

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 Directors" or "Board") of Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the "District") met in regular session, which included a monthly workshop session and regular meeting, all open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office within the District, on June 8, 2023 at 4:00 p.m. The roll was called of 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	Assistant Secretary

WORKSHOP SESSION 4:00 P.M.:

All members of the Board participated in the meeting and were present at the commencement of the workshop session except Director Robison. Also present at the workshop were Matt Kutac of the Law Offices of Matthew B. Kutac, PLLC, Lonnie Wright, Beth Wright, John Taylor, Chris Sanchez 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, Vicki Hahn, paralegal with Winstead PC, Chris Lane of Samco Capital, the District's Financial Advisor and Jesse Trevino and Sinjon Merrick of Sunscape Landscaping, the District's landscapers. In addition, Allen Douthitt of Bott & Douthitt, the District's bookkeeper and Andy Barrett of Andy Barrett & Associates attended the meeting by telephone. Members of the public in attendance were Marsha Hove from the Home Owner's Association.

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 of the monthly General Manager's Report, which report includes operations updates and a summary of activities since the last regular Board meeting and recommended action items for the regular meeting, and review of the current Accounting Report. During the workshop session, no formal action was taken, but the following matters were discussed in detail:

1. Management and Operations: Mr. Taylor reviewed MOC's Management and Operations Report. During his report, he provided the following updates:

The Board discussed delinquent accounts and noted that there were more delinquent accounts than normal, likely due to the transition from Inframark to MOC. The Board discussed a course of action and the length of time that they should give residents before charging late charges and before disconnecting service. The Board directed MOC not to do any disconnections at this point but to start charging late fees when the next billing cycle starts on July 4th. MOC discussed hanging door tags and sending out letters to the delinquent accounts reminding them of the transition.

With respect to the Belterra Centre, Ms. Wright informed the Board that she is hoping to get the damaged windows at the Belterra Centre (discussed in a prior meeting) repaired by the end of the month, but she is still waiting on a quote for single pane windows. With respect to the acoustic panels, Ms. Wright stated that they are expected to arrive by the end of June. Director Botts noted that MOC put hand rails on both sides of the stairs. The District paid for one side of the handrails and MOC paid for the second handrail on the other side.

Director Dally mentioned that the amounts on the Adventure Playground invoice do not add up to the total on the invoice. Ms. Wright said she will review.

The Board discussed Lift Station No. 1 and asked if it was operational. Mr. Taylor replied that there was an issue with the intake gaskets, they replaced and it appears to be operational now.

Mr. Taylor noted that the 20' tank that they planned to drop the membranes in to clean them is an inch and a half too short. They called a vendor and proposed to get a 20' conex box. They will remove the top of the conex box. After the top is removed, they can use it to clean the membranes. The tank should last forever. The Board discussed that MOC would be using reclaimed water to clean the membranes and that after the membranes are cleaned, the process water would go back to the WWTP for treatment.

Mr. Taylor reviewed the proposal for \$51,750 from Wastewater Transport Services to clean, remove grit, rags and heavy solids from the WWTP. He noted that the proposal does not include the cost of the crane which he thought would be approximately \$13,500.

Mr. Taylor reviewed the proposal from CB Solutions to calibrate the mag meters but MOC does not believe they need to be re-calibrated at this time. However, they would like to replace the Mag Meter screen and sunshield for \$2,200.

The Board discussed installation of the cameras at the Belterra Centre and at the WWTP. The contractor is starting to install the cameras at the Belterra Centre on Monday and hopes to move to the WWTP on Tuesday.

Mr. Taylor noted that with respect to the end points, MOC had been looking for the end points and finally found the endpoints in a cubby hole at the WWTP. Inframark never sent them in for warranty. MOC will be requesting spare meters.

Mr. Wright mentioned that he has completed MOC's evaluation of the WWTP. He handed out a copy of his report to the Board and asked that they review and let him know if they have any questions.

MOC is having an issue with one of the drum screens. They need to pull it and assess it to see what the issue is. Ms. Barzilla will check to see if it is still under warranty.

2. Landscaping Report: Although Mr. Trevino did not review his written report with the Board in detail, his written report is posted on the Google Drive.

