

MINUTES OF MEETING
OF THE BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

DRIFTWOOD CONSERVATION DISTRICT §

The Board of Directors of Driftwood Conservation District (sometimes referred to herein as the "District") met in regular session, open to the public, on the 18th day of November, 2020 by telephonic conference to mitigate the spread of COVID-19 pursuant to Proclamations issued by the Governor of the State of Texas and guidance provided by the Office of the Attorney General of the State of Texas, and the roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Stephen C. Dickman	President
Sam Siddons	Vice President
Danette R. Koebele	Secretary
Jett Garner	Treasurer/Asst. Secretary

All members of the Board were present by telephone at the commencement of the Board meeting except for Director Garner. The record shall reflect that Director Garner joined the meeting following the vote in item 4 herein below. The Directors present at this meeting all participated in each vote that came before the Board. Also present by telephonic conference were Andy Barrett of Barrett & Associates, PLLC ("Barrett & Associates"), attorney for the District; Judy McAngus and Vicki Hahn, paralegals, of Winstead PC ("Winstead"); Don Bosse, representing Driftwood DLC Austin, II, LLC, owner of the majority of the lands within the District ("Owner", Driftwood Golf Club Development, Inc., developer of the majority of the lands within the District and related Driftwood entities ("Developer"), Dennis Lozano of Murfee Engineering Company, Inc. ("Murfee Engineering"), engineers for the District; Kristi Hester with Inframark LLC ("Inframark") and Justin Taack with Bott & Douthitt PLLC ("Bott & Douthitt"), bookkeepers for the District. In addition, Candy Spitzer, Jackie Flippin and Tony Kimball with Spitzer & Associates, Inc. ("Spitzer"), right of way consultant for the District, and Royce Wachsmann, a former Director of the Hays County Water Control and Improvement District No. 2, and a proposed replacement for former director Zachary Stephenson, were present on the call.

1. The Board called for public communications and comments, hearing none, they proceeded on.

2. Ms. McAngus introduced Royce Wachsmann who lives in Hays County in the Belterra Subdivision. In the future, Mr. Barrett and Ms. McAngus are hoping to recommend Mr. Wachsmann to the Board as a potential Board Member but they are waiting on some qualification related paperwork to be completed. Mr. Wachsmann acknowledged his presence on the call and confirmed his desire and availability to serve on the Board.

3. The Minutes from the Board's October 21, 2020 Regular Meeting were presented for review and approval. Following a motion by Director Dickman, seconded by Director Koebele and unanimously carried, said Minutes were approved as written.

4. Don Bosse reported that construction is proceeding on the Golf Course and that the front nine is close to being all grassed in. They are working on the back nine and are looking to have it completed by September 2021. On the Creek portion of the property, they are in the process of retrofitting the existing lots with sewer, rainwater harvesting and gas lines. He noted that they are planning to start Phase 2 of the Creek project in the next 30 to 45 days.

5. The Board next reviewed the Engineers Report dated November 17, 2020 with Dennis Lozano of Murfee Engineering ("Murfee"), a copy of which is attached hereto as **EXHIBIT "A"**. He provided a written report which summarizes some of what Mr. Bosse has already covered and noted that his engineering reports will focus on District Facilities and action items. Per Mr. Lozano, they are working with the City of Dripping Springs ("City"), the Discovery Golf Club Development, Inc. ("DGCDI"), the Driftwood Conservation District, the Driftwood Economic Development Municipal Management District ("MMD") to get the water facilities ownership and conveyances in order pursuant to the existing Retail Water and Wastewater Services Agreement that the District is a party to. He went on to discuss an exhibit that he attached to his report that designates the current ownership interest, status, and easements required. A discussion ensued on such exhibit and how to interpret it. Murfee will be looking for action on certain water conveyance issues at this meeting and/or future meetings. Mr. Lozano requested input on what the Board would like to see in his future monthly reports since this is his first written status report of engineering matters. Ms. McAngus noted that she felt it would be good for the Board to have a listing of pay applications and a change orders as may be presented to the Board for approval included in the formal engineering report for each meeting, as well as copies thereof. She noted that Stephen Jones at Murfee had provided her with copies of two pay applications and a change order which she had included in the Board Packet of meeting materials for the meeting.

After a short discussion, Mr. Lozano put forward for consideration the following pay applications and change order under the Liberty Civil Construction, LLC contract for the construction of Driftwood, Phase 1, Section 1 Retrofit project. He reported the progress of the work performed under the contract relating to sewer retrofitting and rainwater harvesting noting that the contract had been started back in 2019 and put on hold until recently and recommended approval based on the following documentation, copies of which are collectively attached hereto as **EXHIBIT "B"**.

- Pay Application No. 3 for \$7,717.50;
- Pay Application No. 4 for \$75,538.44; and
- Change Order No.2 for \$12,876.00 which included additional erosion and sedimentation control and certain field adjustments.

Upon motion by Director Dickman, seconded by Director Siddons and unanimously carried, the Board approved the above Pay Applications and Change Order.

