

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, open to the public, on the 9th day of April, 2020, by Zoom video/telephonic conferences to mitigate the spread of COVID-19 pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, 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 4:00 P.M.:

All members of the Board were present by Zoom video conference at the commencement of the workshop session. Also present by Zoom video conference were Kristi Hester of Inframark, the District's general management and operations contractor, Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor, and Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers. In addition, Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, participated in the via telephonic conference. Chris Calvisi with WLE, the District's landscape service company, joined the workshop for a short time via telephonic conference. In addition, Tiffany Darst with Ashlar Development, LLC ("Ashlar"), the development representative for LH Belterra, LLC, ("LH Belterra") a developer of lands within the District, was present for a portion of the workshop.

Matt Kutac explained a few guidelines for the video/telephonic conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to insure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then called to order, and evidence was presented that public notice of such meeting had been given as required by law.

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"**). During the workshop session, no formal action was taken, 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 concerning the District's wastewater treatment plant ("WWTP"), the Re-Use (210) Water System, Distribution System-Billing, Collection System, Drainage/Pond matters, Parks-Trails, Construction, Customer Care, Facility Committee matters, Infrastructure Committee matters and miscellaneous other updates. Director Lucas entered the meeting shortly after Ms. Hester began her report.
- Ms. Hester noted that there was a significant water accountability issue. The current reporting period was at 62.2% (up from 59.2% in the prior reporting period). Ms. Hester noted that Inframark would be starting to check valves and schedule leak detection services and would hope to have a solution before the next meeting.
- Ms. Hester noted that the extra constable patrols seemed to be going well, which are now including the trails.
- Ms. Hester reported that the Customer Care Committee met for a final review of the proposed Touchstone District Consulting Agreement and also a review of the proposed communications policy. With regard to solid waste and recycling services with TDS, she noted that she gave TDS permission to alter its collection hours due to COVID 19.
- Chris Calvisi with WLE reviewed his monthly report with respect to WLE's landscape services, noting business is running as usual for the contract services under their existing contract with the District. Director Botts revisited an issue that was briefly brought up by Director Lucas at the last meeting with regard to the Customer Care Committee reviewing the average operating costs over three years of repairs to the 210 system as part of its overall review of the existing WLE contract for landscape services to determine whether it might be advantageous to include such routine repairs into a fixed costs component of such contract. He requested that such matter be reviewed and a recommendation be brought back to the Board when available. Ms. Hester indicated that she would gather the reports and get them to the Customer Care Committee for their review. Director Robison noted that WLE had mowed some of the wildflowers across from Belterra Centre that were not supposed to be mowed yet, and it was agreed that additional signage might be necessary to clearly identify those sections of plantings where mowing needs to be delayed. Director Botts noted that such areas need to be updated and clearly identified, and the Board should reach a consensus on what areas need to have delayed mowing due to the location of designated wildflower areas. Also, with respect to other Park Committee matters, it was noted that Directors Lucas and Kelly would be meeting with Chris Calvisi and Kristi Hester to review areas where additional sod is needed (mainly along Belterra Boulevard near the Hwy. 290 entrance) and neighborhood entrance areas and other flower beds that need certain empty spots filled in, and come up with recommendations for improvements to such areas. Mr.

Calvisi noted his goal would be to come up with recommendations for the Board's consideration by the next meeting.

