

Aqua Water Supply Corporation
Board of Directors Meeting
Monday, September 14, 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: Bill Tomsu, Cliff Kessler, Craig Williams, Earl Steinbach, Pam Harkins, and J.D. Mican

Absent: Mark McArthur and David Glass

Staff: Dave McMurry, Heather Tucker, Christie Nutt, and David Fleming

Consultants: Ty Embrey of Lloyd Gosselink; Joe Morris

Guests: Peter Alonzo, property owner, Arroyo Negro

President Cliff Kessler called the meeting to order at 1:02 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, October 5, 2020 at 1:00 p.m.

There was no member communication.

There were no board member comments.

J.D. Mican made a motion to approve the minutes of the August 3, 2020 board meeting. Bill Tomsu seconded the motion, and the motion carried.

The board reviewed the bills as paid. Staff responded to questions asked by J.D. Mican, Craig Williams, and Pam Harkins. Craig Williams a motion to approve the bills as paid. J.D. Mican seconded the motion, and the motion carried.

The board reviewed the financial statement.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to Giese Lane Subdivision. Resolution 20.09.01. Craig Williams made a motion to pass a resolution recognizing the feasibility of providing water service to Giese Lane Subdivision. Bill Tomsu seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on recognizing the feasibility of providing water service to The Forest at Colorado Crossing, Section 1, Amended Plat of lot 16 Subdivision. Resolution 20.09.02. J.D. Mican made a motion to pass a resolution recognizing the feasibility of providing water service to The Forest at Colorado Crossing, Section 1, Amended Plat of lot 16 Subdivision. Craig Williams seconded the motion, and the motion carried.

David Fleming provided a briefing and discussion on approving a partial release of easement as requested by Jacqueline Howard. Resolution 20.09.03. J.D. Mican made a motion to pass a resolution approving a partial release of easement as requested by Jacqueline Howard. Craig Williams seconded the motion, and the motion carried.

Mr. Peter Alonzo, property owner of Arroyo Negro, thanked the board for allowing him to come before them to request a variance from Aqua's Water Service Application and Agreement requiring a member to grant to the Corporation any easement or right-of-way deemed necessary by the Corporation as a condition of service. Mr. Alonzo explained that after applying for new service in April, he was provided an easement agreement, and while he feels Aqua should obtain an easement, he doesn't feel it should be across the entire frontage of his property and denial for water service shouldn't be contingent upon this easement. Aqua staff answered questions from the board. Dave McMurry explained that this requirement is standard of all water utilities and feels breaking precedent here would not be beneficial to Aqua in the future. All board members opposed granting the variance from Aqua's Water Service Application and Agreement. J.D. Mican made a motion to not grant a variance from Aqua's Water Service Application and Agreement requiring a member to grant to the Corporation any easement or right-of-way deemed necessary by the Corporation as a condition of service. Bill Tomsu seconded the motion, and the motion carried. Dave McMurry stated that Aqua WSC will do as much as possible to work with Mr. Alonzo to reach a compromise that remains within the limits of Aqua's Service Application and Agreement.

Dave McMurry reviewed the General Manager's Report. Financially, on both the Seasonally Adjusted Monthly Budget and Straight-Line Monthly Budget, Aqua WSC is doing quite well. Revenues are up on both budgets thanks to the very hot weather, and we still have August to add. Growth is booming, Aqua is averaging about 1,000 meters a year. The growth rate will probably continue to increase with Tesla and other things happening in the area. Expenses are doing well, too. They are currently about 8.6% below budget with a goal of 8%. This past month, Mr. McMurry participated in conference calls with NewGen Strategies to discuss valuation of Stony Point WWTP. Aqua's task now is to come up with its final price for the WWTP, discharge permit for Double Eagle Ranch, and WW CCN. A conference call is scheduled with Corix tomorrow to begin discussions on price and to review the draft Alliance agreement. Currently, Aqua is still waiting on consolidations with Waters of Vista Ranch WSC and Polonia WSC. Both corporations have meetings set in October for their members to vote. Mr. McMurry participated in a conference call with Ty Embrey and Mike Gershon concerning Aqua's strategy moving forward with LCRA permit applications after SOAH released its decision. The SOAH judge did not address localized impacts on wells in the decision, so the protesting parties are still waiting to have this addressed. Ty Embrey