Ms. McAngus then requested that on future engineering reports, Murfee Engineering include all change orders, the dates approved and highlight the relevant items that will any current Board action.

At this point, Director Garner joined the call.

6. Mr. Barrett mentioned that he received a 200 page document from George Murfee relating to the proposed Driftwood conveyance documents but Mr. Barrett requested a further explanation as what they relate to. Mr. Lozano noted that he believes that was a complete package of all of the closeout documents, including conveyances, certain recorded information, approval letters, etc. that go along with the conveyance of the facilities. Mr. Barrett directed the Board to page 32 of the Board Meeting Packet. Mr. Lozano explained that this is the draft Conveyance of Existing Facilities agreement that the MMD entered into with the DGCDI which applies to the water line improvements owned by the MMD and the Residential Entry Improvements. The Facilities constructed by the MMD on land that has now been annexed into the District are beneficial to the DCD now that such lands have been annexed into the District and because of the annexation of such lands that the District will receive tax revenue and associated obligations on the Creek Property. The draft of this document was prepared by the MMD Attorney, Sharon Smith at Armbrust & Brown and reviewed by council for the District. The Assignment of Easement document assigns the easements associated with those Facilities to the Driftwood Conservation District as necessary to own and operate those Facilities. The improvements are being conveyed through the Driftwood Conservation District to preserve reimbursement, though it was noted that the facilities will eventually be conveyed to the City, who will ultimately the provider of retail water service to the District. Eventually, we will be looking for future Board action to convey water facilities to the City.

Conveyance Agreement: Upon motion by Director Dickman, seconded by Director Koebele and unanimously carried, the Board approve the motion to approve the form of the Conveyance of Existing Facilities and authorized Andy Barrett, the attorney for the District, to make any necessary changes to such agreement and authorized the Board President's execution of the agreement.

Assignment of Easement Agreement: Upon motion by Director Koebele, seconded by Director Siddons and unanimously carried, the Board approve the motion to approve the form of the Assignment of Easement agreement and authorized Andy Barrett, the attorney for the District, to make any necessary changes to such agreement and authorized the Board President's execution of the agreement.

It was agreed that copies of the executed, final agreements noted above would be provided to the District and retained in the District records.

It was then determined that the Board President would digitally sign the pay applications and change order as discussed above. Ms. McAngus mentioned that anything that needed to be notarized required original signatures.

7. With respect to addition of lands, there is no action at this time.

8. Justin Taack with Bott & Douthitt reviewed the current Accounting Report, a copy of which is attached as **EXHIBIT "C"**, with the Board. He stated that the only payments that needed approval by the Board are the payments for Director Fees and Vendor Fees and the transfer from

Bancorp South Operating Account to Bancorp South Bookkeeper's Account of \$15,000 to keep the Bookkeeper's Account funded.

Judy McAngus then mentioned that this is the first time the Board is seeing legal fees being paid by the District from its account noting that such payments are in accordance with the recently adopted operating budget for current fiscal year. Ms. McAngus also mentioned that she received an initial invoice from Spitzer for the Rights of Way Acquisition costs which the Board had contracted for at its last meeting. Ms. McAngus confirmed that she had forwarded the invoice to Mary Bott at Bott & Douthitt and they suggested submitting a funding request to the Developer. Once Bott & Douthitt receives such funding, the payment of such invoices will be included on the District's next Accounting Report. Ms. McAngus requested that Spitzer submit their future invoices directly to Bott & Douthitt. Mr. Bosse acknowledged that they are prepared to process such Developer Funding Requests.

Upon motion by Director Siddons, seconded by Director Koebele and unanimously carried, the Board approved the current Accounting report, including the Director and Consultant payments (Checks 5006 to 5014) as well as the transfer of \$15,000 to the Bookkeeper's Account

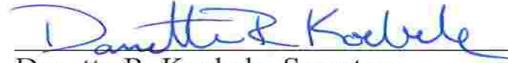
In addition, Ms. McAngus referred the Board to a copy of the most recent Annual Financial Report for the District's fiscal year ended 9.30.20. She noted that Bott & Douthitt is authorized, under its existing contract with the District, to prepare and file such annual reports with the Texas Commission on Environmental Quality ("TCEQ"). She briefly reviewed the report with the Board and confirmed that the current report, a copy of which is attached hereto as **EXHIBIT "D"**, was filed by Bott & Douthitt with the TCEQ in a timely manner.

With regard to the Spitzer invoicing and on-going right of way acquisition matters, Jackie Spitzer of Spitzer informed the Board that so far Spitzer has received five executed Right of Entry Agreements back from separate owners and are continuing to work with the other owners of the remaining parcels with regard to similar approvals.

9. The next regular Board Meeting date of Wednesday, December 16, 2020 at 11:30 a.m. was confirmed by the Board.

There being no further business to conduct, Director Koebele moved that the meeting be adjourned, which motion was seconded by Director Siddons, and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 16th day of December, 2020.



Danette R. Koebele, Secretary
Board of Directors
Driftwood Conservation District