- Ms. Hester continued through and concluded her review of Inframark's General Manager's report.
- Lauren Barzilla presented the District's General Engineering Report. She noted that the District's 9th Bond Application had been filed with the TCEQ on April 2, 2020 and declared administratively complete on April 6th. She noted that there were 6 bond applications in front of the District's and that the application had been filed under expedited review. She reported on the status of the Commercial Tract Development as a whole, the Grafton Lane open space drainage project, the status of Belterra Village multifamily project (99% complete with the public portion of the water line), the Hampton Inn hotel site (now on hold due to COVID-19 concerns) and Pad X commercial projects, noting that CMA had reviewed the bids received and was recommending award to WLE of the needed drainage improvements to WLE based on WLE's ability to perform such work and the lowest bid of \$3,496,76. Ms. Barzilla noted that she would be adding Building S to her next report and most likely will be requesting the Board's approval of a CMA Task Order for construction phase services for such new building at the next meeting.
- In addition, Ms. Barzilla with CMA presented the WWTP and 210 Reuse Irrigation Engineering Report noting that with regard to the WWTP Membrane Replacement Project, that the third of the 3 replacement membranes (note 2 had already been received and installed) had arrived in Houston and should be delivered to the WWTP site and most likely installed before the next meeting. She also noted that with regard to the WWTP Drum Screen Replacement project, that the Notice to Proceed under the contract had been issued on April 1st, with a projected substantial completion date of September 28, 2020 and a final completion projected to occur by October 28, 2020. Ms. Barzilla confirmed that there were no action items needed in connection with such report.
- Kristi Hester reviewed the Financial & Bookkeeper's Reports which included the February 1, 2020 through February 29, 2020 reporting period. The Board confirmed their review of such report and noted that they had no additional questions at this time.
- With respect other financial reporting that will be further discussed under item 5.(3) of the regular meeting, Chris Lane briefly explained that, as financial advisor, SAMCO was proposing that the Board consider a parameters sale of up to \$3,500,000 for its Unlimited Tax Refunding Bonds, Series 2020 ("Series 2020 Refunding Bonds"). Ms. Lane reviewed a proposed Term Sheet and Bid Form (reflecting a proposed issuance of \$1,925,000 and a last maturity in 2032), as well an initial proposed Sources and Uses of Funds schedules and discussed same with the Board. It was noted that the Bond Order in connection with such proposed issuance of bonds would be presented during the regular portion of the meeting, but that basically the parameters sale, if authorized by the Board, would designate the President or Vice President as a pricing officer to act on behalf of the District in the selling and delivering of the Series 2020 Refunding Bonds and would allow the pricing officer to sign a Pricing Certificate for the issuance of such bonds in aggregate principal amount not to exceed \$3,500,000, provided that the bonds do not mature later than 40 years from the date of the issuance and upon confirmation that the refunding will result in a net present value savings of at least 3.00%. Ms. Lane noted that most likely the issuance would just cover bonds from the District's 2013 issue, but should certain changes occur between now and the proposed sale date that might allow for an advance refunding, then some of the existing Series 2012 might be including in the final

sizing. Ms. Lane indicated that SAMCO's preliminary estimate indicates that the District might be able to realize up to a 14% present value savings from the proposed refunding. Ms. Lane noted that the proposed pricing is expected to occur on May 14th and that ideally SAMCO would expect to receive at least two (2) bids.

- It was noted that it was 5:00 p.m. and the Board proceeded as follows into the regular meeting agenda.

REGULAR MEETING - 5:00 P.M.:

Directors Botts, Kelly, Robison, Dally and Lucas, along with Kristi Hester, 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. Also, Marc Druck, attorney with Winstead PC, the District's bond counsel, joined into the audio portion of the meeting during item 5.c of the minutes as set out below. It was noted that the public had been invited to attend the above workshop and may have joined in the meeting via audio participation and that Tiffany Darst with Ashlar may have remained on the line for this portion of the meeting.

1. Director Botts called for public communications and comments from any person, including any persons tied in the meeting via audio. There being no person participating in the meeting who wished to address the Board under this item, Director Botts proceeded to the next item of business.

2. The Board reviewed the consent agenda items. It was noted the Minutes of the Board's special March 26, 2020 meeting had not yet been distributed for review and were thus pulled from the consent agenda items. Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board approved the following consent items

- Minutes of March 12, 2020 Regular Meeting; and
- 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, patrol servicers billing, cash balance sheets and reports, investment activity report, cash balance trend chart, check register, wires, utility usage tracking and certain other financial reporting.

3. Reports:

It was confirmed that there were no additional reports that had not been completed during the Workshop Session.

4. 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 Botts, the Board approved the award of the Grafton Open Space Project to WLE in the amount of \$2,496.76 in accordance with CMA's April 9, 2020 recommendation letter, a copy of which is attached hereto as **EXHIBIT "E"**;

b. Upon motion by Director Kelly, seconded by Director Lucas, the Board approved up to \$10,000 to be used for shelving, reorganization and improvements to the existing storage structure at the WWTP that previously housed the ATV's owned by the District and the separate one owned by Inframark and used for the District and Hays County WCID No. 2 operations, which have been relocated to a new area near the Belterra Centre; and

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

5. Financial Items:

a. For the record, it was noted no further action was needed under items 5.(a.), (b) or (c) of the agenda.

b. With respect to item 5.(d) on the agenda related to proposed new contracts for District bookkeeping services, Matt Kutac noted that further details may be discussed during executive session, but that he had visited with a highly recommended and reputable bookkeeping firm in the Austin area that specializes in District bookkeeping, and that such firm would be interested in presenting a formal proposal to the Board. He recommended that an initial meeting be scheduled with principles of such firm, himself and the Finance Committee (Directors Dally and Lucas) in to interview the firm and discuss presentation of a proposal for the Board's consideration at the regular May Board meeting; and

c. Under item 5.(e) on the posted Supplemental Agenda, Judy McAngus recapped the provisions in the form of the Bond Order to be adopted with regard to the proposed parameters sale of the Series 2020 Unlimited Tax Refunding Bond under the terms discussed in the workshop session. In addition, Marc Druck concurred with such summary and indicated that it was timely for the Board to consider action on such Order. Following a discussion and motion by Director Dally, seconded by Director Lucas, the Board unanimously approved the adoption of an Order Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds Series 2020 including the parameters set out in such Order and related certificates, agreements and sale and closing of such issue pursuant to such Order. A copy of the final Order will be included in the District's final transcript of proceedings for such bond issue.

