

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 February 13, 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 Lucas entered shortly after the commencement of the workshop during Kristi Hester's presentation of the General Manager's report. In addition, Kristi Hester 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. Cade Thomas, 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 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. Director Lucas entered the meeting shortly after Ms. Hester began her report. Ms. Hester noted she would be requesting Board action regarding a proposal for the installation of a new HVAC system at Belterra Center as well as resurfacing the entrance and installation an ADA ramp at Belterra Centre. Ms. Hester noted that there were no operational anomalies to report and that all systems were functioning smoothly. In addition, Ms. Hester indicated that since the time of her report and initial recommendations, a few additional items had surfaced that needed Board discussion and action: namely, she was recommended that two additional flower meters be installed on the 210 Reuse system (to be purchased through Badger and installed by Inframark – at a cost of about \$3,000 per meter for the equipment with Inframark's labor costs for installation being covered by the existing agreement with the District at no additional charge). Such items were deemed necessary after a large leak on the new 210 Reuse system was detected, and it was determined that a 8" line that feeds the 100 acre expansion project was not tied into the Rainbird or Scada systems, and thus the flow to such area could not be detected by those systems. Also, another item that would need action related to the recently installed commercial area pond near the Prep School, which was not properly draining. Ms. Hester noted that Inframark had been in communication with Daniel Campbell (Endeavor) and CC Carlton (the contractor on the recently accepted construction project) and Inframark was recommending that the pump be both pulled and repositioned by the contractor at the same time (an estimated 30 minute project), which should then allow for proper drainage. She further proposed that if the contractor did not timely perform such work, Inframark would perform it and then backcharge the costs against the Endeavor deposit that is still being held by the District. Ms. Hester indicated that if the Board approved the project in its regular meeting, that she would notify Endeavor of such plan prior to Inframark proceeding.
- Lauren Barzilla with CMA presented the WWTP and 210 Reuse Irrigation Engineering Report which included the presentation, recommendation and review of Pay Application Nos. 9, 10 and 11 (11 of which included the release of final retainage) and an additional recommendation for final acceptance of the project entitled Belterra Remainder of ReUse Treated Effluent Irrigation Facilities to Serve the Belterra Subdivision ("WLE 210 reuse project"). In addition, she reported that the third membrane for the WWTP is expected to arrive on site at the first part of March 2020 and that the Drum Screen Replacement project at the WWTP bid package is complete, is set for advertisement and will be bid on March 5th in addition to related updates.
- In addition, Ms. Barzilla presented the District's General Engineering Report. She noted that CMA was still finalizing the District's proposed 9th Bond Application to the TCEQ, reported on the status of the Commercial Tract Development as a whole, the Grafton Lane open space drainage project and the status of Belterra Village multifamily project.
- Kristi Hester reviewed the Financial & Bookkeeper's Reports which included the December 1, 2019 to December 31, 2019 reporting period, including detailed account reporting, a current check and wire listing and a quarterly investment report for the period

ending December 31st, among other items. She noted that Inframark had met with the Finance Committee and reviewed such materials in detail. The Board confirmed they had no additional questions pertaining to such report.

- With regard to Landscaping Reports, Cade Thomas, Johnny McDonnel and Chris Calvisi were present. Mr. Calvisi reviewed the WLE monthly landscape services report.
- Director Botts inquired as to whether there were any additional committee reports or recommendations, whereupon, Director Lucas noted that he felt on at least a quarterly basis that the full Board needed to review the financials and budget information in detail. Director Botts noted that usually about this time of the year (and a total of 2 or 3 other times throughout the year) the Board has historically conducted special budget workshop meetings to thoroughly review of such financial and budget related matters, and that he would assume Inframark would be proposing a date for such special meeting.
- Further under recommendations, Director Botts recognized Matt Kutac who took the opportunity in the workshop to explain the proposed changes and updates to a proposed Service Rate Order which he would recommend be formally reviewed and approved by the Board at its March regular meeting.
- Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board recessed for a few minutes prior to commencement of the regular meeting portion of the agenda.

REGULAR MEETING - 5:00 P.M.:

Directors Botts, Kelly, Robison, Dally and Lucas, along with Kristi Hester, 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. The record shall reflect that Albert Richter, of 260 Trinity Hills Drive, a resident of the District was present for a portion of the meeting.

