

**MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS**

STATE OF TEXAS §
COUNTY OF HUNT §
VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY §

The Board of Directors (the “Board”) of Verandah Municipal Utility District of Hunt County (the “District”) met in regular session, open to the public, on the 9th day of September, 2020, by telephone conference.

Ms. Sarah Landiak, General and Bond Counsel for the District, announced that the Meeting would be conducted by telephone conference to mitigate the spread of COVID-19. Ms. Landiak confirmed that Meeting participants would observe guidance provided by the Texas Attorney General’s office to suspend certain requirements of the Texas Open Meetings Act. Ms. Landiak next stated that (i) Notice of the Meeting was given in accordance with Chapter 551, Government Code, and Chapter 49, Texas Water Code, as amended by the Governor’s order and Attorney General’s guidance; (ii) the Meeting was being conducted in a transparent and accessible manner; (iii) Meeting packets were distributed to all participants and made available to the public; and (iv) the Meeting would be recorded and made available for electronic distribution upon request.

The roll was called of the members of the Board, to-wit:

David Brown	President
Glenn Austin Purcell	Vice President
Jon Mitchell	Secretary
Jeff Dean	Assistant Secretary
Glenn D. Dickerson	Assistant Secretary

All members of the Board were present at the commencement of the meeting by telephone, thus constituting a quorum. Also in attendance by telephone were: Ms. Kerry Tovery of Dye & Tovery, LLC; Ms. Sarah Landiak, attorney, and Ms. Amy Bieber, paralegal, each of Winstead PC, attorneys for the District; and Mr. Art Barraza and Ms. Christie Hancock of Barraza Consulting, LLC.

The meeting was called to order at 12:01 p.m.

1. The Board called for public communications and comments. Hearing none, Director Purcell moved that the Board close the public comment section of the meeting. Director Dean seconded said motion, which carried unanimously.

2. The Board next acknowledged receipt of the Minutes from August 12, 2020, Board of Directors meeting. Following a discussion, Director Dickerson moved that the Board approve the Minutes as presented. Director Brown seconded said motion, which carried unanimously.

3. Next, Director Mitchell moved to convene a public hearing regarding the District's proposed 2020 tax rate. The notice of the hearing was published in accordance with the requirements of the Texas Water Code. A copy of said notice is attached hereto as Exhibit "A". Director Brown seconded said motion, which carried unanimously. No landowners or taxpayers were present to address the Board at this time. Director Dickerson then moved that the Board close the public hearing. Director Brown seconded said motion, which carried unanimously. The Board reopened the meeting.

4. The Board next reviewed and discussed an Order Setting Tax Rate for 2020, a copy of which is attached hereto as Exhibit "B". Following a discussion, Director Dean moved that the Board (i) levy a 2020 operations and maintenance tax of \$0.2750 per \$100 of net taxable value; (ii) levy a 2020 utility bond debt service tax of \$0.1465 per \$100 of net taxable value; (iii) levy a 2020 road bond debt service tax of \$0.4285 per \$100 of net taxable value, for a total 2020 tax rate of \$0.85 per \$100 of net taxable value; and (iv) adopt the Order Setting Tax Rate for 2020 to reflect the same. Director Brown seconded said motion, which carried unanimously.

5. The Board next recognized Ms. Hancock, who presented to and reviewed with the Board an engineering report dated September 9, 2020, a copy of which is attached hereto as Exhibit "C". Ms. Hancock reported that the off-site water and sanitary sewer pipelines and lift station improvements for the Verandah Master Infrastructure are complete awaiting close-out documents along with Verandah Phase 5. Ms. Hancock further reported that Valor Farms Phase 1 grading, utilities, and paving are underway.

Next, Ms. Hancock requested approval for the preparation of construction plans for Valor Farms Phase 3, Verandah Phase 4 grading, and Valor Farms Phase 2 grading. Following a discussion, Director Dean moved that the Board authorize the preparation of construction plans as requested. Director Brown seconded said motion, which carried unanimously.

Next, Ms. Hancock reviewed with the Board the proposals received for grading improvements in Verandah Phase 4. Ms. Hancock noted that the lowest qualified bidder is Hammett Excavation, Inc. ("Hammett"), in the total base bid amount of \$1,010,364.45, and recommended that the Board award the contract to Hammett. Following a discussion, Director Dean moved that the Board award the contract for grading improvements in Verandah Phase 4 to Hammett as recommended by the District's engineer. Director Brown seconded said motion, which carried unanimously.

