

MINUTES OF SPECIAL MEETING
OF
BOARD OF DIRECTORS

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| THE STATE OF TEXAS | § |
| | § |
| COUNTY OF TRAVIS | § |
| | § |
| BELVEDERE MUNICIPAL UTILITY DISTRICT | § |

A special meeting of the Board of Directors of Belvedere Municipal Utility District was held on January 24, 2018, in accordance with the duly posted notice of said meeting. The roll was called of the members of the Board of Directors, to-wit:

| | |
|-----------------|---------------------|
| Peter Golde | President |
| Donal Sartain | Vice President |
| Ronald Ubertini | Secretary/Treasurer |
| Kim Clifford | Assistant Secretary |
| James Koerner | Assistant Secretary |

All members of the Board were present, except for Directors Sartain and Clifford, thus constituting a quorum of the Board of Directors. All directors present voted on all matters that came before the Board. Also in attendance were Jeff Monzingo with Montoya & Monzingo, LLP; Stefanie Albright and Troupe Brewer, Attorneys, and Lissette Ruiz, Legal Assistant, with Lloyd Gosselink Rochelle and Townsend, P.C.; Bryce Canady, with Murfee Engineering Company; Clayton Chandler with McCall, Parkhurst & Horton LLP, and Tom Wiles was present on behalf of the Belvedere Homeowners Association (“HOA”).

Director Golde called the meeting to order at 6:01 p.m. and stated the Board would first receive public comment. There were no public comments received.

Director Golde stated the Board would next consider the approval of the minutes of the December 19, 2017 regular meeting, provided as **Exhibit A**. **Upon motion by Director Koerner, seconded by Director Ubertini, and unanimously carried by the Board members present, the Board approved the December 19, 2017 regular meeting minutes.**

The next item before the Board was to consider the bookkeeper’s report, including, but not limited to, payment of invoices. Mr. Monzingo distributed a revised bookkeeper’s report, provided as **Exhibit B**, and stated the invoice for legal services was the only invoice requiring approval at this time. Mr. Monzingo noted the Attorney General bond expense in the amount of \$1,220 which he stated would be reimbursed to the District from the bond proceeds. Mr. Monzingo also noted that there were four bond payments made (interest only) and that to date, the District had collected 57.77% of owed property taxes. **Upon motion by Director Koerner, seconded by Director Ubertini, and unanimously carried by the Board members present, the Board approved the bookkeeper’s report and payment of the invoice for legal services.**

Director Golde stated the next item before the Board was to discuss, consider, and take action regarding a report from the District's Engineer. Mr. Canady directed the Board to the Agreement for the Provision of Limited Professional Services regarding the Belvedere Amenity Center Improvements, provided as Exhibit C. Mr. Canady discussed the various tasks identified in the Agreement and provided a proposed site plan, provided as Exhibit D, and requested the Board review and provide feedback on the locations of the proposed storage building and parking lot. He also requested feedback on a new walking trail from the new parking area back to the building. Mr. Canady stated he wanted to make sure everyone agreed this was the preferred layout and that there were no significant changes to the location or scope of the storage building and parking lot. Director Ubertini asked if the proposal included the maximum amount of possible parking spaces that could be included. Director Golde stated that the original sketch, which Dan Ryan worked off of, had one additional space. Director Ubertini stated the District wanted to maximize the parking. Director Golde agreed that another space could be added assuming there was no design issue related to including one additional space. Mr. Canady stated he would review the turn radius to determine if another space could be added. In reviewing the tasks identified in Exhibit C, Mr. Canady stated Task 1 showed an estimate of \$0 since that task was effectively completed. Mr. Canady asked the Board to review the proposed site plan and provide any comments. Director Golde stated he did not expect any changes would need to be made unless Murfee Engineering recommended something. Director Ubertini asked about the size of the storage facility and specifically if it was the size that was originally proposed, to which Mr. Canady responded it was and that the building was 801 square feet.

In regards to Task 2, Mr. Canady stated he would take feedback from the drawings and then conduct an accurate reading of the site plan in person. Mr. Canady stated he obtained information on the permitting requirements and determined that there would be no U.S. Fish and Wildlife Service review required, only approval from Travis County and possibly a small permit application fee to Balcones Canyon Preserve. Task 3 would provide the approved site plan to the Travis County for review. At that point, a geotechnical specialist would be brought in regarding the parking lot and foundation for the storage building in order to provide background information on soils and structural stability and provide input on the design of the foundation as well as on the asphalt design for the parking lot. Mr. Canady stated he understood the District wanted all new construction to match the existing structures/parking lot as much as possible. Director Ubertini stated the parking lot should be pervious. Director Golde agreed and stated that Dan Ryan said it would absolutely have to be permeable pavement. Mr. Canady stated based on his calculations, the parking lot would be under ½ acre so it would not have to be pervious if the District did not want it to be. Mr. Canady stated he thought Dan Ryan stated that the overall permeability limit of 15% applied to the whole subdivision. Director Ubertini stated the District would have to follow the standard lot requirement per the Architectural Control Committee (ACC). Director Golde noted the point Lee Blanton made at the last meeting that the ACC had their own requirements, too, and that it does not have to be pervious. The ACC's requirements pertain specifically to a limit of impervious cover for each lot and, if exceeded, pervious pavers would be required.

A discussion ensued regarding Task 4, and the Board stated that the ACC requirements should be followed. Mr. Canady stated that, based on his analysis, the buildings on site and the pool were 17% impervious. Director Ubertini stated the square footage limit was applied per

ACC rules. Mr. Canady stated he would go back to what is in place, what is proposed, and what is pervious. Director Koerner asked if pervious would be more expensive than impervious, to which Director Golde replied yes. After review of Task 5, Mr. Canady stated his office estimated a 15-month window of completion from approval of Task 1 and, once the layout was agreed upon, they could begin work immediately with a signed agreement. The next step would be for the Board to interview architects and review and approve the site plan for submission to Travis County. Mr. Canady stated Murfee Engineering would manage the tasks they were presenting and would work with the architect.

Director Koerner asked if the black line on the proposed site plan was the lot line and asked if the District would be acquiring the lot. Ms. Albright stated they would need a lease in place from the HOA. Director Ubertini asked if the District owned the parking lot, to which Ms. Albright stated the District owned the lot, but not the land under, similar to the trails. Director Ubertini asked if the District needed to go back and do the math on all of the projects. Director Golde stated the only estimate they had was Dan Ryan's rough estimation. Mr. Canady stated it would be nice to have a surveyor come out and that his office could provide preliminary cost estimates without a designer, but it would be better to work through the numbers first and get a more precise estimate. Director Ubertini asked how much of a commitment the District wanted to make, and Director Koerner asked if they could approve the agreement without having the bond proceeds. Ms. Albright stated the District would be authorizing Murfee Engineering to move forward as if it was part of the bonded project, and clarified that the District would be reimbursed from the bond proceeds for that work by Murfee. Mr. Chandler asked if these costs were soft costs, to which Ms. Albright stated yes. Director Golde stated the District had expected operating funds to be used in addition to bond proceed funds. Ms. Albright stated the MEC work order was part of the overall contract and recommended that the Board could authorize the work order through Task 2, but, before Murfee Engineering moved forward with Task 3, additional Board approval would be required. **Upon motion by Director Koerner, seconded by Director Ubertini, and unanimously carried by the Board members present, the Board approved the Agreement with Murfee Engineering, through Task 2, provided as Exhibit C.**

Director Golde stated the Board would break at 6:32 p.m. for signatures on bond documents previously approved at the January 16, 2018 Regular Board Meeting.

The Board reconvened at 6:43 p.m.

The next item before the Board was to discuss, consider and take action regarding expenditure of the \$92,000 in the capital account for drainage facilities. Ms. Albright stated that the issue with the \$92,000 is the fact that those monies were comprised of bond proceeds from three separate bond issuances, and there was not a way to show which funds were tied to which projects/bonds and thus it was her recommendation to go to TCEQ for approval. Mr. Chandler stated under state bond law, the funds could be used for a bonded project, but it would be safest going to TCEQ for approval. Mr. Canady stated he and David Malish had discussed this internally, and after hearing discussions regarding water and drainage, they also recommended the District seek TCEQ approval. Director Koerner asked what the cost would be to seek TCEQ approval. Mr. Monzingo stated he would be the one to write the letter, and Mr. Canady stated he

would provide a ballpark number after conferring with Mr. Malish. Director Golde asked if the District could file one overall approval—all for drainage, to which Ms. Albright replied yes. Ms. Albright stated it would primarily be an engineering project.

Director Golde stated the next item before the Board was to discuss, consider and take action regarding the May 5, 2018 Directors Election. Ms. Albright stated this would be a placeholder item for the next few agendas and reminded the Board that applications for a place on the ballot were due by 5:00 p.m. on February 16, 2018. If at that point only three applications were received, the election could be cancelled. If there were more than three applications received, the election would proceed and the last day for a candidate to withdraw would be February 23, 2018. Director Koerner asked what the rules were for a Board member to solicit residents to run and whether the Board should be advertising the election. Ms. Albright stated the Board should be mindful to avoid a “walking quorum,” and that the proper notice was posted on the HOA website as well as the bulletin boards near the mailboxes. Ms. Albright stated her office would send a reminder prior to the 5:00 p.m. February 16, 2018 filing deadline.

The next item before the Board was to discuss, consider, and take action as necessary on the Joint Management Agreement (JMA) between the HOA and the District. Director Koerner distributed a handout, provided as Exhibit E, which identified the eight (8) principles of the new JMA with the HOA. Director Koerner stated the agreement should be straightforward and flexible. Next, Director Koerner distributed the draft Amenity Center and Landscaping Cost Sharing Agreement handout, provided as Exhibit F, which estimated \$72,211 to be paid annually by the District to the HOA with approximately \$47,000 to be prorated for the current year. Ms. Albright stated in regards to insurance coverage, the HOA would likely have insurance coverage for activities held at the Amenity Center, but the District will likely need general liability coverage. Ms. Albright stated her office would follow-up with TML for a proposal. Director Ubertini stated the District’s intent was to pay for insurance, whether or not the policy name was in the District. Director Koerner stated as part of the budget process, the District has kept a contingency under the “maintenance” line item and asked for clarity on what type of “maintenance” would be covered. Director Ubertini suggested having a list defining the items the District would pay and the items the HOA would pay for. Ms. Albright stated that the agreement would need to be clear on which funds were being provided to the HOA, and to ensure adequate controls are in place as to amounts that could trigger competitive bidding; but for insurance, the District could file a claim consistent with the coverage of the facilities. Ms. Albright stated she would discuss with the HOA’s attorney the “controls” in the agreement that would lay out what the funds could be used for specifically, and recommend receiving reports from the HOA on expenditures. Ms. Albright also suggested that since the District is smaller and interacts more with the HOA, that it might be worth it to have a subcommittee in place that deals with facilities management, with two Board members appointed. Director Ubertini suggested reports on an annual basis of the record/bookkeeping and requested a draft JMA from Ms. Albright to be provided at the February Board meeting. Ms. Albright stated she would follow-up with the HOA’s attorney and provide a draft for the Board’s review at the next meeting.

Directors Koerner and Ubertini stated they would not be available for the February 20, 2018 Board meeting, to which Ms. Albright stated the Board could push the meeting out one week.

Director Golde stated the next item before the Board was to discuss, consider and take action on update from Texas Municipal League insurance coverage for District facilities, Directors, and volunteers. Ms. Albright directed the Board to **Exhibit G** and stated the workers' compensation coverage would be \$324 annually and would cover 100 volunteer hours. There is a base amount of \$200 which is standard for workers' compensation coverage. **Upon motion by Director Koerner, seconded by Director Ubertini, and unanimously carried by the Board members present, the Board approved the TML proposal for workers' compensation coverage.** Director Golde asked if the hours could be changed in the future, to which Ms. Albright stated yes.

The next item before the Board was to discuss, consider and take action as necessary concerning potential District acquisition of road powers. Ms. Albright stated this item should be discussed in April, after primary elections, and that she would provide a cost proposal at that time. Ms. Albright stated another benefit of going to the legislature to acquire road powers (versus the TCEQ) is the Board could attempt to change their election to the uniform date in November which would save the District money. Director Ubertini asked, if they were successful in moving to November, could the new members' terms extend to November, to which Ms. Albright stated not without amending the law that created the District and that the terms are set by statute where the term ends in May with holdover until November.

Next, Director Golde stated he wanted to clarify on his comments at the last Board meeting whereby he said the costs would be "trivial" and that his point was that in the reserve study there is an annual amount that needed to be in the fund based on scheduled repairs and the most it ever got to is \$1 million which is the minimum threshold in terms of selling bonds.

