

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1 §

The Board of Directors (the "Board") of Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the "District") met in regular session, which included a monthly workshop session and regular meeting, all open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office within the District, on January 9, 2020, and the roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Douglas L. Botts	President
Paul Kelly	Vice President
Daniel B. Robison	Secretary
Bill Dally	Treasurer/Asst. Secretary
Rick Lucas	Assistant Secretary

WORKSHOP SESSION 3:30 P.M.:

All members of the Board were present at the commencement of the workshop session, it being noted that Director Dally left the workshop near the end of the General Manager's report due to an emergency. In addition, Kristi Hester, Jesse Kennis and Makenzi Scales of Inframark, the District's general management and operations contractor, Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC, Chris Lane with SAMCO Capital Markets, Inc. ("SAMCO"), and Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers, were present for such workshop. Johnny McDonnell and Chris Calvisi with WLE, the District's landscape service company, were present for a portion of the workshop.

The purpose of the workshop session was to review details pertaining to the consent items and agenda items on the posted Agenda for said meeting, hear updates on committee reports, review the current monthly General Manager's Report (see **EXHIBIT "A"**), which report includes operations updates and a summary of activities since the last regular Board meeting and recommended action items for the regular meeting, review the current monthly Financial and Bookkeeper's reports (see **EXHIBIT "B"**), and review the current monthly CMA WWTP and 210 reuse irrigation engineering report (see **EXHIBIT "C"**) and the separate general engineering report (see **EXHIBIT "D"**).

Director Botts began the workshop session. No formal action was taken during the workshop session of the meeting, but the following matters were discussed in detail:

- Kristi Hester was asked to review Inframark's General Manager's Report ("GM Report"). Ms. Hester introduced a new Inframark employee, Makenzi Scales, to the Board noting that as part of Ms. Scales training with Inframark, she would be shadowing Ms. Hester. Ms. Hester explained that commencing this month and going forward she would be including her previous Executive Summary into the regular GM Report, along with a table of recommendations which would highlight recommended Board actions to be taken at the regular meeting following the workshop review of such items. Ms. Hester reviewed and updated the Board with respect to operational matters at the District's wastewater treatment plant ("WWTP"), the Re-Use (210) Water System, Distribution System, Billing, Drainage/Pond matters, Parks/Trails, On-going Construction, Customer Care, Facility Committee matters and miscellaneous other updates. Ms. Hester noted there were no proposed action items to be considered for approval at the regular January Board meeting. Though not included in her written report, Ms. Hester also informed the Board of a recent community meeting held at Belterra Centre to discuss a number of thefts in Belterra and other nearby neighborhoods over the past few weeks. It was noted that such meeting was scheduled by the customer care committee to provide the community an opportunity to hear from District representatives and law enforcement officials, address inaccuracies that seem to have been posted on various social media accounts, and address concerns of residents moving forward. The record shall reflect that Director Dally departed from the workshop at this point. In connection of the additional details in her GM Report, Ms. Hester noted that there were no anomalies to report and that all systems were functioning smoothly.
- Kristi Hester reviewed the Financial & Bookkeeper's Reports which included the November 1, 2019 to November 30, 2019 reporting period and a current check and wire listing. She noted that the tax collections report reflected a total of 3.58% collected in 2019 taxes through the end of November and that the majority of taxes were most likely received during the month of December as they are due by January 31, 2020. The Board acknowledged review of the posted report. It was noted that the Finance Committee had reviewed the report and invoicing in detail in advance of the meeting with Director Lucas confirming that there were no anomalies in the current reporting. The Board briefly discussed the numerous WLE 210 irrigation repairs set out on the WWTP Joint Facilities Billing summary (page 7 of such report), with Director Lucas noting that he would prefer the invoice be more detailed as to the reason for such repairs. In addition, Director Botts reiterated that he does not want the District paying for any repairs that might have been damaged due to WLE's mowing and that additional detail summarizing any unusual repairs should be included in future invoices. Johnny McDonnell with WLE confirmed that none of the invoiced amounts included any repairs that might have been due to WLE mowing and that WLE holds their employees accountable for reporting any damage that might have been inadvertently caused by WLE.
- Lauren Barzilla next gave a thorough update of the status of construction of the 210 Expansion Project for the Belterra Remainder of Reuse Treated Effluent Irrigation Facilities to Serve the Belterra Subdivision ("WLE 210 Reuse Contract"). She noted that punch list items were posted on the Google Drive for such contract. She indicated, as was the case at the last meeting, that all areas under the contract were substantially completed but that none were ready for final acceptance. Matt Kutac noted that it was

anticipated that all remaining items should be taken care of prior to the Board's next regular meeting and that the project, most likely, would be ready for acceptance at that time. Ms. Barzilla noted that membranes in 2 of the 3 basins at the WWTP had been replaced and that the 3rd membrane set should arrive in March. She updated the Board on the status of the Drum Screen Replacement project at the WWTP. With regard to the pending Wastewater Permit renewal, Ms. Barzilla reported that the permit was approved by the Texas Commission on Environmental Quality ("TCEQ") and is posted on the District's Google Drive. She noted there were no action items required under such report.

