SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

FEBRUARY 13, 2019

MINUTES

STATE OF TEXAS
COUNTY OF BEXAR

The Board of Directors of the San Antonio Municipal Utility District No. 1 convened in Regular Session, open to the public and pursuant to Notice duly given at 6:30 p.m., at 16450 Wildlake Blvd, Helotes, Texas 78023, on the 13th day of February 2019, with the following member’s present to-wit:

Robert Kuhn, President
Zulema Fuentes-Real, Vice President
John King, Secretary
Bill Burn, Treasurer
Max Hooti, Assistant Secretary

and no members absent, thus constituting a quorum. Also present were Debra Conkle, Office Manager, Tiana Smith and Kacie Lara of Waste Management, District Waste Provider, Robert Darilek and John Boekweg of Haynie & Co., District Auditors, Julie Zapata, Jim Berbiglia and Joe Killough, San Antonio Ranch residents.

President Kuhn called the meeting to order and announced that the first item of business would be:

I. CONSENT AGENDA:
   1. REVIEW AND APPROVAL OF THE MINUTES OF THE MEETING HELD JANUARY 9, 2019
   2. REPORT CONCERNING DECEMBER 2018 TAX COLLECTIONS
   3. REVIEW AND APPROVAL OF ACCOUNT BALANCES/BILLINGS INCURRED AND AUTHORIZATION OF EXPENDITURES

Director Hooti moved that the Board approve the items within the consent agenda as follows. Director King seconded the motion, which passed by unanimous vote of the Directors present.
STATE OF TEXAS
COUNTY OF BEXAR

The Board of Directors of the San Antonio Municipal Utility District No. 1 convened in Regular Session, open to the public and pursuant to Notice duly given at 6:30 p.m., at 16450 Wildlake Blvd, Helotes, Texas 78023, on the 9th day of January 2019, with the following member’s present to-with:

Robert Kuhn, President
Zulema Fuentes-Real, Vice President
John King, Secretary
Bill Burn, Treasurer
Max Hooti, Assistant Secretary

and no members absent, thus constituting a quorum. Also present were Debra Conkle, Office Manager, Tammy Ford, Michael Duff and Larry Wilkinson, San Antonio Ranch residents.

President Kuhn called the meeting to order and announced that the first item of business would be:

I. CONSENT AGENDA:
   1. REVIEW AND APPROVAL OF THE MINUTES OF THE MEETING HELD DECEMBER 12, 2018
   2. REPORT CONCERNING NOVEMBER 2018 TAX COLLECTIONS
   3. REVIEW AND APPROVAL OF ACCOUNT BALANCES/BILLINGS INCURRED AND AUTHORIZATION OF EXPENDITURES

Director King moved that the Board approve the items within the consent agenda as follows. Director Burn seconded the motion, which passed by unanimous vote of the Directors present.
II. STATUS REPORTS:
II. (A.) DISCUSSION REGARDING 2018/2019 PROJECTS/PLANS
There was no discussion held on this item at this time.

II. (B.) DISCUSSION REGARDING MAINTENANCE AND APPEARANCE OF DISTRICT PROPERTY
1. PROPERTY MAINTENANCE
2. UNLAWFUL DUMPING
It was noted that everything looks good and there has been no dumping.

II. (C.) DISCUSSION REGARDING BUILDING MAINTENANCE
It was noted that the light bulbs and sensor still need to be replaced.

II. (D.) BRIEFING REGARDING DISTRICT INSURANCE STATUS
A discussion was held regarding some confusion regarding the Director Bonds and Debra Conkle stated that she was working with the carrier to clarify.

II. (E.) DISCUSSION REGARDING REQUESTS FOR USE OF THE MUD BUILDING
Debra Conkle informed the Board that the Elections Department would be using the Building in May 2019.

II. (F.) SECURITY - GENERAL
II. (G.) PUBLIC RELATIONS
There was no new information to report on these items at this time.

