

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, on the 14th day of May, 2020, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, within the District. To mitigate the spread of COVID-19 and pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, the meeting was open to the public by telephonic conference. 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 at the commencement of the workshop session. Also present in person were Kristi Hester of Inframark, the District's general management and operations contractor, Matt Kutac of the law offices of Matthew B. Kutac, PLLC and Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers. In addition, joining via telephonic conference were Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor and MacKenzi Scales with Inframark. In addition, Chris Calvisi with WLE, the District's landscape service company, joined the workshop for a short time via telephonic conference.

Matt Kutac explained a few guidelines for the 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.
- Ms. Hester noted that Inframark had stopped the electronic meter installations during the COVID – 19 period to avoid needless knocking on doors and customer contact, but would be resuming the installation program within the next week. She mentioned that the 2019 Drinking Water Quality Report (also sometimes referred to as the Consumer Confidence Report or CCR) had been released and would be available on the joint website. With regard to parks Ms. Hester noted that she was working personnel at the Belterra HOA and also the City of Dripping Springs in an attempt to schedule the opening of the District parks and trails at the same time as parks under their control were being opened. Director Lucas confirmed that Ms. Hester had agreed to add an additional item to the monthly Executive Summary which would include a General Manager's validation/confirmation of work performed by WLE. With regard to recent water accountability issues, Ms. Hester noted that Inframark had corrected the March accountability percentage to 99.5 % and that the current April reporting reflected a figure of 81.8%. She noted that they were still reviewing master meter reads from the West Travis County Public Utility Authority ("WTCPUA") to try to determine the reasons for the 59.2% accountability read back in February. So far, she noted that they were looking into potentially higher water flow through the Manchester area back in January and would hope to identify additional reasons for the unusual water loss numbers from back in January, and also more recently with the April 20th read. She confirmed that the District master meters have been ordered, and once installed, the District will be able to check water flows on a daily basis to provide more accurate accountability and be able to identify measures to correct water loss or discrepancies with WTCPUA meter reads much more rapidly. Ms. Hester referred the Board to separate reports regarding recent Park Committee and Joint Infrastructure Committee reports as well as a summary and estimate for 210 Irrigation Damage behind 472 Mendocino - estimated at \$8,152 (such cost to be split between the District and Hays County WCID No. 2). She noted that she was working with WLE to identify which builder or builders may be responsible for such damage to the 210 system, and would back charge those costs to those responsible. Ms. Hester continued through and concluded her review of Inframark's General Manager's report.
- Lauren Barzilla with CMA presented the WWTP and 210 Reuse Irrigation Engineering Report noting that, with regard to the WWTP Membrane Replacement Project, the third

of the 3 replacement membranes (note: 2 have already been received and installed) was scheduled to be installed on May 15, 2020. She also noted with regard to the WWTP Drum Screen Replacement project, that the project was underway with a projected substantial completion (when the project would be approximately 90% completed) date of September 28, 2020 and a final completion projected to occur by October 28, 2020. She noted if the project stays on schedule then most likely the final retainage and acceptance of the project would occur at the November regular Board meeting). Ms. Barzilla confirmed that there were no action items needed in connection with such report.