- Lauren Barzilla with CMA presented the District Engineering report. She distributed an updated Summary of Costs in connection with the District's proposed 9th Bond Application to the TCEQ- it being noted that the most recent summary of costs was \$6,380,000. Matt Kutac noted that, since this was the last proposed bond issue for the purposes of reimbursing the developers for any projects they had funded, he would be sending the summary to Endeavor and Ashlar for their confirmation of such final amounts that would be funded from the bond proceeds prior to the Board filing the bond application. She reviewed the status of the on-going commercial tract within the District as relates to the plan and various grease trap reviews and approvals. With respect to item III.F. of the report, she reviewed the proposed Replat of the Resubdivision No. 3 of the North Belterra Commercial Subdivision Block "A", Lot 1B-2 – noting that she would be seeking approval of such item during the regular Board meeting. With regard to the item IV. on the report, Grafton Lane Open Space Drainage Improvements, Ms. Barzilla noted that they are waiting on the TCEQ approval of the plan. Ms. Barzilla reported that the Belterra Village Multifamily project is about 60% complete with the public portion of the water line (same as last month) and that Tim Propes is continuing to monitor erosion control with respect to such project.
- With regard to Landscaping Reports, Chris Calvisi noted that he provided such report to Inframark in advance of the meeting and that the report had been posted on the District's Google Drive for the Board's review. He briefly reviewed such report with the Board.
- Director Botts inquired as to whether there were any additional committee reports other than related reports and updates reviewed in the Inframark's GM Report. In connection with Customer Care Committee matters and Ms. Hester's earlier discussion of the community meeting hosted at Belterra Centre, Ms. Hester noted that Commissioner Walt Smith was present for such meeting and that she was able to visit with him about resurfacing roads in Belterra, which he noted would be listed in his proposed items for the 2021 Hays County Budget. He had mentioned that the resurfacing of roads is prioritized by age and condition, Ms. Hester stated in response that many of the roads in Belterra, though perhaps not as old as others, have a very high traffic volume which she hoped would be taken into account. It was also discussed that it appeared the Interlocal Agreement with regard to law enforcement services had been slowed somewhat by Commissioner Smith wanting to be sure the agreement is a good template for other communities desiring to contract with the Constable. It was further noted that Constable Ron Hood had indicated that he felt the agreement could be finalized and approved by the Hays County Commissioners Court by the end of January.
- Director Lucas asked whether the District had a five-year strategic plan. It was noted there was not a particular plan by that title, but that the Operating Budget does include a five-year plan and that the Asset Plan prepared by Inframark a number of years ago and reviewed annually by the Infrastructure Committee together serve as a long range

strategic plan for the District. Matt Kutac recapped the current pending items in front of each of the various committees for his review as well as the Boards.

- Director Botts announced that the workshop was adjourned.

REGULAR MEETING - 5:00 P.M.:

Directors Botts, Kelly, Robison, and Lucas, along with Kristi Hester, Jesse Kennis, Makenzi Scales, Matt Kutac, Andy Barrett, Judy McAngus, Chris Lane and Lauren Barzilla remained for the regular portion of the Board meeting. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item.

1. Director Botts called for public communications and comments. There being no persons present who wished to address the Board under this item, he proceeded to the next item of business.

2. The Board reviewed the consent agenda items. Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the following items were approved:

- Minutes of the December 12, 2019 regular meeting;
- Financial and Bookkeeping Report, including: District annual calendar, tax collection report chart, profit and loss budget performance charts, monthly revenue vs. budget comparison chart, maintenance cap tracking charts, joint facilities report, cash balance sheets and reports, investment activity report, cash balance trend chart, check register, wires, utility usage tracking and certain other financial reporting.