Mr. Trevino informed the Board that he feels that Sunscape is only about a week behind now. He discussed that he has a two-man crew working on the red areas. He has designated chippers. He also has a supplemental crew of 4 guys working on the trails. He believes that Sunscape will be caught up in a week or so.

Mr. Trevino then asked the Board to clarify how far the District would like to go to clean up the trees. Ms. Gomez has been getting a lot of calls with respect to tree damage in the greenbelt behind resident homes. The Board replied that the priorities are: (i) Parks and Trails to the extent that they present a health/safety hazard; (ii) Infrastructure (i.e., greenbelt, detention and retention ponds, spray fields, etc.); and (iii) greenbelt areas and trails that do not present a health/safety hazard.

The Board then discussed that there are significant piles of brush that they feel could pose a potential fire risk. They noted that there are a lot of brush piles in the Palisades and Pecan Park. Ms. Wright stated that they had a horticulturist come out and informed them that if branches that sank lower from the weight of the ice storm haven't bounced back up into position by this time, they are not likely to do so. Ms. Hove from the HOA mentioned that she is getting a lot of calls from residents who are complaining about the brush piles and citing potential fire risk. She suggested to the Board that they explain the priorities that they convey those priorities to the residents. The Board asked Ms. Gomez to draft something explaining the priorities and post to social media. They noted again that the priorities are: (i) health/safety; (ii) infrastructure; (iii) potential hazards; and (iv) cleaning up piles that are considered to be potential fire risks. The Board also asked Ms. Gomez to mention that there are over 2,000 acres in Belterra and the Districts are aware of the issues but are limited by manpower. They would also ask the residents continue to be patient.

With respect to the wildflowers, Mr. Trevino mentioned that he is struggling with the wildflower situation and when to mow due to conflicting instructions. The Board reminded Mr. Trevino that the mowing schedule is set out in Sunscape's agreement and that he should follow the agreement. If anyone gives him different instructions, he needs to direct them to the Board.

3. Financial Report: To be discussed during the meeting.
4. Legislative Update: No legislative update.
5. Committee Reports: No committee reports.

REGULAR MEETING - 5:00 P.M.

The Board convened the regular meeting at 5:00 PM. All members of the Board present remained for the regular meeting, and all consultants present for the workshop remained present for the meeting, except Ms. Lane who left during the Financial Report and Mr. Trevino and Mr. Merrick who left after they completed their landscaping report. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. In addition, Dan Frey with Endeavour joined the meeting.

6. Public Comment: Matt Kutac reviewed the following rules for public comment; (i) comments are limited to 3 minutes per person; and (ii) the Board cannot deliberate 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. There was no public comment so the Board moved to the next item on the Agenda.

The Board returned to the landscaping discussion. Mr. Trevino requested that the Board show him where the brush piles are that they spoke about in the workshop. Mr. Merrick then presented his proposal for repairs to the irrigation system.

The Board moved to item 11(f) of the Agenda. Ms. Hove stated that the HOA has put the pickle ball court on hold due to the expense. It was noted that the District granted an easement to the HOA for the pickle ball court. Ms. Hove explained that the site needs an engineering report. She got quotes ranging from \$75,000 to \$95,000, which was too costly for the HOA so they put the project on hold. The Board asked Ms. Hove what she would like from the Board. Ms. Hove stated that she would like to get any help from the District that they can provide. The Board then discussed how they could help the HOA with the pickle ball court. Mr. Kutac informed the Board that the District does not have the legal authority to provide funds for the pickle ball court unless the District will own and maintain it. He suggested that the District could potentially assist by waiving the requirement that the HOA reimburse the District for plan review costs. The Board then discussed utilities in the area. Mr. Kutac believes there is a water line in the area. The Board also thought there might be a gas line in the area as well. The Board referred the matter to the Joint Parks Committee to review and make a recommendation. They requested that Ms. Hove work with Ms. Wright to coordinate.

7. Financial Items: The Board called on Allen Douthitt of Bott & Douthitt to present the Accounting Report dated June 8, 2023. Such report is posted on the Google Drive.
 - a) The Finance Committee recommends an increase of \$5,000 for the disabled and 65 and older exemption. This would increase the current exemption from \$30,000 to \$35,000.
 - b) The Finance Committee recommends an increase from 10% to 12% for the homestead exemption.