- In addition, Ms. Barzilla presented the District's General Engineering Report. She noted that the District's 9th Bond Application was in administrative review at the TCEQ following the filing of the application on April 2, 2020. She reported on the status of the Commercial Tract Development as a whole, the status of Belterra Village multifamily project (99% complete with the public portion of the water line noting that the completion date for the project is estimated to be September 2021), the Hampton Inn Site (which paused construction due to COVID -19 and is now estimated to be completed around May 2021), Pad X (still no response to CMA's March 26, 2020 comment letter), and Building S (presenting a schedule of various completion dates for the different phases of construction – noting substantial completion as August 23, 2020). In addition, with regard to the Building S site, Ms. Barzilla stated there was a Partial Assignment and Assumption of Non-Standard retail Water and Wastewater Services Agreement (for Lot 3F-1) posted on the Google drive as well as a related CMA amended Task Order which covers additional plan reviews and construction phase services, for which she would request approvals during the regular meeting. Also, with respect to the Grafton Lane open space drainage project, she noted the project was complete and they were awaiting testing prior to final completion. Ms. Barzilla next noted that CMA had completed a proposed Irrigation Watering Schedule with Inframark's assistance, and that the schedule itself and two (2) options for related CMA Task Orders were posted on the Google drive. It was noted that the proposed schedule had been prepared in response to difficulties the District had last year with the adoption of the revised WTCPUA watering schedule, which caused unnecessary spikes in daily peak flows that could be tied to an uneven usage of irrigation on certain days of the week. It was explained that the objective of the new watering schedule was to level irrigation usage in 2020 for both the District and Hays County WCID No. 2. The Board reviewed the Residential Water Schedule for the District and proposed a few minor corrections, but overall thanked CMA and Inframark for coming up with what appeared to be a very good solution to the problem. Ms. Barzilla briefly explained the proposed CMA related Task Orders noting that Option 1 covered the costs of preparing and finalizing the watering schedule exhibit (area map identifying the watering dates of various sections/neighborhoods as presented) and that Option 2 would cover those costs plus, in addition, the costs associated with creating an additional itemized chart by address listings of all residences within the District. The Board discussed the importance, once the schedule is finalized, of getting the word out to its customers on a timely basis. Ms. Hester noted that Inframark would handle getting the information out promptly by different methods. Lastly, Ms. Barzilla referred to a draft of a Surplus Funds Application that CMA had prepared with regard to the proposed payment by the District of the remaining reimbursable amounts due to the developer that had been posted on the Google drive. She also noted that she had prepared a CMA Task Order for the surplus funds application and reviewed those details with the Board.

- Kristi Hester reviewed the Financial & Bookkeeper's Reports which included the March 1, 2020 through March 31, 2020 reporting period. Ms. Hester noted that as of April 30, 2020, the District had collected 98.6% of its 2020 taxes. In addition, she noted that the March total of \$198,423.36 had been allocated to Inframark's Maintenance Cap Tracking Chart and that the District was in a good position. Director Kelly inquired as to whether, due to COVID-19, that the District might be due a refund or credit from Inframark in connection with services rendered. Ms. Hester noted that Inframark had been conducting business as usual with the only level of service that changed simply being that they are not conducting any disconnections from the system, but that they would not really be doing many of those anyway as the District's customers have continued, for the most part, to make their monthly water and sewer payments on time. Ms. Hester noted that the large payment to WTCPUA included in the reporting for this month included impact fee payments relating to the multi-family project. The Finance Committee and Board confirmed their review of such report and noted that they had no additional questions at this time.
- 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. He noted the routine services currently underway and noted that WLE would do a trail drive through next week to survey and repair any damage that might have been caused due to heavy rains. Director Kelly asked that the Parks Committee be notified in advance of that drive so that they could join in and review the trails with WLE at the same time. Mr. Calvisi confirmed that he would be getting back with Ms. Hester in an attempt to identify the builders who were responsible for the recent 210 repairs handled behind 472 Mendocino. In addition, he noted that WLE had completed their review of areas where additional sod is needed (mainly along Belterra Drive near the Hwy. 290 entrance) and neighborhood entrance areas and other flower beds that need certain empty spots filled in, and had provided a recommendation to Ms. Hester her review with the Parks Committee and action by the Board when appropriate.
- 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 and Lauren Barzilla remained at Belterra Centre and Andy Barrett, Judy McAngus, Chris Lane and MacKenzi Scales remained on the telephonic call 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 confirm that Directors Botts, Robison and Kelly had all executed Statements of Officer Forms and taken their Oaths of Office for their new four (4) year terms of office following the May 2, 2020 election date.