Next, Mr. Canady stated he had two follow-up items from the last meeting in regards to the game fence, which would not cause any drainage issues; the District would need approval from Travis County for any construction over a drainage easement. The second follow up item was not brought up after discussion of the fence.

There being no further business and upon motion made by Director Koerner, seconded by Director Sartain, and unanimously carried by the Board members present, the meeting adjourned at 7:30 p.m.

PASSED, APPROVED AND ADOPTED THIS 27th day of February, 2018.



Ronald Ubertini, Secretary

EXHIBIT A

received, but the majority would be received in December through January. Director Ubertini had a question regarding an overdraft fee to which Mr. Monzingo stated he would call the bank to have the fee waived. Mr. Monzingo stated the audit should be ready for the Board's review at the January Board meeting. **Upon motion by Director Sartain, seconded by Director Ubertini, and unanimously carried, the Board approved the bookkeeper's report, transfers of funds, and payment of invoices.**

Director Golde stated the next item before the Board was to discuss, consider, and take action regarding a report from the District's Engineer. Mr. Malish addressed the Board and provided a follow-up discussion in regards to the berms that were discussed at the last meeting. Mr. Malish stated that per the contracts and his review of prior pay estimates, the berms should have been removed and that the District had paid for their removal through bonds, but the berms were not removed. Mr. Canady stated that, in his discussion with Mr. Ryan, Mr. Ryan had indicated that at the time for removal, it was decided that the best course of action was to leave the berms in place. Director Ubertini asked if the District could send a letter to the contractor(s) and request a refund. Ms. Albright stated the District should see of which bond issuance this was a part of. She also indicated that there were warranty periods that should be reviewed. Director Clifford also indicated that there could be statute of limitations issues. Mr. Malish stated he would put together a final estimate. Director Sartain asked Mr. Malish and Mr. Canady for their proposed recommendation with regards to these berms. Mr. Malish stated he was not recommending that the berms be removed at this time and that Mr. Ryan may have had a good reason for not removing. Mr. Malish stated he would prepare a memo based on his review of the contracts. Ms. Albright stated it was probably the developer's decision to leave these berms, and that the Board at the time would likely have followed this advice.

Next, Mr. Golde stated that at the Annual HOA Meeting, there were two homeowners that lived on either side of a drainage easement where a game fence runs up to the edge of the wall, and voiced concern that there is no fencing over the drainage structure. Director Golde asked Mr. Malish if there was any reason why there couldn't be a game fence there. A discussion ensued regarding ownership of the game fence and whether the fence was an HOA or District responsibility. Kim Bigley advised that the fence belonged to the HOA. Director Golde asked Mr. Malish to review the issue.

Next, Director Clifford provided a follow-up from the last meeting whereat Murfee Engineering had raised an issue regarding a piece of metal that was raised along the trail. She notified the Board that, consistent with Murfee Engineering's advice, this piece of metal had been removed by the landscaping company.

Mr. Canady stated that, in response to a request from Director Golde at the last meeting, he inspected a 20-30' stretch of drainage ditch along Flagler Dr. where there had been a wash out. He indicated that a distribution of new rocks would address this. He stated his office would come back with a more specific recommendation on how to proceed. Mr. Canady asked if the Board was looking for any work to be done now in regards to the Joint Maintenance Agreement (JMA). Director Koerner stated that for the new JMA the Board would like assistance from Murfee Engineering during January in identifying the property for which the District has maintenance responsibility. Mr. Canady said that he would assist in obtaining this information. In regards to

drainage within the District, Mr. Canady stated he and Mr. Malish would review the culverts, run quick assessments and would continue that process going forward.

Mr. Canady next discussed the process to begin the pre-work for bid solicitations for the parking lot and storage building. Director Clifford stated she had requested this item be added to the agenda so that the roles for managing these projects could be discussed. Director Golde stated the engineers would manage the project. Director Ubertini stated he was under the impression if a project involved bond money, then a Board director would oversee the project. Ms. Albright stated it would be a third party that would oversee the project construction, but that the Board would oversee and manage the contract. For example, if there were any change orders, they would come back to the Board for approval. Director Clifford asked what role the HOA played since they brought the projects forward, and whether the District should also request that the HOA form a committee in order to ensure coordination between the HOA and District. Director Koerner recommended two Directors from the MUD Board and two Directors from the HOA Board form subcommittees of the respective Boards. A discussion ensued regarding hiring an architect for the storage building as Mr. Malish stated his office would not be the ones to design this structure but that he would provide recommendations on architects. Director Golde requested Murfee Engineering also prepare a plan on how the District proceeds with these projects and provide a general schedule. Director Clifford requested a fee proposal be provided by Murfee Engineering as well. Director Koerner recommended the District's subcommittee be formed tonight. Directors Ubertini and Sartain stated they would be the members of this subcommittee.

Mr. Blanton addressed the Board and stated that the HOA recognized and accepted that the MUD had a process to follow for bidding and moving forward on projects, but that the HOA also had a process for construction. That process called for the use of approved contractors and complying with all Architectural Control Committee(ACC) rules. Director Ubertini agreed and stated the District process should also comply with the HOA and ACC standards. Director Clifford stated the joint subcommittee needed to keep in mind that many property owners were not in attendance at the HOA Annual Meeting and continued communication to the residents would be needed on the storage building and parking lot projects. **Upon motion by Director Sartain, seconded by Director Ubertini, and unanimously carried, the Board approved closing the discussion of Item 4.**

Director Golde stated the Board would next consider and take action on Bond Issue No. 4 regarding recreational facilities, including a Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters. Ms. Albright directed the Board to the proposed Resolution, provided as **Exhibit C**. Director Golde asked Ms. Albright if she had sent to the Preliminary Official Statement (POS) to all Board members, to which Ms. Albright said it was sent to the subcommittee, but a copy was included in the packet. Ms. Albright stated she had received edits from Director Clifford. Director Golde stated he also had edits to the POS and that there were some things that needed explanation, and things that were incorrect in the draft POS. Director Golde questioned references to developer planning to sell houses when the Developer was no longer active. Ms. Albright stated that for the discussion related to bonds, the Developer needed to be seen as still active in the District as a major component of this bond issuance was developer reimbursement. Director Golde stated that the wastewater system was referenced, but

there was none as residents were on individual septic systems. Ms. Albright stated that the references to the wastewater system, LCRA references and storm water would all be removed. She recommended Director Golde provide his edits. Director Koerner had a question on page one of the POS which stated the bond was for Amenity Center Phases, and whether that included the parking lot. Ms. Albright stated, the “Improvements” section covered the parking lot. Director Golde stated there was a table that listed the developer reimbursements which included some District projects, to which Ms. Albright stated she had flagged this for Ms. Edwards, bond counsel, and Ms. Edwards had confirmed this would not be an issue. Director Clifford recommended approving the Resolution subject to any further changes. **Upon motion by Director Koerner, seconded by Director Sartain, and unanimously carried, the Board approved the Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters.**

Next, Director Golde stated the Board would consider Authorizing payment of the Attorney General review fee. Ms. Albright stated this was included in the Resolution. Ms. Albright stated the next item was to consider the Designation of Paying Agent/Registrar for the Bonds. Mr. Chandler addressed the Board and stated the Paying Agent/Registrar was identified in the POS as BOKF, NA. **Upon motion by Director Clifford, seconded by Director Ubertini, and unanimously carried, the Board approved authorizing BOKF, NA as payment agent for Bond Issue No. 4.**

Director Golde stated the next item before the Board would be to discuss, consider, and take action regarding the process for expenditure of the \$92,000 in the capital account for drainage facilities. Director Clifford stated she had asked for this item to be added in follow-up from the last Board meeting to discuss what steps the District needed to take. At the last meeting, the Board discussed preparing a request to submit to TCEQ for approval. Mr. Malish stated if the funds were to be used for a project originally covered by the bond, TCEQ approval was not required, and that the District could use the money to maintain projects for which bonds were previously issued. Ms. Albright stated she would want to double-check with the financial advisor since the \$92,000 was from different bond issuances and may be divided among projects. Director Clifford requested that Ms. Albright also seek guidance from the financial consultants as to any new projects for which the \$92,000 could be used. Ms. Albright stated she would reach out to bond counsel and seek their recommendation. Mr. Monzingo stated he would go back to the prior bond issuances to determine from where the funds came.

Next, Director Golde stated that the Board would discuss, consider, and take action as necessary on the JMA between the HOA and the District. Director Koerner stated there was no update. Director Clifford stated that the time had come where the JMA needed to be finalized. The Board authorized Ms. Albright to reach out to the HOA’s attorney to make her aware of the JMA and to ensure there was enough review time to complete the JMA concurrent with the completion of Bond Issue No. 4. It was also requested that Ms. Albright take steps to ensure that insurance was in place at that same time for all of the facilities being acquired. Ms. Albright stated she would need the HOA’s attorney’s contact information and she would reach out. Director Koerner stated that the committee would provide Ms. Albright with additional information regarding the preferred terms of the JMA.

The next item before the Board was to discuss, consider, and take action as necessary concerning the Board's presentation at the HOA annual meeting in December. Director Clifford stated the Data Sheet was provided as a handout at the HOA meeting and had been posted on the HOA website and questioned whether it should be left on the website and if so, who would be responsible for updating the information. Director Sartain recommended the Data Sheet be left on the website for at least six months. Director Koerner stated it was a wonderful presentation and stated it was worth doing at the next annual HOA meeting. Director Ubertini recommended the Data Sheet be left on the website for at least one year. It was agreed to leave the Data Sheet on the website and the Board would be responsible for updating it when and as necessary (e.g., upon election of new Directors, issuance of new bonds or approval of new tax rate). Mr. Blanton requested that the Board decide where on the website the Data Sheet should be placed because it was currently in several different places. The Board recommended the Data Sheet be posted under Financial Reports and Director Clifford agreed to communicate this to Kim Bigley. Next, Director Clifford asked if when the Board updated the presentation provided to the HOA, if there was anything further the Board wanted to include (e.g., turning information from the presentation into a white paper) or only include in the Data Sheet. It was agreed that the Data Sheet was sufficient.

The Board next received an update from Ms. Albright who had contacted the District's underwriter with Texas Municipal League regarding the facilities and premiums for the Amenity Center, trails and parking lots. Ms. Albright stated the District would need to provide details to TML such as square footage, to guarantee enough coverage for property damage. Director Clifford stated at the HOA meeting that Mr. Wiles had commented that the playscape and mailboxes were also to become the District's responsibility, to which Ms. Albright stated the post office likely owned the mailboxes, and the other referenced facilities were owned by the HOA. Director Koerner stated in his discussions with the HOA, it was never discussed that the playscapes or mailboxes would be the District's responsibility. Director Ubertini stated this would need to be cleared up with the HOA. Director Clifford recommended an exhibit to the JMA that clearly identified the areas for which the District had responsibility. Director Ubertini had a question regarding the District's general liability to which Ms. Albright stated the District had governmental immunity. Next, Director Clifford asked Ms. Albright for a follow-up in regards to Director Golde using his tractor to complete District projects. Ms. Albright stated TML had said this would not be covered and if the Board decided they wanted to be more active in the District, the Board would need to have workers' compensation coverage, to which Director Clifford asked how much the premium would be. Ms. Albright stated it would be based on the number of work hours included. Director Golde stated he was interested in receiving a quote for such coverage. Ms. Albright stated she would seek a quote for 50 and 100 hours and advised that a record would need to be kept for hours worked.

The next item before the Board was to discuss, consider and take action as necessary concerning potential District acquisition of road powers. Director Clifford stated she had requested this item be added as this was an outstanding item that had previously been raised but not discussed in earnest. Director Golde stated that at the annual HOA Meeting, Mr. Wiles had mentioned a reserve study which sets out 30-40 years of reserves. He requested a copy from Mr. Wiles and reviewed the report and he feels it is somewhat "trivial" as far as the effort for the District to obtain road powers outweighed any benefits. The maximum amount that the reserve fund ever reaches is around \$1 million which is not enough to warrant use of the District bonding authority. Ms.

Albright stated that she was aware of three districts that had received road powers through the legislature rather than through the TCEQ process and estimated a fee of approximately \$20,000 to complete. Ms. Albright stated she would confer with her colleagues to provide a quote and proposal of the path forward. Director Ubertini suggested discussing this issue with the HOA as they have funds set aside. Director Koerner asked as a point of clarity -- \$1 million was the recommended amount in reserves for roads, to which Director Golde replied, no, that was the biggest expense buildup to spend on roads. Director Golde stated there was also a transition study mentioned in the reserve study and that he would request a copy from Mr. Wiles.

