



Secretary of the Board of Directors; Director Schaub was nominated as Treasurer of the Board; and Director Moeller was nominated as Assistant Secretary of the Board of Directors. The motion carried unanimously, carrying with it the election of the officers as described in the motion.

3. The Board then discussed the Open Meetings Act and Public Information Act, including the training requirements applicable to new public officials. Mr. Corbett described the requirements and prohibitions of each of the statutes, and explained that the directors must refrain from gathering in a group of three or more to discuss District matters unless it is an official board meeting for which sufficient public notice has been given.

4. The Board then considered approval of a District Registration Form to be filed with the TCEQ. Director Harmon authorized the preparation and filing of the District Registration Form with the TCEQ. Director Harrison seconded the motion, which the Board passed unanimously.

5. The Board then discussed adoption of a seal for the District in accordance with the provisions of Section 49.061 of the Texas Water Code., an impression of which follows:

Director Schaub made a motion to adopt the seal for the District. Director Johnson seconded the motion, which the Board passed unanimously.

6. Mr. Corbett advised the Board that Section 49.062 of the Texas Water Code authorizes the Board to maintain a District office and to establish a regular meeting place for the Board of Directors outside the boundaries of the District. The Board determined that regular meeting places be established at: i) the offices of McLean & Howard, L.L.P., located at Barton Oaks Plaza, Building II, 901 South Mopac Expressway, Suite 225, Austin, Texas 78746; and (ii) within the District, at the River Bend Ballroom and Lounge, located at 451 River Bend Dr., New Braunfels, Texas 78130, all of which are hereby declared to be public places and open to the public. Director Schaub made a motion to approve the Resolution Establishing Offices and Regular Meeting Places. Director Harrison seconded the motion, which the Board passed unanimously. The Board also directed legal counsel to proceed with publication of notice of the meeting locations.

7. As its next act of business, the Board considered a proposed contract with McLean & Howard, LLP for general counsel services. Director Schaub made a motion to approve the

contract with McLean & Howard, LLP for general counsel services. Director Harrison seconded the motion, which the Board passed unanimously. A copy of the contract is attached as an exhibit to these minutes.

8. As its next item of business, Director Harmon made a motion to ratify, approve and confirm the posting of the agenda for the organizational meeting by its attorney, and to authorize the District's attorney to prepare and post its agendas in the future. Director Harrison seconded the motion, which the Board passed unanimously.

9. The Board then considered a Resolution Designating a Bank to Serve as Depository for the Funds of the District and a Depository Services Agreement. After discussion, Director Harrison made a motion to authorize the District's Treasurer to: (i) obtain, review and approve a Bookkeeping Proposal; and (ii) authorize the District's Treasurer to designate a bank to serve as depository for the funds of the District and approve a Depository Services Agreement. Director Harmon seconded the motion, which the Board passed unanimously.

10. The Board next discussed authorization of the purchase and posting of District name signs within the boundaries of the District, pursuant to the rules of the TCEQ. The Board agreed to table this item until after the District's confirmation election.

11. The next item to come before the Board was discussion of the purchase of liability insurance and director and officer liability coverage. Director Johnson made a motion to approve the insurance proposal from TML. Director Schaub seconded the motion, which the Board passed unanimously.

12. As its next act of business, the Board discussed payment of directors' fees. Mr. Corbett explained that under Texas law, the directors may receive fees in an amount not to exceed \$150 for each day the director actually spends performing substantive duties of a director, and that the per annum amount of director fees may not exceed \$7,200 per individual. He also noted that the directors were entitled to reimbursement for reasonable expenses incurred in connection with performing their duties as directors of the District. Director Harrison made a motion to approve the resolution authorizing payment of director fees and reimbursement of expenses subject to revising the resolution to state that no Director shall receive fees of office. Director Schaub seconded the motion, which the Board passed unanimously. A copy of the Resolution is attached as an exhibit to these minutes.

13. Mr. Corbett informed the Board that Section 49.199, Texas Water Code, requires that the Board adopt a Code of Ethics, Travel Expenditures Policy, Professional Services Policy, and Management Information Policy. He presented a draft policy to the Board for review. Director Schaub made a motion to approve the Code of Ethics, Travel Expenditures Policy, Professional Services Policy, and Management Information Policy. Director Harrison seconded the motion, which the Board passed unanimously. A copy of the approved Code of Ethics, Travel

Expenditures Policy, Professional Services Policy, and Management Information Policy is attached as an exhibit to these minutes.

14. Mr. Corbett informed the Board that Section 49.199, Texas Water Code, requires that the Board adopt a District Investment Policy, including appointment of an Investment Officer. Mr. Corbett explained that the Investment Policy identifies authorized investments for public funds, in accordance with the Public Funds Investment Act, and appoints the District's Bookkeeper as the Investment Officer. Director Harrison made a motion to approve the Investment Policy and appoint the bookkeeper as the Investment Officer. Director Schaub seconded the motion, which the Board passed unanimously. A copy of the District's Investment Policy is attached as an exhibit to these minutes.

15. Mr. Corbett next explained that Section 49.158, Texas Water Code, requires that the Board adopt a fiscal year by formal board resolution. Mr. Corbett recommended that the Board set its fiscal year as September 1 through August 31. Mr. Corbett presented the Board with a Resolution to such effect. Director Moeller made a motion to adopt the Resolution Establishing Fiscal Year for the District. Director Harmon seconded the motion, which the Board passed unanimously. A copy of the Resolution is attached as an exhibit to these minutes.

16. Next, the Board presented a Records Retention Policy. After a report by Mr. Corbett, Director Schaub made a motion to adopt the Records Retention Policy. Director Harrison seconded the motion, which the Board passed unanimously. A copy of the District's Records Retention Policy is attached as an exhibit to these minutes.

17. The Board then considered a Contract with the Guadalupe-Blanco River Authority regarding funding and construction of improvements to the Lake Dunlap Dam. After discussion, Director Harrison made a motion to approve the Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities with the Guadalupe-Blanco River Authority and authorized the District's Attorney to make non-substantive revisions to the Contract as necessary subject to the President's review and approval. Director Johnson seconded the motion, which the Board passed unanimously. A copy of the Contract is attached as an exhibit to these minutes.

18. The Board then considered adopting an Order Calling Confirmation Election, Maintenance Tax Election, Permanent Directors Election and Special Contract Election (the "Election Order"). After discussion, Director Harmon made a motion to approve the Election Order. Director Johnson seconded the motion, which the Board passed unanimously. A copy of the Election Order is attached as an exhibit to these minutes.

19. The Board then considered an election agreement with Guadalupe County. After discussion, Director Johnson made a motion to approve the election agreement with Guadalupe County. Director Harrison seconded the motion, which the Board passed unanimously. A copy of the Agreement is attached as an exhibit to these minutes.

20. The Board then considered contracts with Comal County and Guadalupe County for tax collection services. After discussion, Director Johnson made a motion to authorize the District's Attorney to contact Comal and Guadalupe Counties regarding tax collection services. Director Harmon seconded the motion, which the Board passed unanimously.

21. Next, the Board discussed establishing a regular meeting date. The Board tabled this item.

22. By unanimous acclamation, the Board adjourned at approximately 3:00 p.m.

(SEAL)

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Secretary, Board of Directors