

ORGANIZATIONAL MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §
COUNTY OF CALDWELL §
OPEN R FRESH WATER SUPPLY DISTRICT OF CALDWELL COUNTY §

The Board of Temporary Directors (the "Board" or the "Board of Directors") of Open R Fresh Water Supply District of Caldwell County (also sometimes referred to herein as the "District") met in special session, open to the public, at 322 Bobwhite Road, Lockhart, Texas 78644, inside the boundaries of the District on August 17, 2023, and the roll was called of the members of the Board to-wit:

Terry Michael Franks
Matt D. Zukauckas
Pamela Rockhill
Whitney Kelly
James Schellhase

All members of the Board were present at the commencement of the meeting, except Director Zukauckas and Director Kelly. All directors present at the time a vote was taken voted on all items that came before the Board. Also present were Andy Barrett of Barrett & Associates, PLLC ("Barrett & Associates"), Kimberly Studdard, paralegal of Winstead PC ("Winstead"), Dustin Goss of Pape-Dawson Engineers ("Pape-Dawson"), and Mike Reynolds of Open R. Family Partnership, Ltd. and Greg Rich (via teleconference) and Terry Howe of SR Capital Management, LLC, representing the owners and developers of lands within the District.

1. The record shall reflect that the Board of Directors was conducting its first meeting since the passage of an Order Granting Petition for Creation of Open R Fresh Water Supply District of Caldwell County and appointment of directors, and Senate Bill 2576, 88th Session of the Texas Legislature, Regular Session, which created the District and added municipal utility district powers to the District, copies of which are collectively attached hereto as **EXHIBIT "A"**. It was noted that the temporary directors in attendance executed Statements of Officer forms and were administered Oaths of Office.

2. Kimberly Studdard of Winstead informed the Board that they had secured a proposal for the necessary bonds for the directors and public employees (consultants of the District) as well as directors' and officers' liability insurance from McDonald & Wessendorff Insurance, whom acts as agent to hundreds of special districts in the State of Texas. Following a review of the proposals

pertaining to the required bonds and the directors' and officers' liability policy, a motion was made by Director Franks, seconded by Director Rockhill, and unanimously carried, that the insurance proposals for such coverage and bonds be approved and accepted.

3. The next business to be addressed was the election of a President, Vice President, Secretary, Treasurer/Assistant Secretary and an additional Assistant Secretary for the Board of Directors, as provided by law. Following a full discussion and motion by Director Franks, seconded by Director Schellhase and unanimously carried, the following slate of officers was elected:

Pamela Rockhill	President
Terry Michael Franks	Vice President
Whitney Kelly	Secretary
James Schellhase	Treasurer/Assistant Secretary
Matt D. Zukauckas	Assistant Secretary

4. With regard to a developer's report, Mr. Rich spoke to his firm's qualifications and experience as a residential master developer, and he briefly discussed preliminary plans for the District.

5. The Board next reviewed and considered a Resolution Approving Contingent Fee Contract and a proposal for legal services with the firm of Barrett & Associates, PLLC. Mr. Barrett reviewed the terms of such fee agreement with the Board and upon motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved said agreement and retained Barrett & Associates as district counsel. In addition, Ms. Studdard of Winstead PC briefly reviewed an additional Resolution Approving Contingent Fee Contract and the terms of a proposal for legal services with the firm of Winstead, and upon motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved said agreement and retained Winstead to provide paralegal services, assist with certain general services in conjunction with Barrett & Associates and to serve as the District's bond counsel.

6. Mr. Goss then reviewed a proposal with Pape-Dawson to serve as the District's engineer, and following a review of such proposal and discussion thereof, and upon motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved such Consultant Agreement for Professional Services with Pape-Dawson.

7. The Board reviewed a proposal from The GMS Group, L.L.C. ("GMS Group") to serve as the District's financial advisor. In light of the GMS Group's absence at the meeting that day, Mr. Barrett explained the firm's qualifications and briefly reviewed such proposal with the Board. Following a review of the proposal and discussion thereof, upon motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved such Financial Advisory Agreement with GMS Group.

8. The Board reviewed an engagement letter and separate Bookkeeping Services Agreement with Bott & Douthitt, PLLC ("Bott & Douthitt") to serve as bookkeeper for the District. Qualifications for such firm were outlined and discussed with the Board. Following such review and discussion, upon motion by Director Franks, seconded by Director Rockhill and unanimously

carried, the Board approved such engagement letter and agreement for bookkeeping services with Bott & Douthitt.

9. Upon motion by Director Franks, seconded by Director Schellhase and unanimously carried, the Board authorized Bott & Douthitt to assist with the opening of a District operating account at Horizon Bank, or any other bank deemed appropriate by Bott & Douthitt, and requested that Bott & Douthitt have the necessary resolutions and signature cards available at the next meeting to formally open such account and to further work with the developer in connection with securing an operating advance for such account.

10. The Board then considered and ratified prior actions taken and the payment of various out-of-pocket expenses made on behalf of the District. Upon motion by Director Rockhill, seconded by Director Franks and unanimously carried, the Board approved such actions.