Director Ubertini made a comment regarding the upcoming Director elections and asked if there were two or three Directors up for re-election, to which Ms. Albright stated there were three: the positions held by Directors Golde, Sartain, and Koerner which would be discussed further at the January meeting.

There being no further business and upon motion made by Director Koerner, seconded by Director Sartain, and unanimously carried, the meeting adjourned at 7:37 p.m.

PASSED, APPROVED AND ADOPTED THIS 16th day of January, 2018.

Ronald Ubertini, Secretary

EXHIBIT B

BELVEDERE MUD
 SCHEDULE OF CASH ACTIVITY
 GENERAL FUND
 MEETING DATE: JANUARY 16, 2018

Approved at 1/16/18 Meeting

CASH BALANCE AS OF 12/31/17 \$ 312,533.42

Revenue:

| Deposit Date | Description | Amount |
|----------------------------------|------------------------|----------------------|
| 1/1/2018 | Refund of bank charges | \$ 30.00 |
| | | <u>\$ 30.00</u> |
| Cash Balance Before Expenditures | | <u>\$ 312,563.42</u> |

Expenditures:

| Check Number | Description | Amount |
|--------------|---|----------------------|
| 1010 | Montoya & Monzingo, LLP Bookkeeping Fees | \$ 1,200.00 |
| 1011 | West Davis & Company Audit Fees | \$ 7,500.00 |
| 1012 | Texas Disposal Systems Waste Disposal | \$ 9,984.91 |
| 1013 | Murfee Engineering Company Engineering Fees | \$ 1,500.00 |
| 1014 | Attorney General Bond Expense | \$ 1,220.00 |
| Transfer | Belvedere MUD - Money Market | \$ 128,000.00 |
| Transfer | Belvedere MUD - Debt Service Property taxes | \$ 152,721.29 |
| | Total Expenditures | <u>\$ 302,126.20</u> |

ENDING CASH BALANCE - CHECKING OPERATING AS OF JANUARY 16, 2018 \$ 10,437.22

CASH BALANCE - MONEY MARKET OPERATING \$ 397,031.79

| | | |
|---------|--------------------|----------------------|
| Deposit | Belvedere-Checking | <u>\$ 128,000.00</u> |
| | Total Deposit | <u>\$ 128,000.00</u> |

ENDING CASH BALANCE - MONEY MARKET OPERATING \$ 525,031.79

TOTAL CASH BALANCE OPERATING \$ 535,469.01

CASH BALANCE - CAPITAL PROJECTS \$ 92,230.81

TOTAL CASH BALANCE - CAPITAL PROJECTS \$ 92,230.81

CASH BALANCE - DEBT SERVICE FUND \$ 385,468.42

| | | | |
|--------------|-------------------------|----------------|----------------------|
| Transfer | Transfer from Operating | Property Taxes | <u>\$ 152,721.29</u> |
| | Total Deposits: | | <u>\$ 152,721.29</u> |
| Expenditures | | | |
| Wire | Wells Fargo | BELV110UT | \$ 2,137.50 |
| Wire | Bank of Texas | BELV1011UT | \$ 5,087.50 |
| Wire | Bank of Texas | BELV316UT | \$ 13,893.75 |
| Wire | Bank of Texas | BELV916UTR | <u>\$ 60,675.00</u> |
| | Total Expenditures: | | <u>\$ 81,793.75</u> |

ENDING CASH BALANCE - DEBT SERVICE FUND \$ 456,395.96

Belvedere Municipal Utility District
Statement of Revenues and Expenditures Budget vs. Actual
For the Year to Date Ended January 24, 2018
Unaudited

| | Year to Date Actual | Year to Date Budget | Year to Date Variance Favorable (Unfavorable) | 2018 Annual Budget | 2018 Annual Variance Favorable (Unfavorable) |
|---|------------------------|------------------------|--|--------------------------|--|
| <u>Revenues</u> | | | | | |
| Maintenance Taxes | \$ 152,468 | \$ 108,885 | \$ 43,583 | \$ 326,655 | \$ (174,187) |
| Interest Income | 269 | 167 | 102 | 500 | (231) |
| Total Revenues | 152,737 | 109,052 | 43,685 | 327,155 | (174,418) |
| <u>Expenditures</u> | | | | | |
| Solid Waste Disposal | 19,491 | 19,000 | (491) | 38,000 | 18,509 |
| Legal Fees | 14,359 | 18,333 | 3,974 | 55,000 | 40,641 |
| Audit Fees | 7,500 | 8,500 | 1,000 | 8,500 | 1,000 |
| Accounting Fees | 4,800 | 4,800 | - | 14,400 | 9,600 |
| Engineering Fees | 4,500 | 6,000 | 1,500 | 18,000 | 13,500 |
| Engineering Design | - | 5,000 | 5,000 | 15,000 | 15,000 |
| Landscaping | - | 8,356 | 8,356 | 25,069 | 25,069 |
| Amenity Center Operations & Maintenance | - | 7,833 | 7,833 | 23,500 | 23,500 |
| Maintenance | - | 11,667 | 11,667 | 35,000 | 35,000 |
| Insurance | 966 | 667 | (299) | 2,000 | 1,034 |
| Tax Appraisal and Collection Fees | 1,240 | 1,333 | 93 | 4,000 | 2,760 |
| Bank Charges | - | 67 | 67 | 200 | 200 |
| Other Fees | - | 33 | 33 | 100 | 100 |
| Newspaper notices | - | 667 | 667 | 2,000 | 2,000 |
| Total Expenditures | 52,856 | 92,256 | 39,400 | 240,769 | 187,913 |
| Projected Excess Revenue Over Expenditures | \$ 99,881 | \$ 28,796 | \$ 71,085 | \$ 86,386 | \$ 13,495 |

Solid Waste Disposal year to date budget reflects 6 months because 6 month of payments have been made.
Audit Fees year to date budget reflects the full audit budget because the audit is completed and billed.

| TRAVIS COUNTY TAX OFFICE | | | | | | | | | | | | |
|--|-----------------------|---------|--------------------|------------------------|-------------------|--------------------|-----------------|-----------------|---------------|-----------------|-------------------|-------------------|
| OVERALL COLL/DIST REPORT | | | | | | | | | | | | |
| DATE 01/02/2018 PAGE 83 | | | | | | | | | | | | |
| FROM 10/01/2017 TO 12/31/2017 YEAR FROM 0000 TO 2017 | | | | | | | | | | | | |
| ALL OTHERS | | | | | | | | | | | | |
| UIK | -- BELVEDERE MUD | | | | | | | | | | | |
| YEAR | BEGINNING TAX BALANCE | TAX ADJ | BASE TAX COLLECTED | NET BASE TAX REVERSALS | PERCENT COLLECTED | ENDING TAX BALANCE | P & I COLLECTED | P & I REVERSALS | LRP COLLECTED | OTHER COLLECTED | PENALTY COLLECTED | TOTAL DISTRIBUTED |
| 2006 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2007 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2008 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2009 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2010 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2011 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2012 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2013 | .00 | .00 | .00 | .00 | .00 % | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2014 | 2371.31 | .00 | .00 | .00 | .00 % | 2371.31 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2015 | 3336.25 | .00 | .00 | .00 | .00 % | 3336.25 | .00 | .00 | .00 | .00 | .00 | .00 |
| 2016 | 7741.28 | .00 | 634.54 | .00 | 8.20 % | 7106.74 | 145.94 | .00 | .00 | .00 | .00 | 780.48 |
| TOTL | 13448.84 | .00 | 634.54 | .00 | 4.72 % | 12814.30 | 145.94 | .00 | .00 | .00 | .00 | 780.48 |
| 2017 | 725464.67 | .00 | 426229.73 | .00 | 58.75 % | 299234.94 | .00 | .00 | .00 | .00 | .00 | 426229.73 |
| ENTITY | | | | | | | | | | | | |
| TOTL | 738913.51 | .00 | 426864.27 | .00 | 57.77 % | 312049.24 | 145.94 | .00 | .00 | .00 | .00 | 427010.21 |

Outstanding property tax receivable
 Debt Service: 2014=1440.81
 2015=1962.38
 2016=3649.31
 2017=161,736.49
 } 168,788.99

Operating: 2014=930.50
 2015=1373.87
 2016=3457.43
 2017=137,498.45
 } 143,260.25

Current tax rate
 Operating: .17
 Debt Service: .20
 total: .37

Belvedere Municipal Utility District
Balance Sheet
As of January 24, 2018

| | Jan 24, 18 |
|---------------------------------------|-------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| CASH | |
| Money Market - ABC Bank | 525,031.79 |
| Checking Account - ABC Bank | 5,858.32 |
| Total CASH | 530,890.11 |
| Total Checking/Savings | 530,890.11 |
| Accounts Receivable | |
| Taxes Receivable | 143,260.25 |
| Total Accounts Receivable | 143,260.25 |
| Other Current Assets | |
| Due From Capital Projects | 43,552.23 |
| Total Other Current Assets | 43,552.23 |
| Total Current Assets | 717,702.59 |
| TOTAL ASSETS | 717,702.59 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Deferred Revenue | 143,260.25 |
| Total Other Current Liabilities | 143,260.25 |
| Total Current Liabilities | 143,260.25 |
| Total Liabilities | 143,260.25 |
| Equity | |
| Unassigned | 474,561.35 |
| Net Income | 99,880.99 |
| Total Equity | 574,442.34 |
| TOTAL LIABILITIES & EQUITY | 717,702.59 |

Belvedere Municipal Utility District

Profit & Loss

October 1, 2017 through January 24, 2018

| | <u>Oct 1, '17 - Jan 24, 18</u> |
|-------------------------------|--------------------------------|
| Ordinary Income/Expense | |
| Income | |
| Interest Income | 268.95 |
| Income | |
| Property Taxes | <u>152,468.14</u> |
| Total Income | <u>152,468.14</u> |
| Total Income | 152,737.09 |
| Expense | |
| Audit Fees | 7,500.00 |
| Bank Service Charges | 0.00 |
| Bookkeeping Fees | 4,800.00 |
| Engineering | |
| District Engineering | <u>4,500.00</u> |
| Total Engineering | 4,500.00 |
| Insurance | 966.46 |
| Legal Fees | |
| Legal Fees | <u>14,359.35</u> |
| Total Legal Fees | 14,359.35 |
| Collection and Appraisal Fees | 1,239.94 |
| Waste Disposal | <u>19,490.35</u> |
| Total Expense | <u>52,856.10</u> |
| Net Ordinary Income | <u>99,880.99</u> |
| Net Income | <u><u>99,880.99</u></u> |

Belvedere MUD - Capital Projects Fund

Balance Sheet

As of January 16, 2018

| | <u>Jan 16, 18</u> |
|---------------------------------------|-------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Cash | 92,230.81 |
| Total Checking/Savings | 92,230.81 |
| Other Current Assets | |
| Prepaid Bond Expenses | 43,552.23 |
| Total Other Current Assets | 43,552.23 |
| Total Current Assets | 135,783.04 |
| TOTAL ASSETS | <u>135,783.04</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Due to Operating | 43,552.23 |
| Total Other Current Liabilities | 43,552.23 |
| Total Current Liabilities | 43,552.23 |
| Total Liabilities | 43,552.23 |
| Equity | |
| Restricted | 92,182.54 |
| Net Income | 48.27 |
| Total Equity | 92,230.81 |
| TOTAL LIABILITIES & EQUITY | <u>135,783.04</u> |

Belvedere MUD - Capital Projects Fund

Profit & Loss

October 1, 2017 through January 16, 2018

| | <u>Oct 1, '17 - Jan 16, 18</u> |
|----------------------|--------------------------------|
| Other Income/Expense | |
| Other Income | |
| Interest Income | 48.27 |
| Total Other Income | 48.27 |
| Net Other Income | 48.27 |
| Net Income | <u>48.27</u> |

Belvedere MUD-Debt Service Fund

Balance Sheet

As of January 16, 2018

| | Jan 16, 18 |
|---------------------------------------|--------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Cash | |
| MUD Debt Service Fund | 456,395.96 |
| Total Cash | <u>456,395.96</u> |
| Total Checking/Savings | 456,395.96 |
| Accounts Receivable | |
| Taxes Receivable | 168,788.99 |
| Total Accounts Receivable | <u>168,788.99</u> |
| Total Current Assets | <u>625,184.95</u> |
| TOTAL ASSETS | <u><u>625,184.95</u></u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Deferred Revenue | 168,788.99 |
| Total Other Current Liabilities | <u>168,788.99</u> |
| Total Current Liabilities | <u>168,788.99</u> |
| Total Liabilities | 168,788.99 |
| Equity | |
| Restricted | 359,111.02 |
| Net Income | 97,284.94 |
| Total Equity | <u>456,395.96</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>625,184.95</u></u> |

Belvedere MUD-Debt Service Fund

Profit & Loss

October 1, 2017 through January 16, 2018

| | <u>Oct 1, '17 - Jan 16, 18</u> |
|-------------------------|--------------------------------|
| Ordinary Income/Expense | |
| Income | |
| Tax Revenue | 178,845.89 |
| Total Income | 178,845.89 |
| Expense | |
| Interest Expense | 81,193.75 |
| Paying Agent Fee | 600.00 |
| Total Expense | 81,793.75 |
| Net Ordinary Income | 97,052.14 |
| Other Income/Expense | |
| Other Income | |
| Interest Income | 232.80 |
| Total Other Income | 232.80 |
| Net Other Income | 232.80 |
| Net Income | <u>97,284.94</u> |

EXHIBIT C

An Agreement for the Provision of Limited Professional Services

MURFEE ENGINEERING COMPANY, INC.
1101 Capital of Texas Hwy., Suite D-110
Austin, Texas 78746
(512) 327-9204
Federal Tax ID #74-2742570

Client: Belvedere MUD
c/o Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Ave., Suite 1900
Austin, Texas 78701

Date: January 10, 2018

Project No.: 17031.