1. Director Botts called for public communications and comments. Director Botts recognized Albert Richter and it was noted that Mr. Richter had not been able to be present at the Board's last regular meeting to respond to a violation notice and \$350 fine he had received from Inframark regarding the alleged operation of a four wheeler in the greenbelt area (behind Grafton), which greenbelt area is owned by the District. Mr. Richter explained his receipt of such violation notice and fine and indicated that he had not ridden any such vehicle in the green belt area nor had his children (who he noted were very young and would not have been driving or riding any such type of vehicle). Kristi Hester noted Inframark had received e-mail and phone complaints from residents concerning use of an ATV, and that one of the complaints clearly stated that the person allowing children to ride in the greenbelt resided at Mr. Richter's address. She confirmed that no photographs of the alleged violation had been submitted along with the e-mails, but that Inframark photographed a path through the greenbelt that would be consistent with operation of an ATV in such area.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board adjourned into Executive Session at 5:08 p.m. with regard to item 6(e) of the agenda. Following such session, The Board reconvened in open session at 5:15 p.m. Following a brief discussion by the individual Board members and general consensus that additional evidence would be necessary to support such alleged violation, and given the statements made to the Board by Mr. Richter and the possibility of mistaken identity, upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board voted to rescind the fine.

There being no further 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 Robison, seconded by Director Lucas and unanimously carried, the following items were approved:

- Minutes of the January 9, 2020 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 billing, cash balance sheets and reports, investment activity report, quarterly investment report, cash balance trend chart, check register, wires (including, but not limited to, March 1, debt service payments), utility usage tracking and certain other financial reporting.

3. Engineering and Development Items:

In connection with CMA's District Engineering Report and the WWTP and 210 Reuse Irrigation Report, 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 Pay Application No. 9 under the WLE 210 reuse contract in the amount of \$519,428.76;

b. Upon motion by Director Kelly, seconded by Director Lucas, the Board approved Pay Application No. 10 under the WLE 210 ReUse Contract in the amount of \$71,558.69;

c. Upon motion by Director Kelly, seconded by Director Robison, the Board approved Pay Application No. 11 (including retainage) under the WLE 210 ReUse Contract in the amount of \$89,478.41;

d. Following a full discussion and confirmation that all items on the punch list for the WLE 210 ReUse contract had been completed, the required two-year required maintenance bond was in place and a review of CMA's letter dated February 13, 2020 recommending acceptance of the project, upon motion by Director Botts, seconded by Director Robison, final acceptance under such contract was hereby approved; and,

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

4. Financial Items:

No action was necessary

5. Management and Operations Items:

With regard to General Management related action items, Kristi Hester summarized the action items needed in the earlier presentation of Inframark's Executive Summary during the workshop session, which items were all approved unanimously:

a. Upon motion by Director Botts, seconded by Director Robison, the Board approved an expenditure of \$27,700.00 for the purchase and installation of a new HVAC system at Belterra Centre;

b. Ms. Hester confirmed that two (2) bids were received in connection with the resurfacing of the main entrance into Belterra Centre and the installation of an ADA ramp due to the public nature of the building. Following a discussion, and upon motion by Director Botts, seconded by Director Robison, Eco Grow was awarded the bid in the amount of \$16,050.00;

c. Upon motion by Director Kelly, seconded by Director Botts, the Board authorized the expenditure of \$6,085.00 for the flow meters to be installed by Inframark for the 210 Reuse Irrigation System;

d. Upon motion by Director Botts, seconded by Director Kelly, the Board authorized Inframark to make the repair to the hydropneumatic tank at the pond near the Prep School as detailed in the workshop session;

e. Upon motion by Director Dally, seconded by Director Botts, the Board authorized the expenditure of approximately \$4,000 in connection of the purchase of AMI meters to be installed at master meter locations. It was noted that these meters would, as discussed at the last meeting, be used to more closely monitor the District's water consumption under the District's contract with the West Travis County Public Utility Agency ("WTCPUA") and allow the District advance warning of any possible leaks or anomalies with regard to the flow of water through the District's potable water system;

f. Under item 6.(h) of the agenda regarding routine repairs and maintenance, upon motion by Director Dally, seconded by Director Robison, the Board authorized the purchase of additional clamp-on badger AMI meters to be installed at the various water interconnects for a total estimated cost not to exceed \$10,000; and