11. With regard to an update as to status of negotiations with the City of Lockhart, Caldwell County and/or various water and wastewater service providers, and actions as may be necessary with regard to various agreements and matters with same, Mr. Barrett noted he would like to request approval from the Board to allow District consultants and developers to proceed with securing a wastewater permit for the District. Upon motion by Director Franks, seconded by Director Rockhill, the Board unanimously approved and authorized District consultants to proceed with securing a wastewater permit.

12. The Board was presented with a Resolution Adopting Prevailing Wage Rate Scale for Construction Workers, and Mr. Barrett noted this is in accordance with the Davis Bacon Act, and as is such, the District must adopt a Resolution stating same. Upon motion by Director Franks, seconded by Director Schellhase, the Board unanimously approved the Resolution Adopting Prevailing Wage Rate Scale for Construction Workers.

13. There was presented to the Board a proposed Order Designating Offices Outside the District, which Order designates various offices of the District, declaring them to be public places, a copy of said Order being attached hereto as **EXHIBIT "B"**. After a full discussion, and upon motion of Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved said Order Designating Offices Outside the District. The officers were directed to execute said Order, and the attorneys were authorized to publish notice of the designation for such offices outside the District.

14. The Board next reviewed a Resolution Designating Posting Location of Meeting Notices ("Resolution"), a copy of which is attached hereto as **EXHIBIT "C"** and upon motion by Director Rockhill, seconded by Director Schellhase and unanimously carried, the Board adopted said Resolution.

15. There was presented to the Board an impression of the proposed seal of the District, circular in shape with the name of the District around a five-point star. It was duly moved by Director Schellhase, seconded by Director Rockhill and unanimously carried that said seal be adopted as the legal seal of the District, an impression of which is attached hereto as **EXHIBIT "D"**

and that the Secretary or Assistant Secretary or records manager for the District be authorized to affix said seal to all instruments of the District requiring a seal.

16. The Board next reviewed a District Information Form detailing general information about the District that is required to be approved and filed of record with both the Caldwell County Clerk and the TCEQ. Following a review thereof, upon motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved such Form and authorized Winstead to file such items with the Caldwell County Clerk and with the TCEQ.

17. The Board next reviewed an Order Adopting Code of Ethics, Travel Expense Policy and Establishment of Maximum Annual Limit of Fees of Office, and Procedures for Selection and Review of Consultants, Policies Concerning the Use of Management Information including the Formation of an Audit Committee, Investment Policy, Selection of a Fiscal Year-End and Certain Other Matters, a copy of which is attached hereto as **EXHIBIT "E"**. In connection with review of such policies, Kimberly Studdard explained various provisions of the Open Meetings Act to the Board as relates to the Board members discussion of District business. In addition, it was confirmed that the Board would select September 30th as its fiscal year end. Following a full review and motion by Director Franks, seconded by Director Schellhase and unanimously carried, the Board approved said Order.

18. The Board next reviewed and Order Establishing Records Management Program and Appointing Records Management Officer, a copy of which is attached hereto as **EXHIBIT "F"**. Following a full review and motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved said Order.

19. The Board then reviewed a form of Joint Election Services Contract between Caldwell County and the District for the November 7, 2023 Elections (the "Election Agreement"), and upon motion by Director Franks, seconded by Director Schellhase and unanimously carried, the Board authorized execution of the final version of the Election Agreement by the Board's officers upon receipt by Caldwell County and additionally approved and authorized the execution of a Resolution Adopting Voting System, if necessary, once Caldwell County confirmed the type of voting system that they would be using for the proposed election.

20. Next, the Board reviewed separate engineering reports for the utility, roadway and parks and recreational facilities prepared by Pape-Dawson in connection with the estimated construction and non-construction costs associated with utility bonds for the water, wastewater and drainage facilities to serve the District, the estimated construction and non-construction costs associated with road facilities to serve the District and the estimated construction and non-construction costs associated with parks and recreational facilities to serve the District. Such reports are collectively attached hereto as **EXHIBIT "G"**.

21. The Board next considered and reviewed a proposed Order Calling Confirmation, Director and Road District Powers Election and Approving Engineering Reports and Calling Utility Bond Election, Utility Refunding Bond Election, Road Bond Election, Road Refunding Bond Election, Park and Recreational Facilities Bond Election, Park and Recreational Facilities Refunding Bond Election and Maintenance Tax Election, a copy of which is attached hereto as **EXHIBIT "H"**,

and following a full discussion and motion by Director Franks, seconded by Director Rockhill and unanimously carried, the Board approved said Order and authorized Notice of such election be given, as provided by law.

22. Ms. Studdard then discussed with the Board the need to create a District website to house various election documents as well as meeting notices and minutes, tax-related documents and budget information, at such time that information is relevant and available, and after a brief discussion and upon motion by Director Rockhill, seconded by Director Schellhase, the Board unanimously approved creation of a District website by Winstead.

23. It was noted that following the election of permanent directors, the Directors would be required to complete certain on-line government training courses pursuant to Chapter 551 of the Texas Government Code and that more details would follow at the Board meeting whereat the November 7, 2023 elections would be canvassed. The Board tentatively discussed meeting to canvass such elections, and it was noted that such date would be verified to ensure that it fell within the proper canvassing period and that an invite to such meeting would be sent to confirm such date.

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

APPROVED AND ADOPTED this 17th day of November, 2023.



Matt D. Zukauckas, Assistant Secretary
Board of Directors
Open R Fresh Water Supply District of Caldwell
County