interjected and explained that the contesting parties plan to ask the LPGCD board to consider the localized impacts rather than just the global impacts of the permits and send the decision back to SOAH to make this consideration part of the decision. Right now, the hold-up is how a public hearing will look if it will have to be virtual. Mr. McMurry updated the board on customer David Goedrich. Mr. Goedrich has been to multiple board meetings to address the board concerning his meter and water usage. He comes into the lobby continuously harassing the customer service staff. Aqua WSC staff have called the police a couple of times, and on this last occurrence, a trespass order was put into place. Mr. Goedrich is no longer allowed on Aqua WSC main office property. There was discussion about pulling his meter if he continues to harass staff. Mr. Tomsu requested a security guard be present at the next annual meeting. Lastly, Mr. McMurry asked the board for any feedback or suggestions they may have for the new board room building as plans are being made to start designing. Performance metrics still look very good. Mr. McMurry then stood for questions from the board.

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. Mr. Fleming reviewed the Specific Energy summary that was provided to the board in their packets. Mr. Fleming then stood for questions from the board.

Joe Morris gave his Government Relations overview. There are still no firm plans regarding what the upcoming session will look like in terms of legislation considered or the way it will be considered. Plexi glass is being delivered by the truckloads, and with the social unrest in Austin, there is concern about public hearings being held in person, inside the building. Last month, the Sunset Commission met to adopt rules to allow them to meet virtually, and after a lengthy meeting, Senator Hall announced he had the votes needed to block consideration of these rules. As a result, Chairman Cyrier announced a plan to meet in person, but the social distancing/mask requirements were also refused, so no further meetings are planned. This may be a foreshadowing of what the legislative session could look like. With all the items that need to be addressed in the upcoming session and the changes that the upcoming election may bring in the Texas House of Representatives, some legislators predict the session may last most of, if not all of, 2021. Mr. Morris participated in Zoom meetings for The Texas Water Conservation Association Groundwater Committee and the Texas Alliance of Groundwater Districts. The TWCA met with an agenda of 16 topics for consideration and possible recommendation for legislation. Most consisted of legislation that has been filed in previous sessions but failed to pass. The item of historical use of groundwater versus correlative rights will not be pursued this session but will be refiled to keep the conversation going, and likely addressed in the 2023 session. The TAGD panel members agreed that it is likely that little will get done on issues beyond budget, redistricting, and COVID-19; however, bills will get filed to encourage discussion. Representative Harris indicated filing legislation again relating to how Groundwater Conservation Districts regulate wells belonging to retail public water utilities. Mr. Morris then stood for questions from the board.

Ty Embrey gave his General Counsel's Report. He is currently working with Aqua staff to get various items on the October agenda. One is an amendment to the Wholesale Water Service agreement with the City of Bastrop to add West Bastrop Village's point of delivery. This is the first development to be added to this agreement, and as the City of Bastrop adds developments to provide water service to, new points of delivery will be added as needed. Other agreements being worked on include the Alliance agreement and Purchase agreement between

Aqua WSC and Corix. This will be two separate agreements as requested by Corix. Ty explained the Special Membership meetings to consolidate Polonia WSC and Waters of Vista Ranch WSC with Aqua WSC are scheduled for October. Ty reviewed the steps necessary to finalize both consolidations. Lastly, Mr. Embrey shared that a letter had been sent to Scott Miller, of Brickston, requesting payment owed to Aqua WSC per the agreement in order to move forward. The letter explained that without this payment to finalize the agreement, capacity in Aqua's system would not be reserved. Mr. Embrey then stood for questions from the board.

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.

President Kessler adjourned regular session at 2:26 p.m. and immediately convened an Executive Session under Texas Government Code, Section 551.072, for purposes of deliberating real property.

President Kessler adjourned Executive Session at 3:12 p.m. After a short break, he reconvened regular session at 3:28 p.m. He stated no action was taken and no decisions were made in Executive Session.

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

Bill Tomsu brought up the annual Board of Directors Christmas Dinner. He would not be averse to skipping the dinner this year due to the current situation with COVID-19 and flu season approaching. After discussion amongst the board, the decision was unanimous to not have a Christmas Dinner this year.

Bill Tomsu inquired about needing to come in to sign documents from the board meeting. Heather Tucker stated she would be mailing them to Mr. Kessler for signature and would then notify Mr. Tomsu to come by the office for his signature.

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 3:31 p.m.

Approved: October 5, 2020

William F. Tomsu, Secretary Treasure

Cliff Kessler, President