Project Name/Location: Belvedere MUD Amenity Center Improvements

Scope/Intent and Extent of Services: MEC proposes to provide the necessary professional engineering services to assist the Belvedere MUD with the expansion of the Amenity Center parking facilities and the addition of an onsite storage facility designed by others. More specifically, MEC will prepare, submit, and process a site development permit application for all proposed development; prepare detail plans and specifications for parking, and walking trail facilities; prepare contract documents and solicit competitive bids; review bids and prepare recommendations; and provide contract administration/observation services for construction of the project.

The following provides a task summary of MEC proposed scope of services with a brief description of each:

Task 1: Prepare Base Planning Map

MEC will prepare and distribute copies of an aerial base planning map for use as a planning tool by the Belvedere MUD Board as well as members of the Belvedere HOA. The initial map will be prepared at a scale of 1 inch equals fifty feet but larger maps will be provided upon requested. The sole purpose of this map is to generally locate, size and orient the proposed facilities.

Task 2: Prepare Proposed Dimensional Plan

Using information provided by the Belvedere MUD and HOA, MEC will prepare an accurately dimensioned site plan for final review of the Board and HOA. This site plan will also constitute a preliminary design meeting Travis County as well as standard design criteria for parking lot dimensions and drainage and will be used as the basis for final design.

Task 3: Prepare Submit and Process Site Plans

MEC will prepare the detailed site plan which will include the preparation of plans and specifications for the parking and walking access trails. Detailed structural plans will include specifications for excavation, base and pervious pavement thickness, compaction densities, and concrete strength requirements. The final design will also include a lighting plan compatible with existing facilities.

MEC will also provide documentation to support exemptions from preparation and submittal of a TCEQ contributing zone plan report or will otherwise prepare and submit this plan. In addition MEC will coordinate with the BCCP to establish impact fees, if applicable.

To accomplish this task, MEC will employ the services of Balcones Geotechnical, PLLC for geotechnical services, Capital Surveying Company, Inc. for surveying services and JRSA

Engineering, Inc. for electrical support. The geotechnical consultant will provide bore samples and logs along with pavement design. The surveying consultant will assure an accurate dimensional control plan, and the electrical consultant will assist with design of lighting and power supply. The final design of all the facilities described herein will be suitable for bidding purposes and will be submitted as an integral component of the site plan. MEC services under this task include processing the site plan through Travis County approval.

Task 4: Prepare Contract Documents, Advertisement for Bid, Bid Project

MEC will prepare the required contract documents with approved plans and specifications suitable for competitive bidding purposes. At this point, the District will need to decide if the project will be completed as one project or two projects. At the direction of the Board, MEC will advertise the project(s) for bid over two consecutive weeks and will schedule and hold a pre-bid conference. MEC will also hold the bid opening, review and check all bids received and make recommendations for contract award.

Task 5: Provide Contract Administration/Field Observation for Civil Projects

MEC will assist the Board with preparation of the contract award notice, securing performance and maintenance bonds, and issue a notice to proceed. MEC will attend the pre-construction conference as scheduled by the contractor and will perform all necessary duties related to contract administration and field observation services. MEC will review monthly pay estimates and make recommendations for payments and will periodically visit the construction site to ensure construction compliance with the plans and specifications and to offer plan interpretation upon request.

Limitations of Scope of Services: This proposal assumes that no detention or water quality ponds will be required to secure the site development permit. Reference should be made to the Belvedere Amenity Center Site Development Improvements Plans approved by Travis County on October 20, 2005. These plans indicated that no water quality ponds will be necessary if the total impervious cover on the 2.91 acres tract is less than 0.5 acres (21,780 sq ft). Based on the preliminary plans, it appears that with the completion of all improvements the impervious cover will be significantly less than this threshold. It is also assumed that sufficient power is readily available on the site and no additional extension of power will be needed.

In addition, MEC proposed fee arrangement does not include application fees to reviewing agency, or costs to advertise and solicit bids.

Time to Completion: A task by task estimated schedule is attached, which also includes services by others for the overall project. This schedule basically assumes it will take five months to prepare and process a site development permit and the actual construction period will be four months. It is estimated that the entire project will extend over approximately 15 months from notice to proceed until construction is completed. This schedule can be compressed with a more aggressive approach to tasks which the engineer and Board can control.

Fee Arrangement: MEC prepares to complete this work on a time and materials basis with a total not to exceed fee, without Board approval, as estimated below. These fees do not include application fees or costs to advertise and solicit bids.

| | | |
|--|----------|-----------------|
| Task 1: Prepare Base Planning Map | | \$0 |
| MEC | \$0 | |
| Task 2: Prepare Proposed Dimensional Plan | | \$3,500 |
| MEC | \$1,500 | |
| Capital Surveying Company, Inc | \$2,000 | |
| Task 3: Prepare Submit a Process Site Plans | | \$29,000 |
| MEC | \$18,000 | |
| Balcones Geotechnical, PLLC | \$6,000 | |
| JRSA Engineering, Inc | \$5,000 | |
| Task 4: Prepare Contract Documents, Advertisement for Bid, Bid Project | | \$2,100 |
| MEC | \$2,100 | |
| Task 5: Provide Contract Administration/Field Observation for Civil Projects | | \$2,800 |
| MEC | \$2,800 | |
| Total Estimated not to Exceed Fee | | \$37,400 |

Retainer Amount:

Special Conditions:

Terms and Conditions are attached as part of this Agreement:

Offered by:

Accepted by:

MURFEE ENGINEERING CO., INC.

By: David Malish 11 JAN 18
 David Malish, Vice President Date

By: _____
 Signature Date

TERMS AND CONDITIONS

Murfee Engineering Company, Inc. (MEC) shall perform the services outlined in this Agreement for the stated fee arrangement.

Access to Site:

Unless otherwise stated, MEC will have access to the site for activities necessary for the performance of the services. MEC will take precautions to minimize damage due to these activities, but has not included in the fee the cost of restoration of any resulting damage.

Dispute Resolution:

Any claims or disputes made during design, construction or post-construction between the Client and MEC shall be submitted to non-binding mediation. Client and MEC agree to include a similar mediation agreement with all contractors, subcontractors, sub consultants, suppliers, and fabricators, thereby providing for mediation as the primary method for dispute resolution between all parties.

Billings/Payments:

Invoices for MEC's services shall be submitted, at MEC's option, either upon completion of such services or on a monthly basis. Invoices shall be payable within 30 days after the invoice date.

Certifications, Guarantees and Warranties:

MEC shall not be required to execute any document that would result in their certifying, guaranteeing or warranting the existence of conditions whose existence MEC cannot ascertain.

Termination of Services:

The Client or MEC may terminate this Agreement should the other fail to perform its obligations hereunder. In the event of termination, the Client shall pay MEC for all services rendered to the date of termination, all reimbursable expenses, and reimbursable termination expenses.

Ownership of Documents:

To the extent allowed by law, all documents produced by MEC under this Agreement shall remain the property of MEC and may not be used by the Client for any other endeavor without the written consent of MEC.

Design Without Construction Administration:

If the basic services under this Agreement do not include project observation or review of the Contractor's performance or any other construction phase services, the Client assumes all responsibility for interpretation of the Contract Documents and for construction observation, and the client waives any claims against MEC that may be in any way connected thereto. The Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless MEC from any and all claims arising from modifications, clarifications, interpretations, adjustments or changes made to the Contract Documents to reflect changed field or other conditions, except for claims arising from the sole negligence or willful misconduct of MEC.

Hazardous Materials – Suspension of Services:

Both parties acknowledge that MEC's scope of services does not include any services related to the presence of any hazardous or toxic materials. The Client agrees to indemnify and hold harmless MEC from and against any and all claims, suits, demands, liabilities, losses, damages or costs, including reasonable attorneys' fees and defense costs arising out of or in any way connected with the detection, presence, handling, removal, abatement, or disposal of any asbestos or hazardous or toxic substances, products or materials that exist on, about or adjacent to the Project site, whether liability arises under breach of contract or warranty, tort, including negligence, strict liability or statutory liability or any other cause of action, except for the sole negligence or willful misconduct of MEC.

Betterment:

If, due to MEC's negligence, a required item or component of the Project is omitted from MEC's construction documents, MEC shall not be responsible for paying the cost required to add such item or component to the extent that such item or component would have been required and included in the original construction documents. In no event will MEC be responsible for any cost or expense that provides betterment or upgrades or enhances the value of the Project

MURFEE ENGINEERING COMPANY, INC.

HOURLY RATE SCHEDULE

Effective October 1st, 2016

| <u>Employee Classification</u> | <u>Hourly Rate</u> |
|------------------------------------|--------------------|
| Principal | \$300 |
| Managing Engineer | \$250 |
| Senior Project Manager | \$200 |
| Project Manager | \$175 |
| Senior Project Engineer | \$160 |
| Project Engineer | \$145 |
| Project Administration Manager | \$160 |
| Project Administration Associate | \$80 |
| Engineering Technician II | \$115 |
| Engineering Technician I | \$95 |
| Senior CAD Design Technician | \$165 |
| CAD Design Technician | \$110 |
| Draftsperson | \$95 |
| Financial Services | \$90 |
| Executive Assistant | \$75 |
| Technical Administrative Assistant | \$85 |
| Administrative Assistant | \$65 |
| Reimbursable Expenses | Cost + 15% |

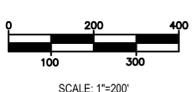
Proposed Schedule for Belvedere MUD Community Center Site Improvements

| TASK | DESCRIPTION | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | Month 13 | Month 14 | Month 15 |
|------|---|---------|---------|----------|---------|----------|---------|----------|---------|---------|----------|----------|----------|----------|----------|----------|
| 1 | MEC Prepares Planning Base Map And Submit To District For Plan Review | ▲ | | | | | | | | | | | | | | |
| 2 | District/HOA Develop Conceptual Plan | | 6 Weeks | | | | | | | | | | | | | |
| 3 | MEC Prepares Proposed Dimensional Plan with Preferred Foot Print | | | 2 Weeks | | | | | | | | | | | | |
| 4 | District/HOA Interview and Select Architect | | | 2 Months | | | | | | | | | | | | |
| 5 | District/HOA Review/Approve Proposed Site Plan | | | | 1 month | | | | | | | | | | | |
| 6 | MEC Prepares and Submits Site Plan Prove Up Unit Quantity No Water Quality - Survey | | | | | 2 months | | | | | | | | | | |
| 7 | Architect Prepares Building Design - Structural - Geotechnical | | | | | 2 months | | | | | | | | | | |
| 8 | MEC Processes Site Plan | | | | | | | 3 months | | | | | | | | |
| 9 | MEC Prepares Contract Documents/Advertisement/ Bid Project | | | | | | | | | | 2 months | | | | | |
| 10 | MEC Provides Contract Administration Services for Projects and Field Observation for Civil Design | | | | | | | | | | | | 4 months | | | |
| 11 | Architect Provides Field Observation for Building Construction | | | | | | | | | | | | 4 months | | | |

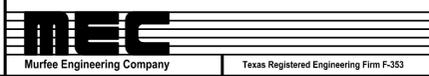
EXHIBIT D



© 2017 DigitalGlobe



**PRELIMINARY DRAWING
FOR PLANNING PURPOSES ONLY**



**BELVEDERE M.U.D.
AERIAL
ROCK BERM LOCATIONS**

| | | | |
|--|-----------------|---------------|--|
| <p>THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF BRYCE CANADY, P.E. #123424 ON 1/9/18. IT IS NOT TO BE USED FOR CONSTRUCTION OR BIDDING PURPOSES.</p> | | | |
| <p>1101 Capital of Texas Highway South, Building D, Suite 110, Austin, Texas 78746, (512) 327-9204</p> | | | |
| JOB NO. 17-031.10 | SCALE: AS NOTED | SHEET: 1 OF 1 | |
| DESIGNED BY: BC | DATE: 1/9/2018 | | |
| DRAWN BY: LDD | DATE: 1/9/2018 | | |
| FILE(LAYOUT): O:\1703110\Aerial.dwg(OVL WITH BERMS-24x36) | | | |

EXHIBIT E

Belvedere MUD and HOA Joint Maintenance Agreement Framework

With the issuance of the Belvedere MUD recreational bond in 2018 the MUD and HOA need to enter a Joint Maintenance Agreement (JMA) pertaining to the property to be conveyed to the MUD.

