

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF WEBB §

WEBB COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 §

The Board of Directors (the "Board" or the "Board of Directors") of WEBB COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 (also sometimes referred to herein as the "District") met in special session, open to the public, on August 7, 2025 at 10:02 a.m. at the Brittingham Companies, 5810 San Bernardo Avenue, Suite 103, Laredo, Texas 78041, a designated office of the District. The roll was called of the members of the Board to-wit:

Jose A. Palacios	President
Chris M. Haynes	Vice President
Antonio Savignon	Secretary
Fernando A. De Llano	Asst. Secretary
Luis Emmanuel Guajardo	Asst. Secretary

All members of the Board were present at the start of the meeting except Director Guajardo who arrived after the meeting started. All directors were present at the time a vote was taken and directors voted on all items that came before the Board. Also present were Stephen Trautmann of Trautmann & Garcia, Attorneys at Law, PLLC. ("Trautmann"), co-counsel for the District, Andrew Brittingham of Brittingham Development Group, the owner and developer of lands within the District ("Developer"), and Patricia Barrera, the Webb County Tax Assessor/Collector. In addition, Daniel Martinez, attorney and Vicki Hahn, paralegal of Winstead PC ("Winstead"), co-counsel for the District, and Dan Wegmiller and Victor Quiroga of Specialized Public Finance, the District's Financial Advisor, attended the meeting via Zoom.

1. Public Comment: Mr. Trautmann called for Public Comment. Hearing none, the Public Comment session was closed and the Board proceeded to the next item of business.
2. Meeting Minutes: The Board confirmed receipt of the Minutes from the March 26, 2025 Special Board Meeting. Upon motion by Director Haynes, seconded by Director Savignon and unanimously carried, the Board approved such Meeting Minutes.
3. Setting Ad Valorem Tax Rates in Municipal Utility Districts ("MUD"): Mr. Wegmiller mentioned that a Board member received a call from someone who was concerned about the tax rate. Mr. Wegmiller gave a background of how ad valorem tax rates are calculated in a MUD. He noted that MUDs are a financing vehicle to provide reimbursement to the developers on projects. Eligible reimbursement costs are vetted through an internal team, the Attorney General's Office and the TCEQ prior to selling a bond. The MUD sets the tax rate to maintain operations and to pay any debt obligations. The tax rate is set early in the process, as a MUD gets closer to vertical or shortly after vertical development. Levying a tax allows the MUD to build up a fund balance as the MUD gets closer to issuing a bond. A

higher fund balance will give the MUD a better credit rating which in turns means a better interest rate on the bond. In addition, Mr. Wegmiller mentioned that setting an ad valorem tax allows the MUD to fund operations versus having the developer advance funds. Each year the MUD sets an ad valorem tax based on feasibility of upcoming bond issuances.

Mr. Brittingham questioned if levying a \$1.00 per \$100 tax rate is too high. Mr. Wegmiller responded that there is a MUD across the street that also has a \$1.00 tax rate. He also mentioned that the standard for most MUDs is to start at \$.85 to \$1.00 per \$100 valuation. In part, it is to facilitate quick movement of reimbursements on projects. Mr. Wegmiller stated that the \$1.00 is in line with what he sees everywhere. Counties usually set a maximum tax rate. Mr. Brittingham noted that he thought the tax rate could be much lower than \$1.00. Mr. Wegmiller explained that if the District lowers the tax rate, it will be harder to raise the tax rate in the future due to statutory increase limits. Mr. Brittingham understands but he believes the District has to be competitive. He compared the District's rate to Webb County and the City of Laredo ("City") and noted that the District is 13% higher than the City, which he believes is a disadvantage to the District. In addition, because the District is building a water facility, the utility rates will be higher than they are for the City. The District is projecting 60 connections at total build out. Potentially, that is 60 warehouses connected to the system. Mr. Brittingham would like to be competitive with the City's tax rates. Mr. Wegmiller noted that once the tax rate is lowered, it is hard to increase it due to statutory limitations on yearly increases. MUDs that are developing can only increase 8% each year and fully developed MUDs can only increase 3.5% without triggering an election. Mr. Martinez recommended having a discussion with the Financial Advisory team to review the pros and cons and where the District might need to go. It was noted that the District must adopt the tax rate next month. Mr. Wegmiller noted that the Notice of Public Hearing to Set the Tax Rate ("Notice") can be published with the proposed tax rate of \$1.00. The District can set a lower tax rate than what is published in the Notice. It just cannot set a tax rate higher than what is published in the Notice.

