unanimously carried, the Board authorized the opening of such account and an initial deposit (transfer from the District's TexPool Operating Account) of \$10,000.00 to open such account.

13. With regard to operational matters, Kristi Hester with Inframark reviewed her written report, a copy of which is attached hereto as **EXHIBIT "H"**, and updated the Board with regard to the current Builder's Construction Violation Report and related pictures. She reported that there was no Board action needed at this time with regard to operational matters.

14. The Board confirmed a proposed regular meeting on September 10, 2020.

There being no further business to conduct, Director Gideon moved that the meeting be adjourned, which motion was seconded by Director Edwards, and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 10th day of September, 2020.



Elizabeth P. Edwards, Secretary
Board of Directors
Crosswinds Municipal Utility District