1. Matt Kutac 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, the Board proceeded to the next item of business.

2. The Board reviewed the consent agenda items. It was noted the Minutes of the Board's regular April 9, 2020 meeting had not yet been distributed for review and were thus

pulled from the consent agenda items. Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the following consent items

- Minutes of March 26, 2020 Special 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 a Public Utility Easement relating to Lot 1E- 2, Block A – North Belterra Commercial, a copy of which is attached hereto as **EXHIBIT "E"**;

b. Upon motion by Director Botts, seconded by Director Robison, the Board approved a Partial Assignment and Assumption of Non-Standard Retail Water and Wastewater Services Agreement for Lot 3F-1, a copy of which is attached hereto as **EXHIBIT "F"**;

c. Upon motion by Director Botts, seconded by Director Lucas, the Board approved CMA Task Order No. 56, Amendment No. 1, a copy of which is attached hereto as **EXHIBIT "G"**;

d. Upon motion by Director Kelly, seconded by Director Dally, the Board approved CMA Task Order No. 63 a copy of which is attached hereto as **EXHIBIT "H"**;

e. Upon motion by Director Dally, seconded by Director Botts, the Board approved CMA Task Order No. 64 a copy of which is attached hereto as **EXHIBIT "I"**; and

f. Upon motion by Director Kelly, seconded by Director Lucas, 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. The Board recognized Chris Lane who reported on the bids received and awarded for the District's sale of \$1,925,000 Unlimited Tax Refunding Bonds, Series 2020. She summarized

that five (5) bids had been received, the lowest and best being the bid from JPMorgan Chase Bank with a low bid of 1.2330004% and a net present value savings of 14.016%. The final Sources and Uses of Funds for such financing, as prepared by SAMCO, is attached as **EXHIBIT "J"**. It was noted that the closing for such sale is slated for June 10th. Following such update, Director Dally motioned, seconded by Director Lucas and unanimously carried, that the Board concurred with such award and that any additional items needed to complete the Attorney General's approval of the sale or as necessary for the closing and funding of such sale be hereby approved and authorized. It was confirmed that (under 5.b. of the agenda) there were no new District accounts that needed to be opened in conjunction with such sale and closing;

b. With respect to item 5.(c) on the agenda, it was noted that no action needed to be taken at this time on the pending Series 2020 Utility Bond Application; and

c. With respect to item 5.(d), Matt Kutac noted that the Finance Committee had had the opportunity to meet with Allen Douthitt and Mary Bott of Bott & Douthitt, PLLC, the proposed new bookkeeping firm for the District, and that he had reviewed and offered minor comments on a proposed form of Bookkeeping Services Agreement which had been posted on the Google drive for the Board's review. Directors Dally and Lucas both reported that the meeting went well and they would recommend approval of such firm for the Board's consideration. Kristi Hester confirmed that she and Inframark worked closely with Bott & Douthitt on other districts where Bott & Douthitt handle bookkeeping services and they have a good working relationship. The importance of the timeliness of the making such decision and importance of the related records transfer was emphasized (due to upcoming mid-year budget reviews and the proposed new budget for the next fiscal year). Following a full discussion and motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved the Bookkeeping Services Agreement with Bott & Douthitt, a copy of which is attached hereto as **EXHIBIT "K"**. Ms. Hester noted that Inframark would work to transfer all existing bookkeeping records over to such firm by May 31st.

6. Management and Operations Items:

a. With regard to General Management related action items, Matt Kutac and Judy McAngus explained the requirements under HB 383 for the Board members to take annual cybersecurity training. Ms. McAngus noted she would be forwarding an e-mail out by the end of the week detailing two (2) separate options for the training (one through the Association of Water Board Directors and the other through the Texas Municipal League), either one of which could be taken by the Board members with instructions for completing the training and details for returning proof of training back to her by June 14th.

With regard to General Management related action items, Kristi Hester requested, and the Board unanimously approved, the related items by the following motions and seconds:

b. Upon motion by Director Botts, seconded by Director Dally, the Board approved the annual renewal of bonds and intergovernmental risk pool coverage through the Texas Municipal League;

c. Upon motion by Director Kelly, seconded by Director Robison, the Board approved the recommended replacement EQ Basin/Clarifier handrail, valve and DO meter and related sandblasting and painting at an estimated cost of \$25,000.00;

d. Upon motion by Director Kelly, seconded by Director Botts, the Board approved the relocation and painting of the bio filter unit cover at an estimated cost of \$3,000.00;