6. Management and Operations Items:

With regard to General Management related action items, Kristi Hester confirmed there were no action items needed with regard to her earlier presentation of Inframark's Executive Summary or other portions of her monthly GM Report during the workshop session.

Director Botts inquired of Ms. Hester how District operations in general were proceeding through the COVID-19 period, with Ms. Hester noting that operations were running as usual but for with higher volume flows during this period (most likely from the larger number of customers working at home), and a larger volume of trash was being dumped in the green belts (which required extra monitoring and clean up by Inframark of the District's property). She also noted that she would be putting a reminder on the joint website reminding the customers about the things that should not be flushed down their toilets which have been causing additional and otherwise unnecessary measures to be taken at the WWTP.

Upon motion by Director Lucas, seconded by Director Botts, the GM Report was approved.

7. Rules, Policies and Agreements:

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

a. With regard to the proposed Order Adopting Customer Communications Policy with regard to policies and procedures related to the establishment and maintenance of a Facebook page to be shared by the District and Hays County WCID No. 2 and other customer communications objectives, Director Botts updated the Board that certain aspects of the communications services to be contracted with Touchstone District Services may differ between the District and Hays County WCID No. 2 (based on a recent Joint Customer Care Committee). Both he and Director Kelly (the District Customer Care Committee members) feel that it is an important that the District include the cost of emergency notification in the proposed Touchstone District Consultant Services Contract ("Touchstone Contract"), and also to allow tagging on the proposed Facebook page.

Matt Kutac updated the Board on matters relating to both the proposed Customer Communications Policy and the Touchstone Contract. He reviewed the summary of the proposed policy as attached to the proposed Order in detail noting that the scope of services for each District under the Touchstone Contract would be slightly different as described previously by Director Botts. Mr. Kutac responded to various questions from the Directors (confirming that no Directors would be allowed to post or comment on the Facebook page, that records would be archived by Touchstone for 6 years). Following such detailed discussions, upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved the Order Adopting Customer Communications Policy, a copy of which is attached hereto as **EXHIBIT "F"**.

b. Next, Matt Kutac presented a proposed red-lined version of the Touchstone Contract for additional Board discussion and comment. Mr. Kutac noted that he had not received any additional comments back from Touchstone pertaining to his revisions. Following further discussion and review, upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved said version of the Touchstone Agreement and authorized its execution, provided that Touchstone does not propose additional substantive changes. A final copy of the fully executed Touchstone Agreement shall be attached as **EXHIBIT "G"** hereto.

c. With respect to the existing reimbursements with the District and developers within the District, proposed timing and methods of reimbursement and recommendation of ad hoc committee appointed to represent the Board in discussions with developers regarding same, it was noted that Director Dally would like to discuss a proposal with the District's attorneys in Executive Session, with any needed action being taken up following such Executive Session; and

d. With respect to the previously approved, proposed First Amended and Restated Interlocal Cooperative Agreement for Law Enforcement Services with the District, Hays County, Hays County Constable for Precinct and Hays County WCID No. 2, Matt Kutac noted that the contract was still being reviewed by Hays County.

8. 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.

9. District Calendar and Schedule.

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 Committee meetings. The Board confirmed its next regular meeting to be on Thursday, May 14th (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.).

10. With regard to items 5.d. and 7.c. on the posted agenda for the meeting, upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board retired, along with Matt Kutac and Andy Barrett to Executive Session at approximately 5:38 p.m.

11. Following such Executive Session and upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board reconvened in public session at approximately 6:34 p.m.

It was confirmed that no action had been taken during the Executive Session and following a motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized Mr. Kutac's firm to engage Maxwell, Locke & Ritter PLLC to review questionable transactions and bookkeeping irregularities of which the Board had recently been apprised.

In addition, upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized its appointed Ad Hoc Committee (consisting of Directors Dally and Botts to work within the parameters authorized by the Board in such Executive Session on final negotiations with Ashlar as to the final amount to be payable to LH Belterra LLC for reimbursements due from the District.

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

APPROVED AND ADOPTED this 4th day of June, 2020.




Daniel B. Robison, Secretary