

Aqua Water Supply Corporation
Board of Directors Meeting
Monday, August 3, 2020

In accordance with Governor Abbott's declaration of the COVID-19 public health threat and action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of Aqua WSC's Board of Directors held its regular Board meeting by telephonic conference call.

Present: David Glass, Bill Tomsu, Cliff Kessler, Craig Williams, Earl Steinbach, Pam Harkins, and J.D. Mican

Absent: Mark McArthur

Staff: Dave McMurry, Heather Tucker, Christie Nutt, Frank Pacheco, Steve Dunn, Jason Kennedy, and David Fleming

Consultants: Ty Embrey of Lloyd Gosselink; Joe Morris

Guests: N/A

President Cliff Kessler called the meeting to order at 1:05 p.m.

Mr. Kessler invited all in attendance to stand and recite the Pledge of Allegiance to the national and the state flags.

Mr. Tomsu delivered the Invocation.

President Kessler announced the next regularly scheduled board meeting would be held on Monday, September 14, 2020 at 1:00 p.m. due to Labor Day falling on the first Monday of the month.

There was no member communication.

There were no board member comments.

Earl Steinbach made a motion to approve the minutes of the July 6, 2020 board meeting. Craig Williams seconded the motion, and the motion carried.

The board reviewed the bills as paid. Staff responded to questions asked by Earl Steinbach, Craig Williams, and David Glass. David Glass a motion to approve the bills as paid. Craig Williams seconded the motion, and the motion carried.

The board reviewed the financial statement.

Dave McMurry provided a briefing from Aqua's Strategic Planning Committee meeting that was held July 15, 2020. Topics of discussion included the possible addition of satellite offices and devising a five-year plan with a focus on

critical areas within Aqua's service area including additions and improvements to pump and treatment facilities. There was no action taken, and the committee will continue to update the board as meetings take place.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to JW Subdivision. Resolution 20.08.01. J.D. Mican made a motion to pass a resolution recognizing the feasibility of providing water service to JW Subdivision. David Glass seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to Old McDade 2020 Subdivision. Resolution 20.08.02. J.D. Mican made a motion to pass a resolution recognizing the feasibility of providing water service to Old McDade 2020 Subdivision. Craig Williams seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to Behrend Ranch Subdivision. Resolution 20.08.03. David Glass made a motion to pass a resolution recognizing the feasibility of providing water service to Behrend Ranch Subdivision. Craig Williams seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to Wolf Lane Acres Subdivision. Resolution 20.08.04. Craig Williams made a motion to pass a resolution recognizing the feasibility of providing water service to Wolf Lane Acres Subdivision. David Glass seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to Legends Cove, Section One Subdivision. Resolution 20.08.05. J.D. Mican made a motion to pass a resolution recognizing the feasibility of providing water service to Legends Cove, Section One Subdivision. Craig Williams seconded the motion, and the motion carried.

Dave McMurry reviewed the General Manager's Report. Financially, revenue in June was down a little on the Seasonally Adjusted Monthly Budget, but still up for the year. The amount of daily water usage was down in May, but it is getting hot and water usage is up, with 13 MGD in July. Expenses in June are also below budget, and net revenue is looking good. This past month, Mr. McMurry participated in a Zoom meeting with Greenport, Corix, and others to discuss ongoing developments such as Tesla and other potential growth affecting Aqua's service area. Tesla is a pretty big deal and will be kicking things up in our service area. Greenport is a longtime developer in our area looking at a possible airport and manufacturing facilities. Mr. McMurry also held an initial meeting with staff to update and revise Aqua's Tariff. There are numerous issues to address and it will be a long and involved process. Once it is complete, he will present it to the board and Ty Embrey for review and approval. A conference call meeting was held with Corix and Ty Embrey to review a draft Teaming Agreement. Ty Embrey explained that the teaming agreement addressed both the alliance between both parties as well as the purchase of the Stony Point WWTP, and Corix requested that they be separate agreements. Ty will continue working on this and they will be bringing it before the board hopefully very soon. Mr. McMurry added that New Gen Strategies was compiling a valuation study and report of the Stony Point WWTP and this would be used in the purchase agreement. Lastly, Mr. McMurry attended a Waters of Vista Ranch virtual Board meeting where the board approved a revised resolution recommending consolidation with Aqua WSC and calling a Special Membership Meeting of Waters of Vista Ranch for an election to approve the consolidation. The Special

