

FREQUENTLY ASKED QUESTIONS

Una traducción al español de este documento puede estar disponible a pedido.

1. Will an election be held to authorize additional bonds for the WCID?

Yes. Pursuant to the approval of the Lake McQueeney WCID No. 1 (the “WCID”) Board of Directors (the “Board”) at the February 15 WCID Board meeting, an election was called for additional bond authorization which will be on the ballot of the May 6, 2023 election.

2. What will the proposed additional funds cover?

The proposed additional funds will be available to cover any costs needed for lake remediation by the WCID. This includes increased construction costs associated with the Lake McQueeney Dam and Hydroelectric Facilities and any other necessary lake remediation. The low bid of \$44,731,862 exceeds the construction contract estimate from Black & Veach in our initial bond package (which is over two years old) of \$32,500,000 by \$12,231,862. We are adding additional contingencies to avoid future elections (see below). There is also a proposition to permit refinancing WCID bonds if savings can be achieved.

3. What are the key dates for the May 6, 2023 bond election?

Key dates for the May 6, 2023 election are noted below. Additional election information can be found on the Texas Secretary of State website at <https://www.sos.state.tx.us/elections/laws/advisory2022-37.shtml>.

Fri., February 17	Last day to call an election
Wed., March 22	Deadline to mail Federal Post Card Application (FPCA) and overseas ballots-by-mail
Thurs., April 6	Last day to register to vote for May 6 th election
Sat., April 15	Stated deadline for <u>bond/debt obligation elections</u> to post Order Calling, Notice of Election, Sample Ballot, and (if applicable) Voter Information Document
Mon., April 24	First day of early voting by personal appearance
Tues., April 25	Last day to receive an application for ballot-by-mail
Wed., April 26	Last day to publish* Notice of Election
Tues., May 2	Last day of early voting by personal appearance
Sat., May 6	ELECTION DAY Hours: 7:00 AM – 7:00 PM

Mon., May 8 (5:00 pm)	Deadline to receive ballots by mail that were mailed from within the U.S., if the carrier envelope was placed for delivery by mail or common or contract carrier <u>AND</u> bears a postal service cancellation mark or a receipt mark indicating a time not later than 7:00 PM on Election Day
Tues., May 9	First possible day to canvass the election
Wed., May 17	Last day to canvass the election

4. Will the current bids for construction still be valid if the proposal passes on May 6?

Yes, the bids have an acceptance deadline of May 23, 2023. Therefore, a successful May election means that the current construction bids will still be viable; and new construction bids will not be required.

5. How will the winning construction bidder be selected?

Each bidder will be scored using a weighted scoring matrix which considers price, team members, relevant experience, project approach, schedule, and an interview will be used to determine contractor selection.

6. Is it still necessary to drain Lake McQueeney on March 27?

GBRA has advised the WCID that it is necessary to lower the lake on March 27th. GBRA anticipates issuing the Notice to Proceed to the selected contractor in May 2023. Upon that issuance, the selected contractor will have immediate access and responsibility of the site. The drawdown on March 27 will allow for the contractor's access, mobilization, and initiation of construction activities upon issuance of the Notice to Proceed.

7. Why were the Lake McQueeney and the Lake Placid projects bid together?

According to GBRA, the Lake McQueeney Dam and the Lake Placid Dam projects were bid as a package to increase the project scope and, thereby, increase the number of contractors willing to bid on the project and it allowed for general conditions and other administrative costs to be shared. Sundt Construction and American Bridge (both large national contractors) bid on the McQueeney/ Placid package, and neither of them were bidders on the Lake Dunlap project.

8. If the proposal passes, will we only spend the funds needed from the approved amount to repair the dam and ensure the tax burden is no greater than necessary?

If the proposal passes, the plan is to spend the funds needed from the approved amount to repair the dam and ensure the tax burden is no greater than necessary. If funds are remaining, they will be available for additional lake remediation if needed.

9. Are we earning interest on the funds from the bonds already sold?

Yes. GBRA has invested the bond proceeds and has earned approximately \$620,000 through the end of 2022, and additional interest will be continuing to be earned until all of the funds have been spent. Interest earned up to 1.67% (the Arbitrage Rate on the tax-exempt bonds) will be used to fund costs of the dam repairs, thus lowering our additional funding requirement. Interest over the Arbitrage Rate must be paid to the Internal Revenue Service, in accordance with federal law. GBRA will not receive any of this interest.

10. Where are the tax dollars already collected from property owners and are we earning interest on those dollars?

All excess dollars from taxes after paying the semi-annual interest payments on the bonds are being invested by our WCID in a TEXPOOL account and are currently earning 4.49%. See the Bookkeeper's Report from our last several Board Meetings. These earnings belong to the WCID and are being used to reduce the costs and lower the tax impact to taxpayers.

11. Where can I find information to be more informed about mitigating damage or loss to my trees while the lake is lowered?

Friends of Lake McQueeney ("FOLM") has posted helpful information for property owners on their website, at www.lakemcqueeney.org

12. Are costs for construction delays caused by flood events and a change order allowance included in the Contractor Bids?

No. Neither are included in the scope of work in the Construction Contract. Our WCID has budgeted a 5% change order allowance, \$2,250,000 plus a \$2,500,000 flood cost allowance. Bonds will not be sold for these costs until they are necessary.