III. UNFINISHED BUSINESS
(A.) REMINDER THAT TRANSFER/LEASE DOCUMENTS FOR TENNIS COURTS, LOT 91, BLOCK 2, UNIT 1, SAN ANTONIO RANCH SUBDIVISION AND MUD BUILDING AND SURROUNDING PROPERTY FROM SA MUD #1 TO SAR HOA ARE AVAILABLE UPON HELOTES ANNEXATION.
President Kuhn stated that this item is on hold at this time.
III. (B.) DISCUSSION AND POSSIBLE ACTION REGARDING CONSERVATION EASEMENT
The Board was informed that Bill Hoover requested a change in the Title Company and the closing will be in February 2019.

III. (C.) DISCUSSION AND POSSIBLE ACTION REGARDING CHILDREN’S PLAYGROUND AND POSSIBLE FORMATION OF VOLUNTEER GROUP TO ASSIST IN SITE LOCATION
The Board was informed that all the materials have arrived and Ty will be finishing as weather permits.

III. (D.) DISCUSSION AND POSSIBLE ACTION REGARDING EXTENTION OF ANNEXATION DATE AND EXIT PLAN
President Kuhn stated that he was is still waiting to hear from Lyle Larson. It was noted that the extension expires this month and action should be taken as soon as possible.

IV. (A.) DISCUSSION AND NECESSARY ACTION REGARDING ANNUAL MUD BUILDING USAGE AGREEMENT BETWEEN THE DISTRICT AND THE SAN ANTONIO RANCH HOMEOWNER’S ASSOCIATION.
Director Fuentes-Real moved that the Board approve the Agreement as presented and send to the Homeowner’s Association for execution. Director Hooti seconded the motion, which passed by unanimous vote of the Directors present.

That Building Usage Agreement thus approved is as follows:
IV. (B.) DISCUSSION AND NECESSARY ACTION REGARDING CITIZEN'S CONCERNS AND CUSTOMER CORRESPONDENCE

Discussions were held regarding unkept lawns and Air B and B rentals with the subdivision, both of which are Homeowner's Association matters.

There being no further business, the meeting was adjourned.

__________________________
Robert L. Kuhn, President
San Antonio Municipal Utility District No. 1

ATTEST:

__________________________
John King, Secretary
San Antonio Municipal Utility District No. 1

(seal)
### December 2019 Tax Collections

**Debits:**
- 12/19/2019: $15,703.21
- 1/10/2019: $47,220.23
- 1/14/2019: $9,943.91

**Total:** $66,973.55

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**Total:** $168,075.35

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**Total:** $132,323.93

**Total Amort.**

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**GOV Deposits:** $56,842.71

**Total:** $168,918.51

**GOV Deposits:** $56,842.71

**Total:** $168,918.51
SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
REPORT OF OPERATIONS
2/13/2019

REVENUES

Collections this period (Maint. Tax) 12/19 $112,048.73

Miscellaneous Revenue:

TOTAL REVENUE THIS PERIOD $112,048.73

EXPENSES

Auditing $8,301.25
Waste Management $4,188.30
AT & T Mobility $61.64
AT & T U-Verse $79.73
CITY PUBLIC SERVICE:
# 2096723016 SA MUD OFFICE $48.25
SAN ANTONIO WATER SYSTEMS:
# 0514993248891 SA MUD OFFICE $31.40 ***
DIRECTORS FEES:
B. BURN 2/13/19 $1.00
R. KUHN $1.00
Z. FUENTES-REAL $1.00
J. KING $1.00
M. HOOTI $1.00
ENGINEERING $0.00
LEGAL FEES $0.00
INSURANCE $0.00
OFFICE MANAGER $1,479.38
PETTY CASH $0.00
MISCELLANEOUS:
City Public Service - Street Light $23.10
IRS Payroll Deposit January 2018 $360.41
Darla Harlos - Office Cleaning $100.00 ***
Petty Cash $95.74
Bexar County (Balance of 5/7/16 Election) $28.84

TOTAL EXPENSES FOR THIS PERIOD: $14,442.63
REVENUES MINUS EXPENSES THIS PERIOD $97,606.10
REPORT OF OPERATIONS
NOTES, TRANSFERS AND DEBT SERVICE EXPENDITURES
2/13/2018

NOTES:

** Previously Paid
*** Pending Invoice

TAX CLEARING AND FUND TRANSFERS:

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TOTAL TAX CLEARING & FUND TRANSFERS $216,808.09

