

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 special session jointly with the Board of Directors of Hays County Water Control and Improvement District No. 2 ("HCWCID No. 2"), open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office outside the District, on April 7, 2022 at 11:00 a.m., and the roll was called for the members of the Board to-wit:

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

All members of the Board of Directors of HCWCID No. 1 were present at the commencement of the meeting except Director Lucas who had an employment conflict. In addition, Matt Kutac of the law offices of Matthew B. Kutac, PLLC and Vicki Hahn, paralegal with Winstead PC attended the Board Meeting. In addition, Craig McColloch, a member of the public, attended a portion of the meeting.

Also in attendance were members of the Board of Directors of HCWCID No. 2 to wit:

Samantha E. Bethke	President
Lynn Lee	Vice President
Sean McGillicuddy	Secretary
William Carroll Kelly IV	Treasurer/Asst. Secretary
Vacant	Assistant Secretary

All members of the Board were present at the commencement of the meeting except Director Lee who was attending to a family medical matter. The record shall reflect that each of the above members of the Board of Directors of HCWCID No. 2 are herein referred to as a "Director" in the interest of comity, notwithstanding that they are not members of the District's Board. In addition, the Board of Directors for the District and the Board of Directors for HCWCID No. 2 are herein referred to as the "Boards".

1. The meeting was called to Order and Mr. Kutac recapped recent actions regarding Ms. Hester's resignation from Inframark. He noted that this Board meeting had been called to determine how the Districts will move forward. He also noted that since the Boards have become more familiar with Ms. Olsen, some of the initial anxiety has diminished because Ms. Olsen has stepped in and seems to be working diligently to do a good job. He also mentioned that Ms. Jackson has also stepped up and that everyone has really appreciated her work since she began working in Belterra. The Boards then reviewed the staffing chart that was attached to the Inframark contract and noted that even though Inframark was required to notify the Boards of any changes, it had not been doing so, and many personnel changes had occurred without the Boards being aware. In addition, the Boards paid for and were supposed to get 50% of Ms. Hester's time, but sometimes that happened and sometimes it did not. It was then discussed that Ms. Olsen is replacing Ms. Hester, Ms. Jackson is replacing Ms. Roberts, Ms. Roberts was replacing the role that Ms. Martin used to fill and Glenn was replacing Scott Manuel.

Director Kelly noted that Inframark is hiring a Senior Account Manager to replace Ms. Hester. Director Bethke noted that the Senior Account Manager will cover the area between Buda, Georgetown, Bastrop and Dripping Springs. It was also discussed that the Senior Account Manager is expected to office at the Belterra Centre.

The Boards then discussed, in detail, the responsibility and job duties that the current Inframark employees will be handling. During the discussion, it was noted that Inframark's contract identifies each Inframark employee assigned to work for the Districts because the Board was not happy with Inframark in the past and insisted on certain key personnel providing services. Prior to the execution of the contracts, Inframark shifted people here and there and the Board members at the time felt like the job was not getting the attention it deserved.

The discussion then moved to the Joint Customer Care Committee ("JCCC") meeting that was held this month. Director Bethke noted that Mr. Burrer from Inframark attended and gave a presentation about the new operations and management model and new roles of Inframark employees. During his presentation to the JCCC, Mr. Burrer discussed Inframark's model and why he felt that it was not implemented in Austin.

Let the record reflect that Craig McColloch, a Director with Hays County Municipal Utility District No. 4 entered the Meeting.

Director Bethke continued her discussion regarding Mr. Burrer's presentation. She noted that he explained how the new model functions and then gave customer reviews. During that meeting, Ms. Bethke requested that Mr. Burrer gave the Districts an updated Schedule C to the Inframark contract. Schedule C lists Inframark employees providing services to HCWCID No. 1 and HCWCID No. 2 ("Districts") and notates the services provided by each employee. Director Bethke stated that Mr. Burrer promised the JCCC that Missy would devote more time to the Districts and provide more services. The Board then discussed when the model was implemented in Houston and why it was not implemented in Austin.

Director Carroll Kelly mentioned that he thought Ms. Hester had generally done a great job. Director Bethke, however, noted that services were getting dropped because Ms. Hester was spread too thin with various obligations to the Districts and to other clients. Director Bethke mentioned that Ms. Hester's General Manager's Reports had gotten better but she noted that Ms. Hester did not appear to keep a list of follow up items at the meeting and she felt that this caused items to get dropped.