Membership Meeting is scheduled for October 13, 2020. He added that the Special Membership Meeting of Polonia WSC members is to be held October 20, 2020. Once these are both concluded, and if the members of both water supply corporations approve the consolidations, the STM applications will be submitted to the PUC for approval which could take anywhere from 6 months to a year to finalize. In the interim, Aqua WSC plans to obtain an Operations and Maintenance Agreement with Polonia WSC, like the agreement Aqua WSC currently has with Waters of Vista Ranch. Recently, Aqua WSC has been averaging about 100-meter sets per month, and as far as performance metrics, everything looks good. Mr. McMurry then stood for questions from the board.

Mr. Kessler inquired about items that had been marked for this month's meeting that were not on the agenda, specifically the Trinity Ranch agreement. Ty Embrey explained that work was still being done on this, and the ball is currently in the developer's court. He is hoping it will be ready for the September board meeting.

David Fleming gave a briefing on his Subdivision Development report. Mr. Fleming then stood for questions from the board.

David Fleming gave a briefing on his Engineering and Construction Report. David Glass inquired about Specific Energy and if Aqua was still using this. David Fleming reported that it is still being utilized and has been successful. He will provide the board with a report specific to this next month. Mr. Fleming then stood for questions from the board.

Joe Morris gave his Government Relations overview. At the present time, the Capitol remains closed to all but legislators and staff, and even then, very few offices have been occupied since March. Interim studies and reports have still not taken place for the upcoming Legislative Session, and many are inclined to believe that these may be completed based on written testimony submitted by interested and invited parties. As of now, there are no interim topics of value to Aqua WSC. There have been rumors of starting the Legislative Session in January and then stopping the clock until March after flu/cold season. It may resemble a Special Session if they do start in January. We now have a new State Senator, Sarah Eckhardt. In the election, she fell just short of the 50% required in an election to avoid a run-off. A run-off was to be scheduled between Eckhardt and State Representative Eddie Rodriguez; however, he recently conceded the election and Sarah Eckhardt has officially been sworn in to fill the vacancy left by Senator Watson. Lastly, The Texas Groundwater Summit has scheduled a meeting. No agenda has been provided yet, but Mr. Morris will keep Aqua informed. Mr. Morris then stood for questions from the board.

Ty Embrey gave his General Counsel's Report. He provided an update on the LCRA well permit applications at the Lost Pines Groundwater Conservation District. The State Office of Administrative Hearings judges have finalized their decision and sent it to the LPGCD Board. The LPGCD Board will have to decide if they will proceed with the SOAH judges' decision or come up with their own. Greg Ellis, attorney for LPGCD, has set up a meeting August 14 with all parties involved as one final attempt to negotiate an agreement. Next steps will be dependent on what transpires from that meeting. Mr. Embrey then stood for questions from the board.

Dave McMurry added an update on COVID-19 within the company. He explained the extra measures Aqua has put in place for the safety of its employees and customers. Aqua has had two positive cases. Mr. McMurry responded to questions from the board and explained the policy in place regarding exposure, positive tests, and returning to work.

Agenda Item #6

There was not an Executive Session under Texas Government Code, Section 551.071, for purposes of legal advice and consultations with Aqua's general counsel.

There was not an Executive Session under Texas Government Code, Section 551.072, for purposes of deliberating real property.

There was not an Executive Session under Texas Government Code, Section 551.074, for purposes of discussing personnel matters.

There being no further business, Bill Tomsu made a motion to adjourn the meeting. Craig Williams seconded the motion, and the motion carried. The meeting adjourned at 2:09 p.m.

Approved: September 14, 2020

William F. Tomsu, Secretary Treasure

Cliff Kessler, President