DEBT SERVICE EXPENDITURES:

| Bank of New York | Bond Coupon Payment 3/1/19 | $75,775.00 |
| Bank of New York | Paying Agent Fees           | $835.00    |

Total Debt Service Expenditures $76,610.00
IV. (C.) PRESENTATION, DISCUSSION AND POSSIBLE ACTION REGARDING RECYCLING SERVICES THROUGH WASTE MANAGEMENT AND AN INCREASE IN THE MONTHLY RATE THEREOF

Ms. Smith and Ms. Lara introduced themselves and briefed the Board as to the circumstances of this visit. Ms. Smith stated that China has been buying and using the world's recyclables. But for the last six months they hadn't been accepting any. Now that they have begun accepting recyclables again there is a new policy on contamination and these policies have, in turn, increase the price on recycling. As such, Waste Management will have to increase the District rate by .20 cents per unit per month. After a brief discussion Director King moved that the Board accept the cost increase at this time. Director Hooti seconded the motion which passed by unanimous vote of the Directors present.

That First Amendment to Municipal Solid Waste Collection and Transportation Agreement thus executed is as follows:
FIRST AMENDMENT TO MUNICIPAL SOLID WASTE
COLLECTION AND TRANSPORTATION AGREEMENT

This FIRST AMENDMENT TO MUNICIPAL SOLID WASTE COLLECTION
AND TRANSPORTATION AGREEMENT (this “Amendment”) is entered into as of the __________ day of __________, 2018, by and between the SAN ANTONIO MUNICIPAL UTILITY
DISTRICT No. 1 (“District”), acting by and through its authorized representative, and Waste Management of Texas, Inc. (“Contractor”), a Texas corporation.

WITNESSETH:

WHEREAS, the District and Contractor previously entered into a certain Contract, effective August 1, 2016, (the “Contract”), whereby Contractor was granted the exclusive right to provide residential waste and recyclables collection, transportation, and disposal within the District, as more particularly set forth in the Contract; and

WHEREAS, the District and Contractor desire to modify the Contract, as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties hereto agree as follows:

1. Effective February 1, 2019, the District has authorized Contractor to increase the Base Rates by twenty cents ($0.20) per Residential Unit per month to address the significant effects on recycling processing and market conditions due to changes in law and uncontrollable conditions, which include without limitation, increased operating and recyclables processing costs being incurred by Contractor. The new rate effective February 1, 2019 shall be $18.41 per Residential Unit per month.

2. Nothing contained herein shall be deemed to amend or modify the Contract, except as expressly set forth herein. In the event of a conflict between the terms of the Contract and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

DISTRICT

SAN ANTONIO MUNICIPAL UTILITY DISTRICT No. 1

By: ____________________________

Its: ____________________________

Date: ____________________________

CONTRACTOR:

WASTE MANAGEMENT OF TEXAS, INC.

By: ____________________________

Its: ____________________________

Date: ____________________________
IV. (B.) REVIEW AND APPROVAL OF 2018 AUDIT

Mr. Darilek and Mr. Boekweg presented the following draft audit and briefed the board on the report. After a brief discussion, Director Hooti moved that the Board accept the Acceptance Letter and 2018 Audit Report as presented. Director King seconded the motion, which passed by unanimous vote of the Directors present.

That Acceptance Letter and 2018 Audit Report thus approved is as follows:
PLEASE REFER TO 2018 AUDIT FILE ON THE WEBSITE
February 11, 2019

Haynie & Company
2702 N. Loop 1604 East, Suite 202
San Antonio, Texas  78232

This representation letter is provided in connection with your audit of the financial statements of San Antonio Municipal Utility District No. 1 (the District), which comprise the respective financial position of the governmental activities and each major fund as of September 30, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 11, 2019, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 10, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
Information Provided

10) We have provided you with:
   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   b) Additional information that you have requested from us for the purpose of the audit.
   c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
   d) Minutes of the meetings of District or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a) Management,
   b) Employees who have significant roles in internal control, or
   c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District’s financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the District’s related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

22) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

23) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

24) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
25) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

27) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.

28) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

29) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

30) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

31) Provisions for uncollectible receivables have been properly identified and recorded.