e. Upon motion by Director Robison, seconded by Director Lucas, the Board approved the payment of \$8,151.25 (shared costs between the District and Hays County WCID No. 2) for repairs to the 210 irrigation system behind 472 Mendocino, with the understanding that WLE will work with Inframark on identifying the builders responsible for such damage and Inframark will backcharge the costs to such builders for reimbursement to the District;

f. In addition, the Board held a detailed discussion with regard to the placement and types of wildflowers at various locations, current and additional signage as may be needed to clearly designate such areas, and mowing schedules and various Board members shared their concerns. It was noted that such signage would be beneficial for the public as well as for WLE's purposes. It was further noted that most of the existing wildflower areas do not have much foot traffic except the area near Wellington, but that concerns over snakes during the times of reseeding and high grass in the areas may need to be addressed. Upon motion by Director Botts, seconded by Director Lucas, the matter was referred back to the Parks Committee to come up with some final, written recommendations as to designations, their mowing schedules and also the inclusion of a new location North of Trinity Hills near the intersection with Belterra Centre in hopes of the Parks Committee coming back to the Board with final recommendations for further action at an upcoming meeting. In addition, Director Botts noted that in one of the newer planted wildflower areas where WLE had mowed the area too early this year, he asked the Parks Committee to work with WLE on perhaps asking WLE to reseed such area at their own cost to ensure the successful growth in that area. In addition, Director Robison noted that about 3 to 6 months ago he brought up the fact that WLE had been mowing an area along Hwy. 290 that Hays County should have been responsible for, and asked Kristi Hester to discuss that with WLE and report back to the Parks Committee as to whether the District might be owed a credit.

g. Also, Kristi Hester noted that she will have options with regard to proposed trail repairs for the Parks Committee to review.

h. The Board discussed the sizable investment that the District has made into Belterra Centre that is used for operations of the District and to a certain extent Hays County WCID No. 2. The Board authorized the Facilities Committee (Director Botts and Robison) to come back to the June meeting with a proposal regarding a fee structure that the Board may wish to consider and then present to Hays County WCID No. 2 to cover their usage of Belterra Centre.

i. Kristi Hester reviewed the particulars of a request for access to the District's greenbelt area behind 251 Torrington Avenue for pool construction as discussed with the Customer Care Committee. The Committee members acknowledged their concurrence with Inframark's recommendation to deny such access through the greenbelt due to its high visibility of the location and 210 system irrigation installation behind the property. Following such discussion and a motion by Director Botts, seconded by Director Dally, greenbelt access was denied.

j. Upon motion by Director Botts, seconded by Director Kelly, the Board approved the Map of the Irrigation Watering Schedule with minor changes and additionally authorized the

inclusion of the revised water schedule in the District's Water Conservation and Drought Contingency Plan, as attached hereto as **EXHIBIT "L"**.

k. Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the annual Drinking Water Quality Report for 2019, attached hereto as **EXHIBIT "M"**;

l. Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the Addendum to the Contract for Municipal Solid Waste and Disposal Services with Texas Disposal Systems to include a pickup at the District's WWTP at no cost to the District, a copy being attached hereto as **EXHIBIT "N"**;

m. Upon motion by Director Botts, seconded by Director Dally, the Board authorized the modification or repair of the pump and wet well located in the commercial water quality pond following 30 days written notice to the contractor to repair under the existing warranty and expiration of such notice thereof;

n. Judy McAngus updated the Board with regard to the use of Belterra Centre as a county vote center location for Tuesday's July 14th primary run-off election, it being noted that she had confirmed in advance with Inframark that they will have an Inframark representative present from the time the building is open that day at around 6:00 a.m. until around 7:45 p.m. or 8:00 p.m. that evening (i.e., formal polls are open from 7:00 a.m. until 7:00 p.m.) with the extra time being needed for set up and close up of the polls. It was confirmed that the Board had already consented to regular vote center election day voting taking place at Belterra Centre and thus no additional action was necessary; and