Let the record reflect that Director Guajardo arrived at the meeting during Mr. Wegmiller's presentation.

Mr. Trautmann thanked Mr. Wegmiller for his presentation.

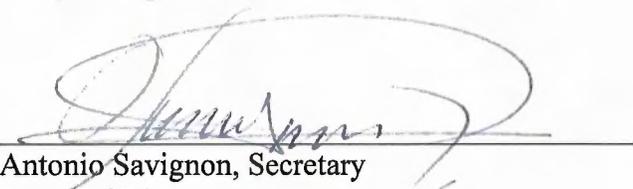
4. Tax Assessment and Collection Agreement: After a review, upon motion by Director Palacios, seconded by Director De Llano and unanimously carried, the Board approved the Tax Assessment and Collection Agreement and authorized signature.
5. No-New-Revenue Tax Rate: The Board reviewed the letter designating Patricia A. Barrera, Webb County Tax Assessor/Collector as the designated officer to calculate the no-new-revenue tax rate. Upon motion by Director Guajardo, seconded by Director Palacios and unanimously carried, the Board approved the designation of Patricia A. Barrera and approved the letter.
6. 2025 Certified Tax Roll: The Board reviewed the certified tax rolls for 2025. It was noted that the certification is for \$50,707,000. Upon motion by Director Haynes, seconded by

Director De Llano and unanimously carried, the Board acknowledged receipt of the certified tax rolls for 2025.

7. Recommendation on Proposed Tax Rate: Discussed earlier in the meeting.
8. Proposed Budget for FYE 2026: Ms. Hahn presented the proposed Budget for FYE 2026 and explained that the bookkeeper drafted the budget based on the expenses from the last fiscal year. The Board had no questions with respect to the proposed Budget.
9. Construction Water Plant Facilities/General Contractor: Mr. Martinez noted that the District had a contract to construct the Water Plant Facilities. That contract was based on a design by the previous engineer's which did not account for the quality of the groundwater in the area. When water samples were sent to the TCEQ, the TCEQ informed the District that the TCEQ will require the District to treat the groundwater in order for the water to meet TCEQ requirements. A revised design and additional infrastructure will be needed to treat the water to meet the TCEQ requirements. Because the District would like to maintain the developer's reimbursement through the TCEQ, Mr. Martinez recommends the Board authorize Mr. Brittingham and Mr. Martinez to work with the engineers to obtain confirmation from the TCEQ on what the best course of action is. Mr. Brittingham noted that the District has to look at amending the budget for the cost of the water plant. It is still under what was originally projected but not what they contracted for and he would like to protect the reimbursement rights. Mr. Trautmann noted that, assuming the Board approves, they would go to the TCEQ to determine if a change order, amendment or re-bid is the best course of action. Upon motion by Director Palacios, seconded by Director Haynes and unanimously carried, the Board authorized Mr. Brittingham, the District's Attorneys and the Engineers to work with the TCEQ and approved amending or re-bidding the project as necessary.
10. Developer Update: Mr. Brittingham informed the Board that construction on the water plant has started. There is a grand channel and a limestone construction driveway. They are just waiting to determine how to proceed.
11. Engineers Report: No Engineering Report was given.
12. Cash Activity Report: Mr. Trautmann reviewed the Cash Activity Report and noted that the bookkeeper needs approval for the disbursements as presented in the Cash Activity Report. Upon motion by Director Guajardo, seconded by Director Haynes and unanimously carried, the Board approved the Cash Activity Report and authorized the payment expenditures as set forth therein.
13. Annual Renewal of Insurance and Bonds: The Board reviewed the renewal of the District's insurance and bond coverage. Upon motion by Director De Llano, seconded by Director Guajardo and unanimously carried, the Board approved the renewal of insurance and bond coverage.
14. Calendaring: The next meeting will be September 9, 2025.

15. Adjournment: There being no further business to conduct, Director Haynes moved that the meeting be adjourned, which motion was seconded by Director Guajardo, and unanimously approved, and the Board adjourned at 10:41 a.m. until further call.

APPROVED AND ADOPTED this 9th day of September, 2025.



Antonio Savignon, Secretary
Board of Directors

(DISTRICT SEAL)