The Property: Amenity Center @ 17400 Flagler Dr, including parking lots, storage facility and landscaping

General Principles of JMA:

1. Single and straight forward agreement between MUD and HOA covering maintenance of The Property and current MUD related landscaping.
2. The new agreement will supersede the existing landscaping maintenance agreement
3. Every fiscal year the MUD will provide the HOA with funding for the care and maintenance of The Property including MUD related landscaping
4. The HOA is responsible for on-going maintenance and care of The Property including all landscaping. This includes the hiring and managing of contractors
5. The HOA will be responsible for insurance coverage of The Property
6. Amount of funding from the MUD to the HOA will be reviewed annually as part of the MUD budget setting process
7. Annual funding amount agreed to by HOA and MUD is \$ 72,000 for The Property including the MUD related landscaping
8. In 2018 the amount of funding for The Property \$47,000 will be pro-rated for the number of months in the fiscal year the MUD owns the Property. The full \$25,000 for MUD related landscaping will be provided in 2018.

EXHIBIT F

Amenity Center and Landscaping Cost Sharing Agreement

| Category | 2017 HOA Budget | MUD % | MUD \$ |
|----------------------------|--------------------|-------|----------|
| Insurance | \$6,936 | 33 | \$2,289 |
| Electric | \$10,200 | 33 | \$3,366 |
| Water | \$23,000 | 33 | \$7,590 |
| Phone/Internet/Cable | \$7,800 | 66 | \$5,148 |
| A/C Cleaning | \$6,600 | 100 | \$6,600 |
| A/C Supplies | \$1,500 | 100 | \$1,500 |
| Landscaping(A/C & Common) | \$107,683 | 28.5 | \$30,718 |
| Maintenance | \$30,000 | 33 | \$10,000 |
| Contingency/Storage | \$15,000 | 33 | \$5,000 |
| Total Paid to HOA Annually | | | \$72,211 |

EXHIBIT G



Workers' Compensation • Property • Liability

January 11, 2018

RECEIVED

JAN 12 2018

Lloyd Gosselink

Mr. Fred Castro
Paralegal
Lloyd Gosselink Attorneys at Law
816 Congress Ave Ste 1900
Austin, TX 78701

RE: Proposal for Coverage (Belvedere MUD)

Dear Mr. Castro:

The Texas Municipal League Intergovernmental Risk Pool (the Pool) is pleased to provide this proposal for Workers' Compensation coverage as requested. Please review each section carefully.

There are a few points to which I would like to draw your attention:

Cumulatively over the past seven years, Liability rates have been reduced 25%, Workers' Compensation rates 21.8% and Property rates 16.3%.

The Pool recognizes that the most effective way to stabilize or lower rates is to prevent losses from occurring or, if they do occur, to minimize their impact through effective claims handling. Loss prevention services including site visits by loss prevention representatives, attendance at loss prevention seminars, access to the Pool's extensive loss prevention video library and online training are available to all of the Pool's members at no additional cost. A training schedule for the current quarter is included in the "Member Services" section of the proposal.

If full payment is made within 30 days of receipt of the first bill, the contribution will be reduced 2%. If quarterly payments are preferred, there is no interest charge or payment fee.

A Proposal Acceptance Form and Interlocal Agreement are included for the coverages being offered in this proposal. In order to bind coverage, please:

1. Complete and sign the Proposal Acceptance Form.

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

2. Sign the Interlocal Agreement and designate a Fund Contact. Please note that the Interlocal Agreement requires the Member to appoint a contact of department head rank or higher. The Interlocal Agreement must be signed by someone authorized by the governing body to sign contracts.

3. Return original documents to:
Texas Municipal League Intergovernmental Risk Pool
Underwriting Department
P.O. Box 149194
Austin, Texas 78714-9194

If you have any questions concerning this proposal, please call me at (512) 491-2363.

Sincerely,



Mr. Tracy Wood, AU
Membership Services Coordinator



**Proposal Due:
January 18, 2018**

Belvedere MUD

Bid / Proposal Summary

Member Name: Belvedere MUD
 Member ID: 3047
 Effective Date: 01/18/2018
 Anniversary Date: 01/18/2019
 Date: 01/11/2018



| Limit | | Deductible | Annual Contribution |
|-----------------------|-----------|------------|---------------------|
| Type of Coverage | | | |
| Workers' Compensation | Statutory | \$0 | \$331 |

| | |
|--|----------|
| TOTAL ANNUAL: | \$331 |
| Annual Payment Discount ¹: | \$6.62 |
| Total Annual Contribution: | \$324.38 |
| Quarterly Payment: | \$82.75 |

SEE PROPOSAL FOR OPTIONAL COVERAGES, LIMITS, DEDUCTIBLES, etc.

¹ Annual Payment Discount applies if full annual contribution is paid within 30 days of the effective date, or receipt of your first bill, whichever is later. (The Annual Payment Discount does not apply to public officials' bonds or windstorm coverage for Tier 1 members.)

**Workers' Compensation
Payroll Schedule
2017-2018 Fund Year**

Member Name: Belvedere MUD
 Member ID: 3047
 Effective Date: 01/18/2018
 Anniversary Date: 01/18/2019
 Date Generated: 01/11/2018



Location: Belvedere MUD

| Classification | Description | Estimated Payroll | Rate | # of Emp. | Estimated Contribution |
|-----------------------------------|--|-------------------|------|-----------|------------------------|
| Subtotals | | 0 | | | 0 |
| Volunteers and Elected Officials: | | | | | |
| 37240 | Outside Volunteers | 725 | 7.11 | 5 | 52 |
| 7704V | Volunteer Firefighters | No Exposure | | | Not Covered |
| 7720E | Volunteer Ambulance/EMS | No Exposure | | | Not Covered |
| 7720V | Police Reserves | No Exposure | | | Not Covered |
| 8742E | Elected/Apptd Officials-Governing Board Only | 3,000 | 0.39 | 5 | 12 |
| 8742F | Elected/Apptd Officials-All Boards/Comms | No Exposure | | | Not Covered |
| 8742I | Inside Volunteers | No Exposure | | | Not Covered |
| 8888V | Police Reserves-Motorcycle | No Exposure | | | Not Covered |
| Subtotals | | 3,725 | | | 63 |
| Totals | | 3,725 | | | 63 |

Workers' Compensation
Payroll Schedule
2017-2018 Fund Year

Member Name: Belvedere MUD
Member ID: 3047
Effective Date: 01/18/2018
Anniversary Date: 01/18/2019
Date Generated: 01/11/2018



| | |
|----------------------------------|------|
| Total Manual Contribution | 414 |
| Experience Modifier | 1.00 |
| Total Standard Contribution | 414 |
| Fund Discount (0.20) | 0.80 |
| Discounted Standard Contribution | 331 |
| Deductible Credit | 0 |
| Net Contribution | 331 |
| Total Contribution | 331 |

VOLUNTEER ENDORSEMENT TO INTERLOCAL AGREEMENT

This endorsement forms a part of the Declarations to which attached, effective on the inception date of the coverage unless otherwise stated herein, and modifies such coverage as is afforded by the provisions of the coverage shown below.

WORKERS' COMPENSATION COVERAGE

Member Name: Belvedere MUD

Member ID: 3047

Effective Date: 01/18/2018

In consideration of the Employer Pool Member's request for payment of additional benefits and in further consideration of the Fund's agreement to pay such benefits, the Interlocal Agreement is amended by adding thereto the applicable coverages indicated below.

The Fund will pay on behalf of the Employer Pool Member if a volunteer employee in a classification for which coverage was accepted shall sustain injury, including death resulting therefrom, under circumstances which would have rendered the Employer Pool Member liable for compensation if the injured volunteer employee and the Employer Pool Member had been subject to the Texas Workers' Compensation Law with respect to such voluntary employment, an amount equal to the compensation and other benefits which would have been payable under such law had the injured volunteer and the Employer Pool Member been subject to such law with respect to such voluntary employment. The parties of this agreement do not by its use intend to make applicable to themselves any provision of the Texas Workers' Compensation Law not already in force and effect as to them. The reference to the Texas Workers' Compensation Law is intended as a measure and extent of benefits and the liability therefore and not an adoption of the law.

The Employer Pool Member agrees to pay the contribution for the volunteer employee classifications shown on the Payroll Schedule (W102). The information regarding coverages accepted or rejected has been derived from documentation on file including the signed acceptance executed by a representative of this entity duly authorized to accept or reject Workers' Compensation coverage for volunteers.

This agreement shall be subject to all the terms, provisions and conditions of the Interlocal Agreement, and nothing herein contained shall vary, alter or extend any term, provision or condition of the Interlocal Agreement except as herein specifically stated.

POLITICAL SUBDIVISION WORKERS' COMPENSATION ALLIANCE

ACCESS TO QUALITY MEDICAL CARE

To assure quality medical care, the Texas Municipal League Intergovernmental Risk Pool has joined with four other local government pools to create The Alliance to carry out direct contracting with medical providers. Only public entities and their pools can take advantage of this provision of the Labor Code (Chapter 504.053). The anticipated advantages are:

- (a) Improved communication with the medical providers in the approved panel.
- (b) Avoiding some of the overhead and costs per bill or claim that are part of participation in a network.
- (c) Reduced costs resulting from improved quality of medical care and efficient return-to-work.
- (d) Leaving medical providers out of the approved panel if members' experience with the provider has not been good.
- (e) Chiropractors are no longer treating physicians, but their services are available when needed.

The Alliance has a small staff overseeing contracting with medical providers, processing credentialing information, and maintaining the list of providers on the website (www.pswca.org). All of the costs of the Alliance program are included in the rates being quoted. There are no extra charges for the program.

The Alliance has been activated throughout the State. The Pool's staff continues to work with all of its members to be sure that the panel of physicians remains adequate, well-qualified with good medical results, and available to see new patients.

TMLIRP Partners with Optum to Help Control Rising Pharmacy Costs in Workers' Compensation

There was a time when a workers' compensation file was comprised mostly of either medical costs or income benefits and medications represented a small percentage of each file. But the fact is medications are rapidly playing a much larger role in each claim file. In fact, TMLIRP pays an average of four million dollars in medications annually. This is due to a combination of the rising costs of medications as well as higher utilization of medications. TMLIRP needed a partnership with a Pharmacy Benefit Manager with a proven track record for balancing effective cost containment while allowing injured workers the medications needed to treat their work related injuries.

Recently, TMLIRP partnered with Optum, to provide pharmacy management services for all TMLIRP members participating in the workers' compensation program. Optum has been in the workers' compensation business since 1986. A workers' compensation pharmacy benefit manager functions similarly to a group health prescription drug card program, but is geared towards medications associated with an injury. When employees are injured on the job, they are issued a drug card that allows them to fill medications at a participating retail pharmacy. For the injured worker, this provides ease in filling prescriptions. Behind the scenes Optum provides:

- **First Fill Program** – This program puts temporary cards in the hands of administrative personnel and supervisors to give to workers when they are injured. This allows them to seek immediate medical attention and temporarily receive medications until the claim is reported and investigated by TMLIRP. You will be receiving packets of First Fill cards in the mail. Any questions you may have please call Optum at 1-877-229-0649, or your local TMLIRP handling adjuster.
- **Effective Drug List or Formulary** – When an injured worker presents a prescription to the pharmacy, it is electronically reviewed by Optum to ensure the medication is related to a workers' compensation incident and injury and is not being filled too soon. Optum will also review the drugs to determine if there is a negative interaction with another drug the injured worker may be currently using.
- **Risk Assessment** – Optum uses system edits, staff and pharmacists to review the drug utilization patterns of every injured worker. Optum then alerts the adjuster if an injured worker is approaching the limits of his or her medication protocols. This allows the adjuster, with the help of medical professionals, to control over utilization of potentially addictive medications.