32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

33) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

35) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

37) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

38) We have appropriately disclosed the District’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40) With respect to the Texas Supplementary Information (TSI)

   a) We acknowledge our responsibility for presenting the TSI in accordance with accounting principles generally accepted in the United States of America, and we believe the TSI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the TSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: [Signature]

Title: [Title]
February 11, 2019

To the Board of Directors
San Antonio Municipal Utility District No.1
P.O. Box 696
Helotes, Texas 78203

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of San Antonio Municipal District No.1 (the ‘District’) for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District’s financial statements was (were):

Management’s estimate of the depreciable lives of property and equipment is based on the number of years the related assets are expected to be usable to the District. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.
Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 11, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the General Fund Budgetary Comparison Schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Texas Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.
To the Board of Directors  
San Antonio Municipal District No.1  
Page 3 of 3

Restriction on Use
This information is intended solely for the information and use of the San Antonio Municipal District No. 1 and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Haynie & Company  
San Antonio, Texas
### Adjusting Journal Entries

#### Adjusting Journal Entries - JE #1

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>WIP Ref</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>100-1148</td>
<td>Prior Year Tax Rec (O&amp;M)</td>
<td>1,084.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100-2170</td>
<td>Deferred Income</td>
<td>939.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100-1149</td>
<td>Allow For Bad Debts</td>
<td></td>
<td>939.57</td>
<td></td>
</tr>
<tr>
<td>100-2170</td>
<td>Deferred Income</td>
<td></td>
<td>1,084.44</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,024.01</strong></td>
<td><strong>2,024.01</strong></td>
</tr>
</tbody>
</table>

#### Adjusting Journal Entries - JE #3

To adjust O&M and Deferred Income to actual based on the property tax confirmation:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>WIP Ref</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>200-1149</td>
<td>Allowance for Bad Debts</td>
<td></td>
<td>312.31</td>
<td></td>
</tr>
<tr>
<td>200-2140</td>
<td>Deferred Revenue</td>
<td>331.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200-1148</td>
<td>Deferred Revenue</td>
<td></td>
<td>331.77</td>
<td></td>
</tr>
<tr>
<td>200-2140</td>
<td>Deferred Revenue</td>
<td></td>
<td>332.31</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>664.09</strong></td>
<td><strong>664.09</strong></td>
</tr>
</tbody>
</table>

**Total Adjusting Journal Entries**

#### Reclassifying Journal Entries - JE #3

To reclassify to proper account. Client does not need to post since it is just a reclassify between expense accounts:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>WIP Ref</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>100-6505</td>
<td>Capital Additon - Other</td>
<td>1,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100-0316</td>
<td>Professional Services</td>
<td>1,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,000.00</strong></td>
<td><strong>2,000.00</strong></td>
</tr>
</tbody>
</table>

**Total Reclassifying Journal Entries**

**Total All Journal Entries**

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,684.09</strong></td>
<td><strong>3,684.09</strong></td>
</tr>
</tbody>
</table>
II. STATUS REPORTS:
II. (A.) DISCUSSION REGARDING 2018/2019 PROJECTS/PLANS
There was no discussion held on this item at this time.

II. (B.) DISCUSSION REGARDING MAINTENANCE AND APPEARANCE OF DISTRICT PROPERTY
1. PROPERTY MAINTENANCE
2. UNLAWFUL DUMPING
It was noted that the District has only spent $1500.00 on property maintenance so far this fiscal year. However, now the weeds but the bluebonnets are also blooming. It was the consensus of the Board to wait a few weeks for mowing. It was also noted that the entrance median is becoming overgrown and the Board was informed that the Homeowner’s Association wants to take care of it. There has been no dumping.

II. (C.) DISCUSSION REGARDING BUILDING MAINTENANCE
It was noted that the light bulbs and sensor still need to be replaced. It was the consensus of the Board that Directors Hooti and Kuhn would address this issue.

II. (D.) BRIEFING REGARDING DISTRICT INSURANCE STATUS
There was no new news to report on this item at this time.

II. (E.) DISCUSSION REGARDING REQUESTS FOR USE OF THE MUD BUILDING
Debra Conkle informed the Board that the Elections Department would be using the Building in May 2019.