The Boards then discussed next steps. Director Carroll Kelly emphasized the importance of operation of the WWTP. He is ok with staying with Inframark but on a probationary basis, either a 3, 6 or 9 month period to prove that the model works. Directors Bethke and Paul Kelly noted that Mr. Burrer said that he would like the Districts to give him 90 days to prove that Inframark will do a better job moving forward.

Director McGillicuddy asked if everyone was ok with the new model that had been described earlier in the meeting. The Boards discussed, again, that the model was implemented in 2017 in Houston and then in 2019 and 2020 in Austin. This is the second time Inframark had been implemented, with the first time being in 2017 and resulting in the current contracts to avoid certain aspects of the model.

Director Carroll Kelly stated that he is disappointed in Inframark's services over the last year. He mentioned that he had conversation with Ms. Hester several times because things were dropped.

Director Robison mentioned that he believed that the issues with the EQ basin in the last year could have been avoided if Inframark did not have an internal conflict between operations and maintenance. He believes that Inframark should have been aware of the issues with the EQ basin and corrected the issues before they resulted in the EQ basin replacement.

Director Bethke then asked if the Boards were aware that Inframark had allowed Ms. Hester to use her own phone (because she didn't want to carry two phones) and her personal lap top. When Ms. Hester resigned, the Districts lost access to any information relating to the Districts that was on Ms. Hester's phone and/or laptop. Director Bethke stated that the Districts need access to any devices when someone leaves Inframark and she noted that as of March 11, 2022, Inframark confirmed that employees will not be allowed to use their personal devices for District work.

The Boards then discussed the Inframark Austin Centralized Transition document provided by Inframark in advance of the meeting that lists what Ms. Olsen has implemented or is in the process of implementing. Director Botts emphasized that on the 2<sup>nd</sup> bullet from the bottom, that Ms. Olsen is going to have improved tracking. The Boards also discussed the different roles listed in document and who at Inframark will be providing those services.

Director Bethke then brought up the SCADA system and that the security for the SCADA system still needs to be assessed because she has never gotten confirmation that Ms. Hester has been removed from the system. The Boards then mentioned that the security for the SCADA system has been Inframark's responsibility and if an assessment needs to be made to assess the security of the SCADA system, then Inframark should bear the cost. It was noted that Mr. Burrer told the JCCC that Inframark had bought a company that can do the security assessment. But the Boards would like to confirm that this will be at Inframark's cost. It was mentioned again that the Boards do not even know who has access to the SCADA system and that it was Inframark's responsibility all along to be monitoring the security of the SCADA system. Director Botts stated that he just wants to know how secure the SCADA system is.

Director Carroll Kelly asked what options the Boards are considering when it comes to moving forward. One of the Board members noted that maybe the Districts should hire someone to work directly for the Districts. Mr. Kutac brought up the fact that, unless the Boards stay with Inframark, the Boards will be going with the unknown and if they hire someone to directly provide



services to the Districts, then the Districts would need to be prepared if that person resigns. The Districts would have to hire someone quickly in order to keep operations running smoothly. Director Paul Kelly mentioned that the Boards are seeing everything that has been dropped by Inframark and would like to get everything caught up regardless of how the Districts decide to proceed. Director McGillicuddy noted that he is skeptical of the 90-day period requested by Mr. Burrer. He doesn't know if that will be enough time to correct the shortfalls. Director Botts noted that there are three options (i) stay with Inframark (however, if the Districts decide to stay with Inframark, then it should be on a probationary basis and that it would take years of monitoring to ensure that there are no additional problems; (ii) the Districts could issue a Request for Proposal and he mentioned three companies that provide the same services as Inframark; or (iii) have a hybrid (hire a manager and then contract out for the WWTP operators or vice versa). The Boards then discussed the pros and cons of each option. One of the discussions focused on option (iii) and it was suggested that it would be beneficial to hire two people if Districts went with this option because if you only hire one person and that person leaves, there is a deficit until someone else is hired and that deficit could be detrimental. Mr. Kutac suggested that if the Boards decide to stay with Inframark, then during the 90-day probationary period, the Districts should be looking at options so that the Boards will have already decided what they would like to do and there won't be a lapse between coverage. Director Botts suggested that the contract with Inframark be reviewed on an annual basis. Mr. Kutac noted that he has had an amendment to the Inframark contract pending for 6 months and it has been stuck in corporate review at Inframark. Director Botts then noted that if the Districts stay with Inframark, he believes that they should form a Joint Management Committee that meets once a month, for at least 6 months, to oversee the management and administration of the District's business. He suggested having Ms. Olsen attend those meetings. Director Botts also stated that he is not sure he has confidence in Inframark's operations team.