g. Ms. Hester confirmed the Board's receipt of the routine monthly GM Report and offered to address any further questions. Hearing none, upon motion by Director Lucas, seconded by Director Robison, 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 noted that the proposed Touchstone District Services consulting agreement was still being reviewed at the committee level so no action was necessary;

b. Following a discussion of the proposed Resolution Regarding Dog Parks, upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board approved said Resolution, a copy of which is attached hereto as **EXHIBIT "E"**;

c. Matt Kutac reviewed the formal District response (letter dated and mailed February 13, 2020, a copy of which is attached hereto as **EXHIBIT "F"**) to a December 12, 2019 letter from the West Travis County Public Utility Agency ("WTCPUA") regarding various matters that relate to the Board's wholesale water services agreement with the WTCPUA. He indicated that there were only slight modifications to the most recent final draft as had been posted on the Board's Google Drive and previously reviewed with the Board. Mr. Kutac noted that he and Andy Barrett think that the WTCPUA's proposal to collect for LUE charges for the old park meters set during the initial phases of the District's construction was not supported contractually and that he would hope that all the details contained in the District's response will provide the current WTCPUA staff with a very thorough analysis of such matters and help clear up some issues between the parties;

d. Matt Kutac updated the Board with respect to a January 22, 2020 letter he had provided to Mr. Daniel Campbell of ERG Belterra, Ltd., (Endeavor) and Mr. Steve Yetts of LH Belterra LLC providing them with the Summary of Costs and backup to such summary for the District's proposed 9th Bond Application (Series 2020 Bonds), and requesting that they review and confirm that such reimbursements proposed from the District's Series 2020 Bonds would be Tier 3 Reimbursements Rights under the existing Amended Agreement for Construction and Purchase of Facilities and Reimbursement of Costs dated December 2004, as subsequently amended on December 11, 2014 and December 22, 2016 ("Reimbursement Agreement") and, that, in addition they each approve the Summary of Cost for the Series 2020 Bonds, as attached to such letter. In addition to such matter, Mr. Kutac also referred the Board to a spreadsheet provided by Tiffany Darst of LH Belterra, with regard to an initial proposal regarding LH Belterra's thoughts on the Tier 4 reimbursements for such entity. As per the Board's direction, Mr. Kutac indicated that he would reach out to the attorney for LHB and simply ask that they formalize an offer for the Board's review and consideration as to those additional reimbursements. Mr. Kutac reiterated that he would confirm execution by both parties of such January 22, 2020 letter was in hand prior to the filing of the District's 9th and final Bond Application with the Texas Commission on Environmental Quality ("TCEQ");

e. Matt Kutac reviewed a series of documents he had posted on the Board's Google Drive for review, all related to the District's 210 Reuse Irrigation System expansion project that had just been completed and accepted by the District for operation. Following such review upon motion by Director Robison, seconded by Director Kelly and unanimously carried, the Board approved a Reclaimed Irrigation Easement and a s separate Assignment and Bill of Sale relating to such Reclaimed Irrigation Facilities from Hays County Water Control and Improvement District ("HCWCID No. 2"), it being understood that once the documents were approved and executed by representatives of HCWCID No. 2, that the District officers would be requested to execute such agreements. It was agreed that final copies of such documents would be attached collectively as **EXHIBIT "G"**;

f. Matt Kutac provided a brief update on the status of the Interlocal Law Enforcement Patrol Services Agreement, noting that it appeared the County Commissioners Court was still not prepared to vote on such matter. It was noted that additional patrols have been added through off duty officers under the direction of Constable Ron Hood at the current

time in hopes that a final contract will soon be available for review prior to any needed additional Board approval; and

g. Matt Kutac noted that a proposed Amended Service Rate Order should be available for review in advance of and approval at the regular March meeting.

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.

It was noted that there was no action to be taken, at this time, with regard to the proposed May 2, 2020 Directors Election. Thus far, there were three (3) candidates that had filed applications for the three (3) positions up for election, with the deadline for candidate filings being 5:00 p.m. on Friday, February 14th and the deadline for any write-ins being at 5:00 p.m. on Tuesday, February 18th.

9. The Board discussed various customer care and finance committee meetings and it was noted that Kristi Hester would be arranging those along with any necessary Joint Infrastructure Committee meetings. In addition, the Board confirmed its next regular meeting to be on Thursday, March February 12th (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 Botts 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 26th day of March, 2020.




Daniel B. Robison, Secretary