

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL AND 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, open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District’s office within the District, for the purposes stated herein, on March 14, 2024 at 4:00 p.m. 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

All members of the Board participated in the meeting and were present at the commencement of the meeting. Also present at the meeting were Matt Kutac of the Law Offices of Matthew B. Kutac, PLLC, Vicki Hahn, paralegal with Winstead PC, Lonnie Wright, Beth Wright, John Taylor, Mike Reed and Sally Gomez of Municipal Operations and Consulting, LLC (“MOC”), the operations and management contractor for the District, Lauren Barzilla of Burgess & Niple, the District’s engineers, Chris Lane of Samco Capital, the District’s financial advisor and Jesse Trevino of Sunscape Landscaping, the District’s landscapers. In addition, Allen Douthitt of Bott & Douthitt, the District’s attended the meeting by telephone. In addition, members of the public included Marsha Hove from the Belterra Community Association (“BCA”), David Story, Kat Williams and Walter Almon.

1. Public Comment: Mr. Kutac reviewed the following rules for public comment; (i) comments are limited to 3 minutes per person; and (ii) the Board cannot dialog or take any actions during public comment and is limited to statements of fact, recitation of current policy, clarifying questions and requesting that items be added to a future Agenda. Mr. Kutac called for public comment.

Mr. Story received two violations from the District for cutting down trees in the greenbelt behind his home. One violation fine was waived and one was reduced. Mr. Story wanted to ensure that the Directors were aware that he is not denying that he cut the trees but he wants to clarify that the trees were damaged by the freeze and were already down and he believed they were a fire danger. He requested that the District waive the remaining fine. Mr. Story also mentioned that he is mowing a strip of land on the other side of the rock wall on his property and wants to make sure he does not get into trouble with the District since it is District property. After reviewing the survey that Mr. Story brought with him, the Board confirmed that the strip Mr. Story is mowing is on District property. The Board determined that with respect to the strip of land that Mr. Story is mowing, the Parks Committee will meet with MOC to evaluate and determine how to proceed. With respect to the fine, the Board informed Mr. Story that they will discuss in Executive Session and will have MOC relay the Board's decision to Mr. Story. The Board thanked Mr. Story for coming to the Board meeting to discuss the issue.

For the record, Ms. Lane arrived at the meeting.

Ms. Williams is involved with the HOA and would like to volunteer her time with the District to help make the signs in Belterra consistent, work on a sidewalk plan that would ensure there were no sidewalks that start and stop or just end. She would also like to volunteer to work on a way to disguise the electric boxes in people's yards so they are not as noticeable.

2. Consent Item: The Board reviewed the Minutes of the February 8, 2024 Regular Meeting. Upon motion by Director Dally, seconded by Director Robison, and unanimously carried, the Board approved such Board Minutes.

Seeing that Ms. Hove from the BCA was attending the meeting, the Board then moved to item 5(f) of the agenda. The Board reminded everyone that it has requested that the District's Engineer review the scope of the pickleball court and in connection therewith, review the concept drawings and drainage calculations. Ms. Barzilla noted that she did not receive drainage calculations from the BCA to review. She ran her own calculations using the concept drawings the BCA submitted. She also noted that she has not received a Site Plan from the BCA or any documentation from the BCA that the Site Plan has been reviewed or approved by any regulatory agencies. As Ms. Barzilla had laryngitis, Mr. Kutac assisted with discussing the remainder of her letter to the Board. He stated that the Board needs to determine if they will require a full review of the project in the same manner as major construction projects within the District, or if a variance from the District's rules could be granted for review and inspection of the pickleball court project. He noted that the pickleball court would not include any new utility connections, and the drainage impact was expected to be negligible based on the drainage calculations. In the event the Board determines that it does not need a full review, Mr. Kutac has taken the liberty of drafting an Order Granting a Variance. Mr. Kutac noted that neither he nor Ms. Barzilla is giving the BCA any advice with respect to any legal or other requirements for the pickleball court, including with respect to any required regulatory approvals. Ms. Barzilla did recommend that the BCA install erosion controls, and has a \$1,000 cost estimate for erosion control to be utilized during the construction phase of the pickleball court. However, she will leave the decision to grant a variance to the Board.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized the Order Granting Variance to the BCA for the District's project review and inspection requirements as to the BCA installation of the pickleball court based on the minimal impacts, the community support for the project, the non-profit status of the BCA and the limited review performed by the District's engineer.

The Board then moved to item 5(g) of the agenda. Ms. Barzilla presented a handout on artificial turf and Xeriscaping and discussed the drainage impact of both options, noting that both the Xeriscape and artificial turf options result in increased drainage flow. However, the Xeriscape option has less impact on infrastructure than artificial turf with respect to drainage based on available information. The Board discussed how to define Xeriscaping. It was noted that the Board believes the definition of Xeriscaping includes rock, granite and drought tolerant plants. Ms. Hove questioned who would be in charge of approving the artificial turf and what if people already have artificial turf. It was discussed that both Districts will pay for the District Engineer to work with the BCA and the Joint Management Committee to discuss the issues in more detail.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized the District Engineer and the Joint Management Committee to act on behalf of the District in connection with the BCA Xeriscaping policy review.