Next, Ms. Hancock presented Pay Application No. 4 from KCK Utility Construction, Inc., in the amount of \$171,736.20 under the utility improvements contract for Valor Farms Phase 1. Following a discussion, Director Mitchell moved that the Board approve Pay Application No. 4 as recommended by the District's Engineer. Director Purcell seconded said motion, which carried unanimously.

Next, Ms. Hancock presented Pay Application No. 6 from Vilhauer Enterprises, LLC, in the amounts of \$56,103.30 under the grading improvements contract for Verandah Phase 5. Following a discussion, Director Dickerson moved that the Board approve Pay Application No. 6 as recommended by the District's Engineer. Director Brown seconded said motion, which carried unanimously.

Next, Ms. Hancock presented Pay Applications No. 9 and No. 10 from C.W. Young Construction, Inc., in the amounts of \$12,360.60 and \$234,302.24, respectively, under the utility improvements contract for Verandah Phase 5. Following a discussion, Director Purcell moved that the Board approve Pay Applications No. 9 and No. 10 as recommended by the District's Engineer. Director Dean seconded said motion, which carried unanimously.

Finally, Ms. Hancock presented Certificates of Substantial Completion for the following projects: Verandah Phase 5 grading improvements, Verandah Phase 5 utility improvements, Verandah Phase 5 paving improvements, Verandah Master Infrastructure off-site water and sanitary sewer pipelines, and Verandah Master Infrastructure lift station improvements. Ms. Hancock recommended acceptance of said projects. Following a discussion, Director Dickerson moved that the Board accept completion of all projects as recommended by the District's Engineer. Director Dean seconded said motion, which carried unanimously.

6. In the absence of a developer representative, the Board deferred action on a Developer's report.

7. The Board next recognized Ms. Tovery, who presented to and reviewed with the Board copies of a bookkeeping report dated September 9, 2020, a copy of which is attached hereto as Exhibit "D". Following a discussion, Director Purcell moved that the Board (i) approve the bookkeeping report; (ii) authorize the payment of bills listed thereon; and (iii) approve the investment of funds as recommended by the District's Bookkeeper. Director Dickerson seconded said motion, which carried unanimously.

8. The Board next considered the approval of budgets for the 2020-2021 fiscal year and recognized Ms. Tovery, who presented to and reviewed with the Board a draft operations budget and draft debt service budget, copies of which are attached hereto as Exhibit "E". Following a discussion, Director Dean moved that the Board (i) approve the budgets as presented; and (ii) authorize the adoption of resolutions related to same. Director Brown seconded said motion, which carried unanimously.

9. The Board next recognized Ms. Landiak who recommended that the Board continue to authorize the District's bookkeeper to distribute funds as approved on the bookkeeping report pursuant to Section 49.151, Texas Water Code. Following a discussion, Director Dickerson moved that the Board authorize the distribution of funds by the Bookkeeper as requested. Director Brown seconded said motion, which carried unanimously.

10. The Board next considered an Amended Rate Order, a copy of which is attached hereto as Exhibit “F”. Ms. Landiak noted that in conjunction with the approval of the final Interlocal Cooperation Agreements by and between the District, the City of Royse City, Texas, and Hunt County, Texas, the District must amend the rate order to allow pass-through expenses for emergency services. In addition, the Amended Rate Order incorporates by reference the most recent Tap Fee Order to consolidate all rate and fee information for the District. Following a discussion, Director Brown moved that the Board approve the Amended Rate Order as presented. Director Dickerson seconded said motion, which carried unanimously.

11. The Board next considered an Interlocal Cooperation Agreement between the District and the City of Royse City, Texas (the “City”), for fire and law enforcement services, a copy of which is attached hereto as Exhibit “G”. Ms. Landiak explained that the Board had approved a prior version of said agreement but the City has requested revisions, which are now presented to the Board for approval. Following a discussion, Director Dickerson moved that the Board approve the Agreement as presented. Director Dean seconded said motion, which carried unanimously.

12. The Board next acknowledged receipt of an audit continuation letter from McCall Gibson Swedlund Barfoot PLLC, the District’s auditor. Ms. Landiak explained that the letter is a confirmation of the continuation of the District’s evergreen agreement with the auditor for the District’s 2020 audit. No formal action was taken by the Board.

There being no further business to conduct, and upon motion by Director Brown, seconded by Director Dickerson and unanimously carried, the meeting was adjourned at 12:27 p.m.

[Signature Page Follows]

APPROVED AND ADOPTED this 14th day of October, 2020.

VERANDAH MUNICIPAL UTILITY DISTRICT
OF HUNT COUNTY

(DISTRICT SEAL)



By: /s/ Jon Mitchell
Jon Mitchell, Secretary
Board of Directors