WORKERS' COMPENSATION JOINT SELF-INSURANCE FUND PROGRAM SUMMARY

Local governments with one or more employees are required by law to provide workers' compensation benefits to those employees. In addition to providing coverage for employees, the Texas Municipal League Intergovernmental Risk Pool (the Pool) offers the option to extend workers' compensation coverage to individuals who serve the entity but who are not paid and so do not meet the legal definition of "employee". Included in this category are elected and appointed officials, volunteer firefighters, volunteer emergency medical personnel, police reserves and inside or outside volunteers. Medical benefits for covered volunteers are the same as those available to paid employees. Indemnity benefits may be provided at the minimum amount established by the Texas Department of Insurance, Division of Workers' Compensation or at a higher rate at the option of the Member. The Pool offers increased weekly indemnity benefits for volunteers.

Estimated annual contributions are determined prior to the start of each Fund Year (October 1) or prior to a new member joining. For current Members, projected payroll for the upcoming year is calculated using either the audited payroll from the previous year or the Member's payroll estimate for current year, adjusted for inflation. A fund discount of 20% and experience modifier for each entity are applied to arrive at a total annual contribution. At the end of each year, actual payroll information is obtained from each member for the past year to determine the final audited contribution.

Currently the Pool has over 2,350 members who purchase workers' compensation coverage.

WORKERS' COMPENSATION CLAIMS

The Texas Municipal League Intergovernmental Risk Pool (the Pool) has long recognized that providing Workers' Compensation coverage to Members involves more than the payment of claims. With this in mind the Pool has developed a comprehensive approach to Workers' Compensation coverage. This program brings together a range of disciplines to provide your employees with the medical care they need, and oversight in the process of returning your employees to health and their jobs in the most efficient manner consistent with their medical needs. This comprehensive approach includes professional claims handling, loss prevention services and cost containment services.

CLAIMS SERVICES

All Workers' Compensation claims are handled in accordance with the Texas Workers' Compensation Law. To better serve Members, regional claim centers located in Austin, San Antonio, Corpus Christi, Harlingen, Houston, Dallas/Fort Worth and Lubbock, have been established. Each is staffed by professional workers' compensation adjusters licensed by the State of Texas. These offices have been strategically located to place claims assistance as close to our Members as possible. All the regional offices are supported and supervised from the main office in Austin and management and supervisory personnel in Austin are available to provide you with additional claims assistance when needed.

Staff is available to meet with Members on site to discuss any and all aspects of your claims. Detailed loss runs are provided to all Members on a quarterly basis and if a Member chooses, direct access to our claims database can be provided. The Pool will provide the necessary software and training. The only cost to the Member would be the charges related to the telephone connection.

LOSS PREVENTION SERVICES

All loss prevention services available through the Pool are provided at no cost to Members. The range of these services is provided in more detail in this section of the proposal. Loss prevention and claims' staff work closely together to assist Members in reducing the frequency and severity of their workers' compensation claims.

COST CONTAINMENT SERVICES

The Pool has a dedicated staff to perform medical bill review services in the Austin office. All medical bills are reviewed by experienced staff through sophisticated software that compares the bills to the applicable medical fee schedules as required by the Texas Department of Insurance, Division of Workers' Compensation (TDI DWC). The Pool staff utilizes physician assistants, nurses and other analysts to review all medical bills. The Pool contracts with Progressive Medical, Inc. to help reduce cost of prescription drugs and reduce over utilization of prescription drugs. The Pool also contracts with Jopari Solutions to accept all medical bills electronically. The Pool contracts with Texas Association of School Boards to perform preauthorization services for approval of certain services required by TDI DWC. The Pool utilizes nurse case managers for medical case management on complicated and serious injuries. The Pool is a member of the Political Subdivision Workers' Compensation Alliance; an interlocal agency made up of five political subdivision risks pools that contract with medical providers to treat injured workers. The five pools are Texas Municipal League Intergovernmental Risk Pool, Texas Association of School Boards, Texas Association of Counties, Texas Council Risk Management Fund, and the Texas Water Conservation Association Risk Management Fund. Since implementing the medical bill review program and the Alliance contracts, Members have experienced an overall reduction in medical costs in excess of 30 percent.



**BYLAWS OF THE
TEXAS MUNICIPAL LEAGUE
WORKERS' COMPENSATION JOINT INSURANCE FUND
AND THE
TEXAS MUNICIPAL LEAGUE JOINT SELF-INSURANCE FUND**

The Texas Municipal League Workers' Compensation Joint Insurance Fund (hereinafter referred to as the "W.C. Fund") was created by interlocal agreement and began operating on July 1, 1974. The Texas Municipal League Municipal Liability Joint Self-Insurance Fund was created by interlocal agreement and began operating on January 1, 1982. To more properly reflect the true nature of the Texas Municipal League Municipal Liability Joint Self-Insurance Fund, the name is hereby changed to the Texas Municipal League Joint Self-Insurance Fund (hereinafter referred to as the Property-Liability Fund). The W.C. Fund and the Property-Liability Funds will be referred to jointly as the Texas Municipal League Intergovernmental Risk Pool. The following bylaws shall govern the operation of these Funds:

1.

PURPOSE AND OBJECTIVES

The 1973 Regular Session of the Texas Legislature adopted Article 8309h which became effective July 1, 1974. Article 8309h stated in part:

"Section 2(a): All political subdivisions of this state shall become either self-insurers, provide insurance under workers' compensation insurance contracts or policies or enter into Interlocal agreements with other political subdivisions providing for self-insurance, extending workers' compensation benefits to their employees."

Article 8309h also provided in Section 4:

"A joint fund, as herein provided for, may be established by the concurrence of any two or more political subdivisions. The fund may be operated under the rules, regulations and bylaws as established by the political subdivisions which desire to participate therein. Each political subdivision shall be and is hereby empowered to pay into said fund its proportionate part as due and to contract for the fund, by and through its directors, to make the payments due hereunder to the employees of the contracting political subdivision."

The above provisions were recodified during the 1993 Regular Session of the Texas Legislature into Chapter 504, Labor Code. In accordance with the provisions set forth above, these bylaws are promulgated to govern the Workers' Compensation Self-Insurance Fund hereby established. The general objectives are to formulate, develop and administer a program of self-insurance for the membership; to obtain lower costs for workers' compensation coverage and develop a comprehensive safety program.

ADDITIONAL PURPOSES AND OBJECTIVES

The Texas Municipal League Workers' Compensation Joint Insurance Fund, organized and established in 1974 by these bylaws, has been unable to cover some of the liabilities inherent in the employee-employer relationship created by legislative and judicial decisions that have occurred since its inception. It has also recognized that much of the property of political subdivisions in this state is seriously underinsured, the loss of which has caused untold hardship to the citizens of this state.

The Interlocal Cooperation Act, Chapter 791, Government Code, which provides that local governments may contract with each other to perform governmental functions and services, has been interpreted to include all forms of insurance, including self-insurance (Attorney General Opinion MW-347). In accordance with the Interlocal Cooperation Act and the interpretation of the Attorney General of this state, Members of the Fund may contract with each other to establish a separate Property-Liability Fund to be administered by the Board of Directors established by these bylaws.

The general objectives are to formulate, develop and administer a program of self-insurance for the political subdivisions of this state to obtain lower costs for property and liability coverages and operate a loss control program to minimize exposure and risks to political subdivisions and their employees.

2.

NATURE OF THE ORGANIZATION

Each Fund (Workers' Compensation and Property-Liability) shall consist of an unincorporated association of political subdivisions of the State of Texas (hereinafter called Employer Members), which are authorized under Chapter 504, Labor Code, and Chapter 791, Government Code, to become self-insurers and enter into interlocal agreements with other political subdivisions to extend workers' compensation benefits and liability protection for themselves, their officers and employees while acting in their official capacities, as well as coverage for the property of political subdivisions. Each Employer Member of each Fund shall adopt the rules, regulations and these bylaws promulgated by the Board of Trustees for each Fund. The Funds are not intended to operate as an insurance company, but rather are intended to be the contracting mechanism by which each Employer Member provides self-insurance extending workers' compensation benefits to its employees, provides liability coverage for itself and its employees in their official capacities under the limitations provided by law, and provides coverage for the property of political subdivisions.

3.

ESTABLISHMENT OF THE BOARD

The Funds created by these bylaws shall be governed by a Board of Trustees. The Board shall operate the Funds on behalf of the Employer Members pursuant to these bylaws and shall be composed of the number of members elected and appointed in the manner hereinafter set out, and shall have the further functions, powers and duties as hereinafter set forth.

4.

BOARD QUALIFICATIONS

Each member of the Board must be either an employee or official of the governing body of an Employer Member of the Fund at the time the Board member is elected or appointed. Any Board member that ceases to be an employee or official of the governing body of an Employer Member of at least one of the Funds shall automatically be disqualified to serve as a member of the Board upon the expiration of 60 days following the event causing his disqualification unless the Board member becomes qualified to continue service on the Board before the expiration of said 60-day period. If a Board member becomes an official or an employee of another Employer Member, such appointment must be announced in writing to the Executive Committee by the Board member before the last day of the 60-day period following the Board member's disqualification because of separation of service. This provision shall not apply to the non-member appointees hereinafter provided for.

5.

COMPOSITION OF THE BOARD

From and after July 22, 1995, the Board of Trustees shall consist of fifteen (15) members, plus three (3) ex-officio non-voting members as hereinafter provided. The Executive Director of the Texas Municipal League or his/her designee shall serve as an ex-officio non-voting member of the Board of Trustees. The President of the Texas Municipal League shall appoint a member of the Texas Municipal League Board of Directors, to serve as an ex-officio non-voting member of the Board of Trustees. This appointment shall be made at the Texas Municipal League Board of Directors meeting held in conjunction with the Texas Municipal League Annual Conference. This member shall serve until the next Texas Municipal League Annual Conference. The Chair of the TML MultiState Intergovernmental Employee Benefits Pool shall appoint a member of the Board of Trustees of the TML MultiState Intergovernmental Employee Benefits Pool, to serve as an ex-officio non-voting member of the Board of Trustees. This appointment shall be made in October of each year, and the member so appointed shall serve for a term of one year. The Board, in its discretion, shall appoint to the Board no more than three (3) citizens of this state that are not elected or appointed officials of the Employer Members of the Funds. These persons shall be recognized individuals in their field of endeavor with particular expertise to aid the Board in protecting the fiscal soundness of these Funds and the safety of their employees.

6.

TERM OF THE BOARD

Each Board member, whether elected or appointed, shall occupy a designated place. Places numbered 5, 10, and 15 shall be held by citizen members. Places numbered 1-5 shall serve until October 1, 1990. Places numbered 6-10 shall serve until October 1, 1992. Places numbered 11-15 shall serve until October 1, 1994. Upon the expiration of the initial term of office, the term of office for each Place on the Board shall be six years. Ninety (90) days prior to the date of the expiration of the term of office of any Board of Trustee member, all Employer Members shall be informed in writing of their opportunity to submit the name of a qualified person for election to that designated place. If an Employer Member wishes to submit the name of a qualified person for election, the name shall be submitted and received by the Board Secretary no less than fifty (50) days prior to the expiration of the term of office being sought. The Secretary of the Board, within forty-five (45) days from the date of expiration, shall forward a ballot to each of the Employer Members of the Fund, listing nominations received from Employer Members and the Board's Nominating Committee. Employer Members shall be informed of the TML region where each nominee resides. The ballot shall be returned and received by the Board Secretary by September 30th of the year in which the term of office expires, and the person elected shall take office on October 1 of the year of election. The results shall be announced by the Chair of the Board of Trustees at the general membership meeting. If more than two (2) candidates are running for election, the person receiving the largest number of votes shall be elected. Write-in candidates otherwise duly qualified shall be eligible for election. Any vacancy on the Board due to death, resignation, disqualification or inability to act shall be filled for the unexpired term by appointment of another member by the Board. The Board of Trustees shall take into consideration regional representation and an equal division or balance on the Board of employees and officials of Employer Members when making interim appointments for unexpired terms of office. Each citizen member shall be subject to re-appointment at the end of their term.

7.

ELECTION OF OFFICERS; MEETINGS

The Board shall hold at least one meeting during each quarter and such other meetings as may be necessary for the transaction of its general business, when called by the Chair or requested in writing by any five (5) Board members. At the meeting of the Board held in the third calendar quarter of each even numbered year the Board shall elect officers for the next two years. The Board shall elect one of its voting members as Chair, and another of its voting members as Vice-Chair. The Vice-Chair shall be automatically elevated to Chair at the end of the Chair's two year term unless that person becomes disqualified. The two-year term of office for the Chair and the Vice-Chair shall begin on October 1 of the even numbered year in which they are elected. In addition to the Board meetings set out herein, there shall be held annually, in conjunction with the Texas Municipal League Annual Conference, a general membership meeting of the Funds to deliver an annual report from the Board of Trustees and to receive from the general membership of the Funds any suggestions and recommendations for strengthening, expanding or modifying the various insurance and safety programs promulgated by the Funds. If a Board member is absent from a duly called meeting more than two (2) times in any one year period without being excused by action of the Board, the member shall be disqualified from serving as a Board member. Annually every Board member shall participate in a continuing education program designed to aid self-insurance pool trustees in their fiduciary responsibilities.