Director Botts asked if the Finance Committee is comfortable increasing the exemptions even though the District is spending so much money on the ice storm cleanup. The Finance Committee confirmed that they are confident there is enough money in reserves to increase the tax exemptions.

- c) The Board reviewed the Order Adopting the Residential Homestead Exemptions.
- d) Mr. Douthitt mentioned that Sunscape's invoice states that it is for June services but he thinks it should be for May. He will discuss with Sunscape. Mr. Douthitt also noted that he added some checks since yesterday. A new Bookkeeping Report was posted to the Google Drive this afternoon right before the meeting started. Mr. Douthitt noted that he still hasn't received Inframark's pro-rated invoice for April. He also mentioned that he received an invoice from Topside Construction of Dripping Springs for \$2,640 which is the final payment for the LS Shade Structure. He would like to issue with a manager's check.

The Board discussed that Inframark did not provide the customer data to MOC so MOC had to pay \$4,000 for the transfer of the customer data. MOC has already been reimbursed. The Board discussed withholding the \$4,000 from any amount the District owes to Inframark.

Action Items:

- i) Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board authorized an increase in the tax exemption for the disabled and over 65 by \$5,000 which would increase the current exemption to \$35,000.
- ii) Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board authorized an increase in the homestead exemption from the current rate of 10% to 12%.
- iii) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved the Order Adopting Residential Homestead Exemptions and authorized signature and filing.
- iv) Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board approved the final payment of \$2,640 to Topside Construction and authorized Mr. Douthitt to issue a manager's check.

8. Consent Items:

- a) Minutes: The Board of Directors reviewed the Minutes of the May 11, 2023 regular Board Meeting. Upon motion by Director Lucas, seconded by Director Botts with Director Kelly abstaining, the Board approved the May 11, 2023 Board Minutes.
- b) Accounting Report: The June 8, 2023 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. Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board approved the Accounting Report and related disbursements with the exception of the payments to Inframark.

9. Engineering and Development Items: Lauren Barzilla of Burgess & Niple presented the **General Engineering Report** which is posted on the Google Drive.

The Board discussed that the PUA is at capacity and cannot allocate any more water at this time. Daniel Campbell from Long View Equity and Dan Frey from Endeavor requested that the District release 15 LUE's to the PUA so that the PUA can provide that water to a proposed development ("Development") which abuts the District. The Board discussed releasing the water to the PUA or piping water from the District to the Development. Mr. Frey feels that it would take too long to plan, design and pipe the water from the District. He would request that the District release the water to the PUA. The Board suggested that Endeavour consider releasing some of the sales and use tax that the District pays to it in exchange for the release of the 15 LUEs. The Board created an ad hoc committee to work on this issue and asked that Ms. Barzilla coordinate the ad hoc committee meeting.

Ms. Barzilla then moved on to the **WWTP and 210 Reuse Irrigation Engineering Report** which is posted to the Google Drive.

Ms. Barzilla informed the Board that she received comments with respect to the Treated Effluent Fire Hydrant permit. She has addressed the TCEQ comments and will wait for their response.

The Board asked that Ms. Barzilla remove the addition of materials to have on hand in case of an emergency from her report because they feel that MOC has everything under control.

Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board accepted the Engineer's Report.

10. Financial Items: The Board returned to Financial Items.

- a) Mr. Douthitt reviewed the amended budget for FYE September 30, 2023. He noted that he removed the \$60,000 for the Lift Station 1 generator and added \$200,000 back in the budget from the membranes. He moved the \$25,000 for the canopy to the playscape. He increased the amount for the membranes to \$260,000 but it looks like it will probably be closer to \$100,000.

Action Item:

- (i) Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved the revised budget for FYE 2023 with the removal of the \$60,000 for the LS 1 generator.

The Board then reviewed Mr. Merrick's proposal for general repairs to the irrigation system. He noted that there is \$4,500 damage in the drip fields, mostly heads but there are some lines. The Board requested that Mr. Merrick submit any repairs for storm damage to MOC

so they can add it to their FEMA application. Mr. Merrick stated that there really is no way to know if the damage caused by the ice storm. He also mentioned that according to Sunscape's contract, Sunscape pays for the repairs if the repairs are due to mowing. He has already submitted a report to Sunscape to pay for these repairs through the contract.