3. Engineering and Development Items:

In connection with CMA's District Engineering Report, Matt Kutac reiterated that he would be working with Ms. Barzilla and both Ashlar and Endeavor to get a final confirmation of their approval of final bond amounts to be reimbursed to each party from the District's proposed 9th Bond issue. In addition, Ms. Barzilla requested and the Board unanimously approved the following engineering items by the following motions and seconds:

a. Upon motion by Director Kelly, seconded by Director Lucas, the Board approved the replat of the Resubdivision No. 3 of North Belterra Commercial Subdivision, Block "A", Lot 1B-2, it being noted for the record that the amount of water required for service to such replatted property has not changed; and

b. Upon motion by Director Robison, seconded by Director Botts and unanimously carried, the Board approved both CMA's general engineering report and CMA's WWTP and 210 Reuse Irrigation engineering report as presented.

4. Financial Items:

With regard to the District's proposed 9th Bond Application to the TCEQ, Matt Kutac noted that he had a request from Directors Dally and Lucas to table the review and approval of the Order Authorizing Application for Approval of Project and Ninth Bond Issue by the TCEQ until such time as the Finance Committee had reviewed such Order at a committee meeting to be attended by Chris Lane, Lauren Barzilla and Matt Kutac. Following the consideration of such

request, Director Kelly called for such item to be tabled, which was seconded by Director Botts and unanimously carried.

5. Management and Operations Items:

With regard to General Management related action items, Matt Kutac stated that over the holidays, there had been reports of a resident and children riding an ATV in the District's greenbelt. It was noted that a fine in the amount of \$350 for violation of the District's rules had been levied against the resident who was identified by the reports. Mr. Kutac stated that he had been in contact with the resident, who had made a request for information related to the fine, and that the resident maintained his innocence. The resident was invited to the January 9th Board meeting, but stated that attendance was not possible due to childcare conflicts. Mr. Kutac stated that he had confirmed that the resident could attend the next regular Board meeting to address such matter, without waiving any right to contest the violation or fine. No further discussion or action occurred with respect to such matter.

Kristi Hester noted that there were no action items with regard to Inframark's monthly reporting, at which time the Board unanimously approved the following items:

a. Ms. Hester confirmed the Board's receipt of the routine monthly GM Report and offered to address any questions. Hearing none, upon motion by Director Robison, seconded by Director Kelly, the GM Report was approved.

6. Rules, Policies and Agreements:

In connection with various rules, policies and agreements, the following updates were provided:

a. Matt Kutac asked the Board to review a proposed form of Resolution regarding the adoption of a policy regarding dog parks that was posted on the Google Drive for review, noting that such item would be listed on the next agenda for review and action;

b. Matt Kutac reviewed a December 12, 2019 letter from the West Travis County Public Utility Agency ("WTCPUA") regarding various matters that the Board was expecting to be resolved in the near future, including a review of the District's compliance with its wholesale water services agreement and additional matters that had surfaced in such letter. The Board discussed the letter and it was determined that Mr. Kutac and Andy Barrett would formulate and forward a response to the WTCPUA based on historical data from the District's records as well as the Board's position on such matters.

c. With respect to the proposed allocation of water service capacity under an assignment of commercial water and wastewater services agreement in favor of Belterra Hospitality, LLC (Hampton Inn), Mr. Kutac explained that such matter had not been addressed in the December 12, 2019 letter from the WTCPUA, and that they would be raised in the District's response; and

d. With regard to a proposed consultant agreement with Touchstone District Services ("Touchstone"), it was noted that such agreement is not ready for approval but that separate options for different types of services would be reviewed. Director Kelly noted that it seemed like the Board had been discussing some form of customer communications for over 5

years now and haven't figured out yet how to be able to send out a "blast" form of communications like the Belterra HOA sends when there are items of importance that need to get out to residents. It was discussed that the customer care committee would meet with the customer care committee of HCWCID No. 2 to further evaluate the prospect of utilizing Touchstone's services.

7. Water Supply Agreements:

With regard to WTCPUA matters, Matt Kutac indicated that there were no additional discussions or actions to be taken on this matter other than as noted in item 6 herein above.

8. Elections.

There was no action, at this time, to be taken with regard to elections.

9. The Board slated a special meeting for Thursday, February 6, 2020, for the purposes of calling its bi-annual Director's election for May 2, 2020, reviewing and approving the District's 9.30.19 financial statements, as well as any other items that may need to be placed on such agenda. In addition, the Board confirmed its next regular meeting to be on Thursday, February 13th (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.). It was noted that Ms. Hester would coordinate any needed committee meetings.

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

APPROVED AND ADOPTED this 13th day of February, 2020.


Daniel B. Robison, Secretary