8.

OFFICERS; QUORUM; COMMITTEES

The Board shall appoint the General Counsel and also designate a secretary to keep the minutes and records of the Board who may or may not be a member of the Board itself. The General Counsel may be the staff Director of Legal Services or such other attorney as the Board may appoint. The General Counsel shall advise the Board from time to time regarding legislation and issues involving Board governance and shall be responsive to direct inquiry from the Board or any of its members regarding the business of the Board. A majority of the members of the Board, excluding the ex-officio non-voting members, shall constitute a quorum. Concurrence of the majority of a quorum of the Board shall be necessary for any official action taken by the Board. Regulation of conflicts of interest of votes and decisions by Fund Board Members shall be governed by Chapter 171 of the Local Government Code. There shall be four standing committees of the Board: Finance-Information Technology, Underwriting-Claims, Nominations, and Executive. Each committee shall be composed of five members and one ex-officio member appointed by the Chair. The Executive Committee will be composed of the Chair, Vice-Chair, and the three immediate past Chairs. If the three immediate past Chairs are not serving on the Board, the Chair shall appoint other Board members to the committee. The Nominations Committee will be composed of the Chair of the Board, the immediate two past Chairs of the Board, and the Chairs of the Finance-Information Technology and Underwriting-Claims Committees. In the event that either of the immediate two past Chairs is no longer serving as a Board member, the Chair of the Board shall appoint a Board member to the Nominations Committee. The functions of the committees shall be designated by resolution of the Board. The Finance-Information Technology, Underwriting-Claims, and Nominations Committees shall elect a chair at the Committee's first meeting after October 1 of each year or at any meeting immediately following a vacancy in the position of the committee chair. The Executive Committee shall control the affairs of the Board between the Board meetings.

9.

MEMBERS' COMPENSATION; REIMBURSEMENT

The duly elected or appointed members of the Board, including ex-officio members, shall serve without compensation, but shall be reimbursed for actual or commensurate costs of travel, meals, lodging and incidental expenses, including tips, taxi and airport parking, while on official business for the Fund. In addition to the foregoing expense allowance, citizen Board members, who are neither elected or appointed government officials, shall receive, upon presentation of appropriate vouchers and approval by or at the direction of the Board, a per diem allowance at such rate as may be adopted from time to time by the Board.

10.

POWERS AND DUTIES

The Board, in addition to other powers and duties herein conferred, imposed and authorized by law, shall have the following powers and duties, to-wit:

- A. To contract with any qualified organization or individual to perform any of the functions necessary for the carrying out of a self-insured workers' compensation pool arrangement, a self-insured property-liability pool arrangement, including excess loss insurance, stop loss insurance, handling of claims, safety engineering services, administrative services and any and all other services that the Board shall deem expedient.
- B. To hire attorneys, accountants or such other professional persons that it may deem necessary for the proper protection of each Fund.
- C. To provide for the negotiation and execution of all contracts, leases and agreements or other documents necessary or convenient to carry out any of the powers granted under these bylaws or by any other law. All such contracts, leases and agreements or other documents shall be executed by the Chair or Vice-Chair and attested by the Secretary of the Board or by the Executive Director under written guidelines promulgated by the Board.
- D. To make provisions for proper accounting and reporting procedures so that each Employer Member shall be apprised at all times of the nature of the claims arising within its jurisdictions, the manner in which these claims are being handled and the impact of the same upon each Fund.
- E. To provide for an annual audit of the books of each Fund to be supplied to each of the Employer Members as may be requested.
- F. To carry out all of the duties necessary for the proper operation and administration of each Fund on behalf of the Employer Members and to that end shall have all of the powers necessary and desirable for the effective administration of the affairs of each Fund.
- G. To account for the monies of the TML Intergovernmental Risk Pool on a combined basis. However, financial presentation shall also include separate reporting of the Workers' Compensation Fund, Liability Fund, Property Fund and any other funds authorized by the Board. Any return of surplus will be made in accordance with interlocal agreements in effect during the period of coverage. It shall provide for the banking and investment of the monies of the TML Intergovernmental Risk Pool and the proper security of any and all investments. Monies of the various funds may be consolidated for banking and investment purposes; however, each fund's interest in such funds will be accounted for in the separate fund and any investment income allocated accordingly.
- H. To require the securing of a fidelity bond upon each and all of the employees of the Board or upon other persons charged with the duty of handling any of the monies or investments of each Fund.
- I. To terminate membership of any Employer Member that fails to abide by the reasonable requirements of the Board concerning payment of dues and contributions, implementation of reasonable loss control recommendations, installation of safety requirements, cooperation with the claims agents or attorneys representing each Fund or any of the Employer Members, or any other action that may be detrimental to the fiscal soundness or efficiency of each Fund on behalf of its Employer Members.
- J. To collect interest on all past due accounts not to exceed the amounts allowed under Article 5069-1.04 T.R.C.S.

- K. To develop and prepare a contract to be signed by each of the Employer Members as they join the W.C. Fund or either of the Property or Liability programs, and shall determine the amount of insurance that shall be purchased by each Fund insofar as catastrophic coverage, excess loss coverage or stop loss or other types of insurance is concerned.
- L. To keep the property plan provided for under the Property-Liability Fund Contract fully reinsured, provided, however, that the Board shall, as soon as reserves accumulate and fiscal soundness dictates, assume portions of the reinsured risk.
- M. To protect the financial stability of the Fund, including the authority to allocate interest earned to any fund year.
- N. To include in the contribution charged Employer Members a retrospective or prospective stabilization price to prevent excessive contribution fluctuations.
- O. To provide for suitable seals with the following letters upon their faces: "TEXAS MUNICIPAL LEAGUE workers' compensation joint Insurance Fund" and "Texas Municipal League joint Self-Insurance Fund" and "TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL." The seals shall be used for the authentication of legal documents, contracts and other instruments indicating the official action of the Board.

The Fund is and shall be an equal opportunity employer. The Fund through the Executive Director shall provide and maintain a work environment free of sexual harassment, sexual exploitation and intimidation.

11.

LIABILITY OF THE BOARD OF TRUSTEES OR OFFICERS

The members of the Board of Trustees or officers of the Fund should use ordinary care and reasonable diligence in the exercise of their power and in the performance of their duties hereunder. They shall not be liable for any mistake of judgment or other action made, taken or committed by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care; nor for loss incurred through investment of Fund monies, or failure to invest. No Trustee shall be liable for any action taken or omitted by another Trustee. No Trustee shall be required to give a bond or other security to guarantee the faithful performance of their duties hereunder. The Fund shall be used to defend and hold harmless any Trustee or Officer of the Board for actions taken within the scope of the authority of the Fund. The Fund may also purchase conventional insurance providing similar coverage.

12.

EMPLOYER MEMBERS

Each of the Employer Members shall be required to pay each Fund the contributions as provided by the contracts between the Funds and the Employer Members. Failure to pay the contributions as and when due shall render the membership of the Employer Member subject to termination as set forth in paragraph I of Article 10. For the proper protection of the Funds, each Employer Member shall be required to implement such reasonable loss control recommendations and take such safety precautions as may be required by the Fund representative. In the event that there is any disagreement between the Employer Member and the Fund representative, the Employer Member shall have the right to appeal to the Board and a decision of the Board shall be final. However, the Employer Member shall be obligated to immediately implement any loss control recommendations or take any safety precautions which the Fund representative indicates is necessary because of an emergency situation or a high risk of loss, and any appeal to the Board shall not allow or be a reason for the Employer Member to delay the immediate implementation of such loss control recommendation while such appeal is pending.

13.

FISCAL YEAR

The fiscal year for both the Funds shall be from the 1st day of October of each year and ending on the 30th day of September of the succeeding year.

14.

WITHDRAWAL FROM MEMBERSHIP

Any Employer Member may withdraw from either Fund by giving at least sixty (60) days notice in writing to the Fund of its desire to so withdraw. The Employer Member withdrawing may not withdraw the reserves on any of the claims that are being paid from either Fund or will be required to be paid from either Fund. The Funds shall continue the servicing of any claim pending after the withdrawal of the Employer Member unless, with the Fund's concurrence, the Employer Member specifically assumes the liability and makes provisions to indemnify each Fund from loss by taking over the servicing of the claim.

15.

DISSOLUTIONMENT

The Fund shall be dissolved when there are less than two (2) Employer Members wishing to continue as Employer Members of the Fund. At that time the Board of Trustees shall notify all past Employer Members of the dissolutionment of the Fund and when due notice of such action has been given in advance, schedule a special meeting to receive any and all claims of Employer Members and distribute the allocated reserves to each self-insured member that has been established on specific cases as well as distribute any excess funds on the same basis as distribution is made for reserve for return of contributions. Such final distribution accounting shall then be filed with the Secretary of State.

16.

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Board of Trustees of the Funds after notice of the proposed amendments has been mailed to the members of the Board of Trustees at least ten (10) days prior to the day of the meeting to consider same. The Board of the Funds shall recommend such changes as it deems necessary or desirable from time to time.

HOW TO BIND COVERAGE

Proposal Acceptance Forms and Interlocal Agreements are included for the coverages being offered in this proposal by the Texas Municipal League Intergovernmental Risk Pool.

TO BIND COVERAGE:

- ① Complete and sign each Proposal Acceptance Form for the coverages you are electing. Please note that coverage cannot be backdated. Do not return any forms for coverages you are not electing.
- ② Sign and return the original Interlocal Agreements for the coverages you are electing and designate a Fund Contact. Please note that the Interlocal Agreement requires the Member to appoint a contact of department head rank or higher. The Interlocal Agreements must be signed by someone authorized by the governing body to sign contracts. Do not return any Interlocal Agreements for coverages you are not electing. **(It is not necessary to sign a new Interlocal Agreement if you are a current Pool member and your bid is reawarded to the Pool.)**
- ③ Please complete and enclose the Warrant of Incident Report when Prior Acts coverage is elected.
- ④ Return all original documents to:
Texas Municipal League Intergovernmental Risk Pool
Underwriting Department
P.O. Box 149194
Austin, Texas 78714-9194

When completed documents are received, coverage declarations will be sent to you confirming coverages, effective dates, and contributions. If time is of the essence, you may fax these documents to 512-491-2404 followed by mailing the originals.

If you have any questions regarding this proposal, please contact your Member Services Manager at 1-800-537-6655 or at 512- 491-2300.

Proposal Acceptance Form

Workers' Compensation



Member: Belvedere MUD

Member ID: 3047

Directions: This form must be completed, signed and returned. The Interlocal Agreement must also be completed and returned if you are not a current Workers' Compensation Fund participant. If time is of the essence, you may wish to use an express mail service or facsimile copier. In the event you submit these documents by facsimile, the originals must still be returned.

Indicate with [X] the coverages and method of payment that you are accepting. Forward all documents to:

Texas Municipal League Intergovernmental Risk Pool
Underwriting Department

P.O. Box 149194

Austin, Texas 78714-9194

Phone: 1-800-537-6655 or FAX: 512-491-2404

Workers' Compensation Coverages Elected:

- [X] All Paid Employees Mandatory
[] Outside Volunteers Optional
[] Volunteer Firefighters Optional
[] Volunteer Ambulance/EMS Optional
[] Police Reserves Optional
[] Elected/Apptd Officials-Governing Board Only Optional
[] Elected/Apptd Officials-All Boards/Comms Optional
[] Inside Volunteers Optional
[] Police Reserves-Motorcycle Optional

Deductible Options:

No Deductible

Contribution as Proposed: \$331 Contribution as Accepted: _____

Method of Payment: [] Quarterly [] Annually (2% Discount)

Effective Date: _____ Anniversary Date: _____

I, the undersigned, as an authorized representative, do hereby accept on behalf of the above named political subdivision the portions of the proposal as indicated above.

Signature of Authorized Official: _____

Title: _____

Date: _____

Texas Municipal League Intergovernmental Risk Pool

1821 Rutherford Lane, First Floor • Austin, Texas 78754 ★ P.O. Box 149194 • Austin, Texas 78714-9194

WORKERS' COMPENSATION INTERLOCAL AGREEMENT

This Contract and Interlocal Agreement is entered into by and between political subdivisions of this state (hereinafter referred to as "Employer Pool Members") to form a joint self-insurance pool to be named the Texas Municipal League Workers' Compensation Joint Insurance Fund (hereinafter referred to as the "Fund") for the purpose of providing the statutory benefits prescribed by Article 8309h of the Texas Workers' Compensation Act for employees of political subdivisions.