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. Matt Kutac updated the Board with respect to the status of Hays County WCID No. 2's reconciliation payment to the District under the existing Sixth Amended and Restated Joint Facilities Agreement (\$510,000.00) noting that the Hays County WCID No. 2 Board had given him direction at their March 26th special meeting to prepare a Resolution for approval at their April 16, 2020 meeting allowing for a one-time payment to the District for such amount, but that at the April 16th meeting had reconsidered the timing and method of the payment mainly due to COVID-19 concerns and decided to wait until May to make a decision on the method and timing of the payment. Mr. Kutac noted that he would have two separate resolutions prepared for the Hays County WCID No. 2 Board to consider: the first directing a one time payment of the full amount owed from operating reserve, and the second directing that the payment be included in their upcoming bond issue which has not yet been filed with the TCEQ (which bond issue was expected to fund most likely within the next few weeks). Mr. Kutac felt that the Hays County WCID No. 2 Board would make their final decision on the timing and method of payment at their May 21st meeting;

b. With respect to updates from the Ad-Hoc Committee on negotiations with the residential developer on final Tier 4 reimbursements, Director Botts noted that he and Director Dally had anticipated, based on Mr. Kutac's informing them of the Hays County WCID No. 2's direction given at the March 26th meeting, receipt of such funds and used that timing to negotiate with Ashlar on a reduced final payment and the timing of the District's final payment of Tier 4 Reimbursements due to LH Belterra LLC and ERG Belterra, Ltd. In addition, Director Dally noted that Mr. Kutac had reported to the Ad-Hoc committee that the District's payment would likely need to be delayed in order to obtain approval by the TCEQ under applicable surplus funds rules because the payment was to be made to a developer. Directors Dally and Botts expressed their frustration because they had agreed upon the proposal to the developer with the understanding that the payment could be made by May 31, 2020. They stated that the developer was now requesting that for each month of delay in payment, the District pay an additional prorated \$16,666.67. Director Dally expressed his disappointment with Mr. Kutac in not advising the committee earlier of the TCEQ rules regarding reimbursements to developers, and the committee not being told of what appeared to be a requirement to file a surplus funds application with the TCEQ and receive approval from the TCEQ in advance of being able to reimburse such funds to the developer. He and Director Botts both explained that they were concerned over the possibility of an increase in the payment required to resolve the matter. Director Dally asked Mr. Kutac to explain why such matter had not been brought to the committee's attention earlier. Mr. Kutac stated that he was initially concerned with the logistics of drafting and negotiating the necessary agreements with developers in a short timeframe before the Board meeting, and focused on preparing the initial document drafts before thoroughly planning out the transaction to be able to allow for sufficient time for negotiations, revisions and approval by all parties. In general, he explained that he planned to and did review the proposed transaction for compliance with all rules and regulations during the interim between releasing draft documents and working through draft revisions. Although the issue was difficult to raise, upon such review, he realized that the proposed transaction appeared to require approval under the TCEQ rules, and that additional time might be required. Director Botts noted that Matt Kutac had done a lot of work to get the Board in a good position to have negotiated such matter and that it appeared that he had worked even more diligently with Lauren Barzilla for CMA to pull the surplus funds application together (for filing the next day) and with Andy Barrett on his assistance with both helping with the filing of such application and also agreement to work with the TCEQ to either get the application approved more expeditiously or on a quicker method of approval to allow such funds to be paid out in a timely manner. Also, Director Lucas noted that the focus for now should be on where the Board is now and how to proceed forward with needed actions to allow for the payment of the agreed to amount with as little amount of daily penalties to be included. Also, Director Botts noted that had the District known at the time, that Hays County WCID No. 2 would have postponed its decision on its initial intent to pay the full amount of its reimbursement owed to the District, that would also have affected the negotiations. Matt Kutac confirmed that it was good for the Board to thoroughly discuss such matters and that the best thing to do he felt was to proceed with the filing of the Surplus Funds Application with the TCEQ the next day and have Andy Barrett work closely with the TCEQ on an approval as well as to follow up with the decision by Hays County WCID No. 2 on the timing and approved method of payment that would hopefully enable the Board to proceed as close to the 2 week deadline for its payment to the developers in hopes of having little or no penalties (as proposed to be assessed by the developers) to keep the payment as close to the initial, agreed to \$750,000 as possible. Those details being discussed, the Board proceeded on with action on related matters;