Ms. Williams then asked the Board about obtaining approval, during times of drought, to use a water tank that is in her garage to water the plants noting that they use the water tank in the event of a Boil Water Notice, but it has to be emptied every six months and refilled. The Board replied that this might circumvent the rules and could cause potential issues. They told her that she should complete a variance request and give it to MOC.

After this discussion, the Board returned to the posted order of the agenda.

3. Landscaping Report:

a) Landscaping Report: Mr. Trevino reviewed the landscaping report with the Board.

Mr. Trevino stated that the mulch is scheduled to be put in the second week of April. The Board asked that Mr. Trevino remind his crew to spray when they see ants. Director Kelly remarked that Sunscape did a good job in bringing the canopies up. Mr. Trevino reviewed Sunscape proposals No. 28847, 28848 and 28850. Mr. Trevino also mentioned that the wall for The Views by the right-of-way has a lot of debris and fallen trees clippings that Sunscape would like to clean it up. The Board discussed the budget with respect to the 4 landscaping proposals.

b) Action Items/Landscaping:

i) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved all four Sunscape proposals discussed.

4. Management and Operations Items:

General Manager's Report: MOC introduced Mike Reed as the new WWTP operator and discussed his qualifications. Ms. Wright reviewed MOC's Management Report.

With respect to security, Ms. Wright mentioned that the Sheriff's department can increase their patrols from 18 shifts to 22 shifts. It would cost approximately \$1,500 to increase the shifts. Ms. Wright also mentioned that they would like to increase the security in the commercial areas of Belterra. By increasing the commercial rates, they could cover the additional shifts.

When asked about the liability for the Sheriff's Department to use the mules, Ms. Wright replied that the Sheriff's Department is using MOC's mule so MOC is taking on the liability, not the District.

With respect to insurance (Item 4(c)), Ms. Wright obtained two quotes for insurance coverage for the District. She recommends Gallagher for a total cost of \$52,186. She noted that a portion of the coverage for joint facilities is a shared expense with HCWCID No. 2. She also mentioned that if there any claims, the District will owe a deductible because this is a standard insurance policy not a risk pool.

Ms. Wright reminded the Board that the AWDB and Case Conferences are coming up and asked which Directors wanted her to register them for the conferences. MOC asked if the Board would be interested in ordering District shirts for the conferences. The shirts cost between \$60 and \$70 each and would be at the Director's personal expense.

Mr. Kutac noted that MOC has received requests with respect to filling pools and lawn installations that were in the process prior to March 1, 2024. He discussed the Board's implementing an Interim policy allowing MOC to grant variances for watering restrictions with respect to agreements that the residents have entered into prior to March 1, 2024. He mentioned that there is already a variance process in the Drought Contingency Plan that allows watering of new landscapes. MOC noted that the LCRA is predicting that by August or September, the watering restrictions will be in Stage 4, and that the Joint Management Committee is looking at 6 rate tiers for the revised Rate Order with the rate doubling for those who use over 15,000 gpm. The Board would like MOC to let the residents know of the upcoming drought restrictions.

With respect to Item 4(d) – The Reclaimed Water Service Agreement ("RWSA") with Endeavor is still in place. Endeavor would like to assign the RWSA to Danly (ERG Belterra and 5001 Convict Hill). Their attorney has provided an Assignment Agreement.

Operations: Mr. Taylor presented the Operations Report.

- a) FEMA/TDEM: Mr. Taylor spoke with TML and has given them all of the final documentation for the lightning strike.
- b) Belterra Center: No update was given.

- c) Insurance Policies: Discussed above.

Standing Items:

- d) Customer Service: Discussed above.
- e) Non-Compliance with Rules and Service Requirements: No action was taken by the Board.
- f) Customer Communications: No action was taken by the Board.
- g) District Facilities: See below.
- h) Action Items/Management and Operations:
 - i) Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved increasing the security patrols to 22 shifts.
 - ii) Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved Gallagher's insurance proposal.
 - iii) Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board authorized cancellation of TML Risk Pool Coverage.
 - iv) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board adopt an interim policy allowing for the District Manager to grant variances to relevant drought contingency restrictions to residents who are able to demonstrate by written proof that they have entered into contracts, prior to March 1, 2024, with a third party for activities requiring use of water that would otherwise violate the drought contingency (i.e., landscape installations and pool installations which were contracted, in writing, on or before March 1, 2024).
 - v) Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board authorized MOC to clean up the trees that were damaged during the storm and had already been approved by the previous manager for clean up at 311 Palisade Dr.
 - vi) Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board authorized the upgrade the solar battery for the Interconnect meters for a total cost of \$7,990.00.
 - vii) Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board approved the Assignment of the RCWSA from ERG Belterra to 5001 Convict Hill (Endeavour to Danly).