Director Botts then introduced Craig McColloch, one of the Directors for Hays County Municipal Utility District No. 4 ("HCMUD No.4). Mr. McColloch confirmed that HCMUD No. 4 also uses Inframark for operations services and many of the same consultants as the Districts, including Burgess & Niple ("Consultants"). He outlined issues that HCMUD No. 4 is having that he feels could have been prevented if the Consultants had been fulfilling their responsibilities. He discussed the costs to HCMUD No. 4 that are associated with the issue. He mentioned that their Board might be interested in hiring a regional manager. The Boards informed Mr. McColloch that they were not ready at this time to make the decision to hire a regional manager. Mr. McColloch let the Board know that he will keep them updated on HCMUD No. 4's progress.

Director Carroll Kelly noted that Mr. Burrer is a good salesman. All of the Directors agreed. However, all of the Board members have been disappointed when the promises were not fulfilled and Inframark's performance suffered. All of the Directors agreed.

Director Bethke then mentioned that she would like to ensure that the lines of communication between the Operations and the Management teams at Inframark need to be cohesive and that if Ms. Olsen believes that something needs to be done but can't get the Operations team to implement that decision, then she needs to inform the Boards.

The discussion turned again to the committee meetings to oversee Inframark. Director Carroll Kelly noted that the Boards need to make sure the meetings actually happen. He noted that Ms. Hester would state that she was scheduling meetings for various committees but the meetings were never scheduled.

Director Bethke also mentioned that the JCCC should review the scope of services in the Inframark agreement and determined what services are still needed, what services are no longer needed and make sure all of the required services are provided.

Upon motion by Director McGillicuddy, seconded by Director Carroll Kelly and unanimously carried, the HCWCID No. 2 Board authorized establishment of an ad hoc Joint Management Committee and named Director Bethke and Director McGillicuddy to the committee.

Upon motion by Director Botts, seconded by Director Paul Kelly and unanimously carried, the Board authorized establishment of an ad hoc Joint Management Committee and named Director Botts and Director Lucas to the committee.

Director Paul Kelly then stated that he would like to go through the Inframark Austin Centralized Transition list with Ms. Olsen and have her provide the name of the Inframark employee who will provide the services listed in each bullet point.

Mr. Kutac suggested that Ms. Barzilla needs to be more involved in the Board meetings. He also suggested that the Joint Management Committee review all of the options, in the event Inframark does not work out, and be prepared to present their preferred option to the Boards.

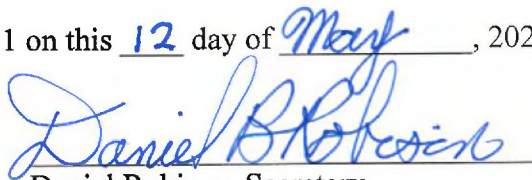
Director Bethke also questioned whether 50% of the Account Manager's (Ms. Olsen) time is enough time. Mr. Kutac stated that he doesn't believe it is. He also noted that Ms. Olsen is not as experienced as Mr. Hester so he would advise the Districts to look at renegotiation of the fee for her time or request that Inframark provide more of her time. Director Paul Kelly also noted that he feels that the Inframark employees should be working here at the Belterra Centre now that we are moving past the original Covid protocols. Director Carroll Kelly then noted that if the Districts know who will be providing each service on behalf of Inframark, then the Districts will know if they are actually completing their assignments.

There being no further business to conduct, each Board took the following action:

Director Robison moved that the meeting be adjourned, which motion was seconded by Director Paul Kelly and unanimously approved, and the Board of HCWCID No. 1 adjourned until further call.

Director McGillicuddy moved that the meeting be adjourned, which motion was seconded by Director Bethke and unanimously approved, and the Board of HCWCID No. 2 adjourned until further call.

APPROVED AND ADOPTED by HCWCID No. 1 on this 12 day of May, 2022.

  
Daniel Robison, Secretary



APPROVED AND ADOPTED by HCWCID No. 2 on this 19<sup>th</sup> day of May, 2022.



  
Shawn McGillicuddy, Secretary

*Sean*