With regard actions under item 7 of the agenda on various agreements, etc. Matt Kutac requested and the Board unanimously approved, the following motions and seconds:

c. Upon motion by Director Dally, seconded by Director Lucas, the Board consented to the Partial Assignment and Release of Tier 4 Reimbursements Rights (Hays County WCID No. 1 – LH Belterra LLC Tier 4) between ERG Belterra, Ltd and LH Belterra LLC, a copy as attached hereto as **EXHIBIT “O”**;

d. Upon motion by Director Dally, seconded by Director Botts, the Board approved the form of Acknowledgment of Receipt of Payment and Full and Final Waiver and release of Liability for Tier 4 Reimbursements Rights, a copy as attached hereto as **EXHIBIT “P”**;

e. Upon motion by Director Dally, seconded by Director Botts, the Board approved a Resolution Requesting Use of Surplus Operations and Maintenance Tax Funds and Contribution for Facilities Cost Sharing in connection with use of such funds for reimbursement of LH Belterra LLC and authorized the filing of such application with the TCEQ, a copy of said Resolution being attached hereto as **EXHIBIT “Q”**; and

f. Upon motion by Director Botts, seconded by Director Dally, the Board approved a Resolution Directing Payment of Agreed Reimbursement Amount, a copy of said Resolution being attached hereto as **EXHIBIT “R”**;

g. Matt Kutac reported that he had received the Interlocal Cooperative Agreement for Law Enforcement Services between the District, Hays County WCID No. 2, Hays County and the Hays County Constable for Precinct 4 back from Hays County and that all parties to such agreement had executed it, noting that no further action was needed. A copy of such final executed agreement is attached as **EXHIBIT “S”**;

h. Upon motion by Director Lucas, seconded by Director Botts, the Board approved a Third Amendment to Lease Agreement (Belterra Centre) with Inframark, LLC, a copy which is attached as **EXHIBIT “T”**;

i. Upon motion by Director Robinson, seconded by Director Botts, the Board approved a Third Amendment to Lease Agreement (WWTP Storage Site) with Inframark, LLC, a copy which is attached as **EXHIBIT “U”**;

j. Matt Kutac reported that he had received a fully executed copy of the final Touchstone District Consultant Agreement back from Touchstone with no additional changes confirming that no additional action was necessary by the Board;

k. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved an Order Adopting Section 49.2731 Electronic Bidding Rules should the District engineers propose to recommend handling any future construction bids in such allowable manner, a copy of which is attached hereto as **EXHIBIT “V”**;

l. Matt Kutac confirmed that he had engaged Maxwell Locke & Ritter, PLLC, at the Board’s request, to review the recent potentially questionable bookkeeping transactions and that they are waiting for the Bancorp South to produce additional documents for their review; and

m. After a presentation by Mr. Kutac, upon motion by Director Robison, seconded by Director Lucas, the Board approved and authorized the execution of a common/joint representation of the District and Hays County WCID No. 2 with respect to a review of the manager's account transactions for each district, a copy of which is attached hereto as **EXHIBIT "W"**.

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.

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, June 11th (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.). Kristi Hester confirmed for all directors that may have been planning to attend the Capital Area Suburban Exchange ("CASE") water board conference in June that the annual conference had been canceled. In addition, for those who had planned or might plan to attend the 2020 annual conference of the Association of Water Board Directors ("AWBD"), the last update she had heard was that the conference had been postponed until August 6th through the 8th. She also noted that AWBD was setting up a "virtual" meeting option for their 2020 annual conference should any director wish to participate in that manner.

With regard to other important schedules, Kristi Hester confirmed that Inframark would work swiftly to close out the most recent month's reporting and transfer all bookkeeping records and data over to Bott & Douthitt.

In addition, the Finance Committee discussed proposed meeting dates with Chris Lane for the purposes of assembling and reviewing materials that can assist the committee with its review and recommendation to the Board relating to possible additional exemptions that might be able to be considered for 2020, it being noted that the deadline for Board adoption of any changes to existing exemptions is June 30th.

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

APPROVED AND ADOPTED this 11th day of June, 2020.



Daniel B. Robison

Daniel B. Robison, Secretary