II. (F.) SECURITY - GENERAL
II. (G.) PUBLIC RELATIONS
There was no new information to report on these items at this time.

III. UNFINISHED BUSINESS
(A.) REMINDER THAT TRANSFER/LEASE DOCUMENTS FOR TENNIS COURTS, LOT 91, BLOCK 2, UNIT 1, SAN ANTONIO RANCH SUBDIVISION AND MUD BUILDING AND SURROUNDING PROPERTY FROM SA MUD #1 TO SAR HOA ARE AVAILABLE UPON HELOTES ANNEXATION.
President Kuhn stated that this item is on hold at this time.
III. (B.) DISCUSSION AND POSSIBLE ACTION REGARDING CONSERVATION EASEMENT
The Board was informed that closing is set for close to the end of March and will have the exact time and place for execution by the President and the Vice-President.

III. (C.) DISCUSSION AND POSSIBLE ACTION REGARDING CHILDREN’S PLAYGROUND AND POSSIBLE FORMATION OF VOLUNTEER GROUP TO ASSIST IN SITE LOCATION
The Board was informed that the next volunteer work day is this Saturday February 16, 2019.

III. (D.) DISCUSSION AND POSSIBLE ACTION REGARDING EXTENSION OF ANNEXATION DATE AND EXIT PLAN
President Kuhn stated that he has been in touch with Lyle Larson.

IV. (A.) REVIEW AND APPROVAL OF BOND COUPON PAYMENT DUE MARCH 1, 2019
Debra Conkle submitted the following correspondence from the Bank of New York for the Board’s information. Director King moved that the Board approve the bond coupon payment in the amount of $75,775.00 and authorize President Kuhn to arrange the wire transfer. Director Fuentes-Real seconded the motion, which passed by unanimous vote of the Directors present.
Please be advised that payment in the amount of $75,775.00 is due on 03/01/2019 for SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1 SERIES 1997. The bondholder payment date is 03/01/2019. The details of the amount due are as follows:

<table>
<thead>
<tr>
<th>Amount in Dollars($)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$40,000.00</td>
</tr>
<tr>
<td>Interest</td>
<td>$35,775.00</td>
</tr>
<tr>
<td><strong>Total Amount Due</strong></td>
<td><strong>$75,775.00</strong></td>
</tr>
</tbody>
</table>

*Refer to your governing docs for payment date rules*
In order for us to ensure timely payments to Bondholders, funds must be sent in accordance with the instructions below.

If paying by wire, please include your account and loan number.

If paying by check, please include your account and loan number on your check.

**For DTCC eligible issues:** **FAILURE TO COMPLY WITH THE DTCC SAME DAY FUNDS SETTLEMENT (SDFS) REQUIREMENTS MAY RESULT IN LATE PAYMENT TO HOLDERS, LATE FEES AND LOSS OF DTCC ELIGIBILITY.**

If you are not in agreement with the information detailed on this bill, please contact Stephen Jager at (214)468-6183 or by email at stephen.jager@bnymellon.com.

------------------------PLEASE DETACH AND REMIT WITH CHECK PAYMENT------------------------

**Payment Instructions:**
*Wire Payments must be received by BNY Mellon before 11:00 E.S.T. on 03/01/2019.*
The Bank of New York Mellon
ABA#: 021000018
IMMS#: 5335058400
Loan Account#: 3615A

**Check Payment Address:**
*Check payments must be received by BNY Mellon 5 business days prior to 03/01/2019.*
The Bank of New York Mellon
Debt Service Billing-Direct Pays
P.O. Box 392005
Pittsburgh, PA 15251-9005

Amount Due: $75,775.00
IV. (D.) DISCUSSION AND NECESSARY ACTION REGARDING CITIZEN'S CONCERNS AND CUSTOMER CORRESPONDENCE

Mr. Joe Killough expressed his concern recycling/waste disposal and the fact that his residence is missed every so often. He also expressed his concern regarding persons climbing the cliff on each side of Ranch Parkway and is concerned someone will be injured. He also stated that the easement near his residence is no longer being mowed.

There being no further business, the meeting was adjourned.

Robert L. Kuhn, President
San Antonio Municipal Utility District No. 1

ATTEST:

John King, Secretary
San Antonio Municipal Utility District No. 1