WITNESSETH:

The undersigned Employer Pool Member, in consideration of the adoption of a plan of self-insurance as authorized in Article 8309h, Vernon's Annotated Texas Statutes,¹ to provide workers' compensation benefits at a minimum cost and in further consideration of other political subdivisions executing like Interlocal Agreements does hereby agree to become a self-insured workers' compensation employer by becoming one of the members of the Fund Pool of self-insured Employer Pool Members. The conditions of membership agreed upon by and between the parties are as follows:

1. Definitions of terms used in this Interlocal Agreement.
 - a. **Board.** Refers to the Board of Trustees of the Texas Municipal League Workers' Compensation Joint Insurance Fund.
 - b. **Premium and Contribution.** Are used interchangeably in some parts of the Interlocal Agreement. "Premium" is used to identify the rating formulas established by the State Board of Insurance, which are used as guidelines to establish Employer Pool Members' cash contribution to the Fund. Any reference at any time in this Interlocal Agreement to an insurance term not ordinarily a part of self-insurance shall be deemed for convenience only and is not to be construed as being contrary to the self-insurance concept except where the context clearly indicates no other possible interpretation such as, but not limited to, the reference to "reinsurance."
 - c. **Manual Rates.** The basic workers' compensation rate applicable to each classification of employees promulgated by the State Board of Insurance or the Board of Trustees.
 - d. **Experience Modifier.** Refers to the factor applied to the manual rates that reflects the political subdivision's loss experience, which is based on the State Board of Insurance promulgated experience rating plan.
 - e. **Standard Rates.** Rates that are determined by applying the experience modifier of each individual Employer Pool Member to the manual rates.
 - f. **Fund Modifier.** The percentage figure that is applied to the standard rates by the Fund to reflect the savings to the Employer Pool Member based on past loss experience.
 - g. **Fund Year.** 12:01 a.m. October 1 through 12:01 a.m. the following October 1.
 - h. **Agreement Period.** The continuous period since the Employer Pool Member first became a member of this Fund excluding, however, any period of time therein that the Employer Pool Member did not participate as a member of the Fund.
 - i. **Retention Plan.** A plan promulgated by the Board where the Employer Pool Member may choose to retain part of the risk.
 - j. **Reimbursable Retention.** The amount that was chosen by this Employer Pool Member to be applicable to the first monies paid by the Fund to effect judgment or settlement of any claim or suit. The Employer Pool Member, upon notification of the action taken, shall promptly reimburse the Fund for all or such part of the retention amount as has been paid by the Fund.
2. The Board of Trustees, acting through its agents and Fund staff, is responsible for the administration of all Fund business on behalf of the Employer Pool Members.

¹ Now Chapter 504, Tex. Lab. Code.

3. Statutory worker's compensation benefits are provided for paid employees of the Employer Pool Member only. The Employer Pool Member may extend statutory coverage to the following class or classes of volunteers by specific endorsement to the Interlocal Agreement: elected officials; volunteer firefighters; police reserves; volunteer ambulance/ems attendants; all inside volunteers; all outside volunteers. Provisions exist for reporting estimated annual payroll substitute figures which will be used to develop an annual contribution for this additional statutory coverage.
4. The term of this Agreement and the self-insurance provided to the Employer Pool Member shall be continuous commencing 12:01 a.m. on the date designated in this Agreement until terminated as provided below.

This Agreement may be terminated by either party giving to the other sixty (60) days prior written notice of intent to terminate except the Employer Pool Member may terminate this Agreement and its statutory coverages thereunder without giving the sixty (60) days notice if the reason is because of a change by the Fund in the Employer Pool Member's contribution, provided that no termination by the Employer Pool Member shall be effective prior to the date that written notice of termination is actually received in the offices of the Texas Municipal League Workers' Compensation Joint Insurance Fund and provided further that the Employer Pool Member agrees to and shall pay the applicable premium and contribution for those coverages it is terminating until the date the notice of termination is actually received by the Fund.

It is the intention of all the parties that the Member's statutory coverages under this Agreement shall remain in full force and effect from Fund Year to Fund Year, subject to the terms, conditions and limitations that the Fund may require to protect its solvency and to comply with reinsurance requirements, until notice of termination is given as herein provided. Realizing that the Employer Pool Member needs the earliest possible information concerning the contribution that will be required for any new Fund Year, the Fund will endeavor to provide this information as soon as possible before the beginning of each new Fund Year.

The Fund will have the right to terminate this agreement only for non-compliance with Paragraphs 5, 7 and 10.

5. Annually, each Employer Pool Member shall submit to the Fund on a Premium Worksheet form supplied by the Fund, its estimated payroll for each classification of employee. In the event that the Employer Pool Member fails or refuses to submit the Premium Worksheet with estimated payrolls for each classification of employee by September 1, the Fund reserves the right to terminate such member by giving thirty (30) days written notice and to collect any and all contributions that are earned pro rata for the period preceding contract termination.

To determine the annual contribution, the rate established by the Board of Trustees shall be used to arrive at a manual contribution. If the Employer Pool Member has established, through experience, a modifier, then the experience modification of the Employer Pool Member shall be used to arrive at the standard contribution to be paid by the Employer Pool Member. In the absence of an earned experience modification for the Employer Pool Member, the manual rate, as established by the Board of Trustees, in effect at the beginning of each Fund Year will be used as a guide to produce a manual, as well as a standard contribution. The Fund modifier, if applicable, shall then be applied to the standard contribution to produce the annual contribution that the Employer Pool Member shall pay to the Fund. The Employer Pool Member agrees to pay the annual contribution to the Fund in four (4) equal quarterly installments, in advance, commencing at the beginning of each Fund Year, with subsequent installments due at the first of each quarter thereafter. Employer Pool Members who elect a retention of \$25,000 or more shall comply with the monthly payment schedule outlined to them in advance of assuming such retention. The Employer Pool Member agrees to promptly pay all reimbursable retentions upon receipt of statement. It is understood by the Employer Pool Member that there will be contribution adjustments based upon the increased benefit levels mandated by the Texas Workers' Compensation Act.

At the end of each Fund Year, there shall be submitted by the Employer Pool Member actual payrolls as reflected by the books of the Employer Pool Member, and any additional amounts payable to the Fund based upon the actual payroll shall be paid, and lesser amounts payable shall be adjusted by refund to the Employer Pool Member. The Fund reserves the right to audit the payroll records of any Employer Pool Member. Annual field audits will be made on each Employer Pool Member with standard contributions estimated to exceed \$50,000. A field audit will be made at least once every three (3) years on Employer Pool Members with standard contributions less than \$50,000 annually.

In the event that the Employer Pool Member fails or refuses to make payments of contributions as herein provided, the Fund reserves the right to terminate such Employer Pool Member by giving ten (10) days written notice and to collect any and all contributions that are earned pro rata for the period preceding contract termination.

6. The Fund shall maintain adequate protection from catastrophic losses to protect its financial integrity. The Employer Pool Member's contributions shall be limited to that amount as calculated under this Agreement.

Notwithstanding the provision of the foregoing paragraph, it is agreed the Board shall have the right to adjust the financial protection outlined above and/or amend such protection as it finds available or it deems necessary to maintain the fiscal soundness of the Fund at the beginning of or during any Fund Year.

7. The Fund will make available loss control services to the Employer Pool Members to assist them in following a plan of loss control that may result in reduced losses. The Employer Pool Member agrees that it will cooperate in instituting any and all reasonable safety regulations that may be recommended for the purpose of eliminating or minimizing hazards that would contribute to workers' compensation losses. In the event that the recommendations seem unreasonable, the Employer Pool Member has a right to appeal to the Board of Trustees. The Board shall hear the objections of the Employer Pool Member at its next regularly scheduled meeting and its decision will be final and binding on all parties. Any Employer Pool Member who does not agree to follow the decision of the Board shall be withdrawn from the Fund immediately.
8. The Employer Pool Member agrees that it will appoint a Workers' Compensation Contact of department head rank, and that the Fund shall not be required to contact any other individual except this one person. Any notice or agreements with the Workers' Compensation Contact shall be binding upon the Employer Pool Member. The Employer Pool Member reserves the right to change the contact from time to time by giving written notice to the Fund.
9. The Fund, through its staff and Contractors, agrees to handle any and all claims after notice of injury has been given, to prepare all required Texas Workers' Compensation Commission forms, and provide a defense. The Employer Pool Member hereby appoints the Fund staff and Contractors as its agents to act in all matters pertaining to processing and handling of workers' compensation claims and shall cooperate fully in supplying any information needed or helpful in such defense. The Fund shall be responsible for seeing that all negotiations are carried on with the injured employee and his attorney at the prehearing conference and the negotiations are within authority previously granted by the Fund. If a personal appearance by the employer or a co-employer or a co-employee is necessary, the expense of this appearance will be paid by the Employer Pool Member. With the advice and consent of the Fund, the Fund staff and Contractors will retain and supervise legal counsel on behalf of and at the expense of the Fund necessary for the prosecution of any litigation. All decisions in individual cases shall be made by the Fund through the Fund staff and Contractors, which includes the decision to appeal or not to appeal a Texas Workers' Compensation Commission's final ruling and decision. However, any Employer Pool Member shall have the right in any case involving one of its employees, to consult with the Fund on any decision made by the Fund staff or Contractors. The Board shall hear the objections of the Employer Pool Member at its next regularly scheduled meeting and its decision will be final and binding on all parties. Any suit brought or defended by the Fund shall be in the name of the political subdivision. Notwithstanding any provisions of this paragraph, all reports and filings required of any employer by the Workers' Compensation Law and the Texas Workers' Compensation Commission will be the responsibility of the Employer Pool Member. It is further understood that this Agreement does not cover discrimination suits under Article 8307c or its successor statute. There shall be supplied quarterly to each Employer Pool Member a computer printout involving a statement of claims, claims status, and activity report cumulative for each Fund Year.
10. The Employer Pool Member acknowledges that it has received a copy of the Bylaws of the Fund and agrees to abide by the Bylaws and any amendments thereto.
11. The Fund agrees that all Fund transactions will be annually audited by a nationally recognized certified public accounting firm.
12. The Fund is responsible for the filing of all necessary tax forms with the Internal Revenue Service.
13. As the administrators of the Fund, the Board shall primarily and consistently keep foremost in its deliberations and decisions in operating the Fund that each of the participating Employer Pool Members is a "self-insured." At least annually, the Board shall carefully review, study and consider the loss experience (including reserves for future claims payments) of each of the Employer Pool Members, the experience rating modification developed or earned by each of the Employer Pool Members, and the pro rata portion of the cost of all catastrophic loss protection reinsurance and aggregate stop loss reinsurance allocated to each Employer Pool Member as well as the pro rata allocation, as determined by the Board, of the other and necessary operating expenses of the Fund, in order to reasonably determine the actual pro rata cost, expense and loss experience of each Employer Pool Member in order to maintain as nearly as possible an equitable and reasonable "self-insurance" administration of the Fund as applied to each Employer Pool Member. Those Employer Pool Members who have an adverse loss development may be limited by the Board in their participation to a program involving retrospective contributions. Implementation of any retrospective program may only be by contract between the Fund and the member.

The Fund shall maintain case reserves and supplemental reserves computed in accordance with standard actuarial principles, taking into account historical and other data designed to measure claims development and claims incurred but not yet reported, so the Fund will be able to meet these claims as they become due. The Fund may also establish, to the extent that uncommitted resources are available, a Reserve for Return of Contributions to further ensure the fiscal integrity of the Fund in the event of adverse loss development.

The Fund shall annually determine the amount of excess contributions and other income, if any, that may be available for distribution to current Fund members.

If excess and/or aggregate reinsurance is not available the Fund reserves the right to retain a portion of the excess contributions for self-funding such excess and/or aggregate protection.

TO BE COMPLETED BY MEMBER:

EMPLOYER MEMBERS' FUND CONTACT (See Section 8):

Member Name _____

Name of Contact _____ Title _____

Mailing Address _____

Street Address (if different from above) _____

City _____ Zip _____ Phone _____

SIGNATURE OF AUTHORIZED MEMBER OFFICIAL

Title _____ Date _____

Member's Federal Tax I.D. Number _____ - _____ - _____ - _____ - _____

This Information is MANDATORY

TO BE COMPLETED BY FUND: (OFFICE USE ONLY)

Effective Date of This Agreement _____

Member Name _____

Contract Number _____

SIGNATURE OF AUTHORIZED FUND OFFICIAL

Title _____ Date _____