Upon motion by Director Robison, seconded by Director Dally and unanimously carried, the Board accepted the General Manager's Report.

Public Comment was re-opened at 5:00 p.m. No one was present and public comment was closed.

5. Engineering and Development Items: Ms. Barzilla of Burgess & Niple reviewed the General Engineering Report and the WWTP and 210 Reuse Irrigation Engineering Report.

Ms. Barzilla recommends approval of the Reclaimed Water Service Agreement with Jovie Belterra LP (Lot 3G-1 – Active Adult). The Board discussed that there is confusion over who the Active Adult will be paying for the water. The Board would like MOC, the District's engineer and the District's attorney to determine who the Active Adult Center will be paying for the water. Both agreements will be approved once the billing has been worked out.

With respect to Pad ZZ, Ms. Barzilla noted that B&N exceeded the Task Order 69 by approximately \$2,000. She would like the Board to approve Task Order 69, Amendment No. 2 for approximately \$2,000.

With respect to Lot 1B-2 (Urgent Care Site Plan), Ms. Barzilla noted that the line was not installed according to plan so the easement was not correct, which caused the exhibit to change. She is recommending approval of the Easement with the corrected exhibit.

With respect to the CPM pipe liner, Ms. Barzilla noted that she received a call from a competitor who informed her that the District should be looking at the liner for issues. B&N and MOC looked at the pipe liner but it looked okay to them. They will keep the Board apprised of any updates.

a) Action items/Engineering:

- i) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized potable water for the Active Adult (Lot 3G-1) and treated effluent provided MOC, the District's engineer and the District's attorney determine how the reclaimed water service will be metered and who will pay for the service.
- ii) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board gave a final acceptance for the Active Adult (Lot 3G-1) providing all aspects of the inspection are completed.
- iii) Upon motion by Director Botts seconded by Director Robison and unanimously carried, the Board approved Task Order 69, Amendment 2 for the overage on Pad ZZ
- iv) Upon motion by Director Botts seconded by Director Kelly and unanimously carried, the Board gave final acceptance of Pad ZZ (Commercial Townhomes).
- v) Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved the Waterline Easement for Unit 2 – Belterra 1B-2 with the corrected exhibit.
- vi) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved Task Order 75, Amendment 1 for \$15,000 for the Urgent Care Plan Review and Construction Phase Services.

- vii) Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board accepted the Engineering Report.
6. Financial Report: Mr. Douthitt reviewed the March 14, 2024 Accounting Report and related disbursements, including the Monthly Financials, Cash Activity Report, Cash/Investment Activity Report, Monthly Tax Collection Report, Budget Comparison, Check Register and wires, Bond Reporting and Budgets and other financial reporting.
- a) Administrative: No action was taken by the Board.
 - b) Investment Policy: The Board reviewed and discussed the current District Investment Policy. Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved the Resolution Acknowledging Annual Review of Investment Policy and Investment Strategies and authorized signature thereon
 - c) Approval of Accounting Report: Upon a motion by Director Lucas, seconded by Director Dally, the Board approved the Accounting Report and the related disbursements and transfers.
 - d) Action Items/Financial: See above.
7. Administrative, Legal and New Business:
- a) Amendment of Water Conservation and Drought Contingency Plan:
 - i) Public Hearing: Mr. Kutac explained that he needs to incorporate modifications to the LCRA and WTCPUA water contingency plans into the District's Drought Contingency Plan. He will discuss the differences in the LCRA and WTCPUA plans with the Board before the Board implements the new plan. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board opened the Public Hearing at 6:12 p.m. There were no members of the public present, so upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board closed the public hearing at 6:13 p.m.
 - b) Director Election: The Board reviewed a letter from the Board Secretary confirming that the candidates in the upcoming May 4, 2024 Director's Election (Douglas Botts, Paul Kelly and Daniel Robison) were unopposed. The Board next reviewed an Order Declaring Unopposed Candidates Elected and Canceling Election.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board acknowledged the letter confirming candidates who filed for a place on the ballot were unopposed and approved such Order cancelling the election as authorized by Section 5.003, Texas Election Code.
 - c) BCA Pre-Approved Contractors: Mr. Kutac informed the Board that the letter

regarding BCA pre-approved contractors was prepared and sent to the BCA.

- d) Google Drive Renewal: Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board authorized renewal of the Google Drive license with Onix.
 - e) MOC Lease: Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved extending the MOC Lease for the Belterra Centre through April 30, 2025.
 - f) Sunscape Lease: Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved extending the Sunscape Lease for an office in the Belterra Centre through April 30, 2025.
8. Water Supply Agreements: No update was given.
9. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for April 11, 2024.
10. Executive Session: Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board adjourned to executive session at 6:15 p.m. to consult with legal counsel regarding Item 4(e) and 7(g) on the posted meeting notice. The Board reconvened at 6:33 p.m. and it was noted that no action was taken during executive session.
- Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board reduced the fine for Mr. Story to \$1,500.
11. Adjournment. Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 11th day of April 2024.




Daniel Robison, Secretary