11. Management and Operations:

- a) No action was taken by the Board.
- b) In connection with the FEMA and TDEM applications for reimbursements for the ice storm and the Board's authorization of an additional \$100,000 (\$14,000 for roll off boxes and approximately \$85,000 for ice storm clean up by Terrain and/or Sunscape), Mr. Kutac would like to draft an amendment to memorialize the above. It was mentioned that it is a long process to request reimbursement and takes between 2 and 3 years to get the reimbursement. Mr. Kutac noted that the District anticipates an increase in the total costs for the ice storm cleanup and should have a better idea of the total cost by the end of next month. Hopefully, the \$100,000 authorized will not be depleted before next month's meeting. Mr. Kutac also suggested that the District might consider hiring more people so that the cleanup can be completed quicker. Now that it is months after the storm, more contractors may be available to help whereas at the beginning of the cleanup all of the contractors were swamped and unavailable. The Board decided to assess the situation by the end of the month.
- c) The Sunscape irrigation proposals were discussed. The Board determined that the HCWCID No. 1 and HCWCID No. 2 should be broken out by district to differentiate. The Board then discussed that the irrigation repairs were for normal valve replacement due to malfunctioning and also wear and tear.

The Board expressed its disappointment in Sunscape's performance and discussed other options. Mr. Wright suggested that MOC could take over the mowing of the drip fields and the storm water ponds or it could take over all of the mowing and subcontract it out. He reminded the Board that the MOC agreement already has a line item in their contract for \$110.00 per acre. He also mentioned that for the ponds, there is extra hand work (i.e., weed eating). Such work is an additional cost and is not included in the \$110 per acre. The Board discussed the pros and cons of allowing MOC to take over. Director Kelly expressed his opinion that he would like MOC to focus on the WWTP for a while. The Board also discussed bidding out the mowing. The Board would prefer not to take action at this point. It requested that the Joint Management Committee meet to discuss and go over the options. The Board then discussed the Sunscape irrigation services. When asked if MOC could provide those services, MOC stated that they have a certified Rainbird person on their team. The Board requested a proposal from MOC for the services prior to the Joint Management Committee meeting, which was scheduled for Tuesday.

- d) Ms. Wright stated that she is working with Stephanie at TDS and will speak with her at the CASE conference.
- e) The Belterra Centre updates were discussed earlier in the meeting.

- f) The HOA recreation court project was discussed earlier in the meeting.

Standing Items:

- g) Ms. Wright mentioned that, in accordance with the District's Tree Trimming Policy, a resident is requesting authority to hire the District's landscaper to cut a tree in the greenbelt. After a discussion, upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board approved the resident's request to hire the District's landscaper to cut a tree in the greenbelt.
- h) Ms. Wright informed the Board that she drove around the wildflower fields with a horticulturist. He informed her that the District should start the wildflower process in mid to late June with the first cut of the wildflowers. The wildflowers are then "scalped" in October in order for the seeds to germinate. A week or two after the fields are "scalped", the horticulturist recommends re-seeding in order to get a successful harvest. In addition, in February, a 6" cut is needed. In measuring the fields, they determined that the District needs 545 lbs of seeds to cover the wildflower areas. Ms. Wright would like to use Spring Green Gardens to seed, cut, etc. so that their recommendations are followed and the District gets the best outcome.

Action Items:

- i) Upon motion by Director Kelly, seconded by Director Dally and unanimously carried, the Board approved Sunscape's invoices for approximately \$4,500 to repair heads and some lines in the irrigation system.
- ii) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved Sunscape's proposal #26146 for \$14,858.60 for irrigation repairs.
- iii) PSI quote for repair of PAX basin 10 HP pump for \$9,065.00. Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved such quote.
- iv) CB Solutions quote for replacement of Mag Meter screen and sun shield, \$8,010.00. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved such proposal.
- v) C-C Water Service quote for replacement of Pecan Park 15 HP pump, \$6,260. Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved such quote.
- vi) Wastewater Transport Services quote to clean the basins, removing grit, rags and heavy solids for \$51,750.00. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved such quote.

- vii) Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized MOC to rent a crane for the basin removal at a cost not to exceed \$20,000.
- viii) Adventure Playground quote for \$32,962.30 for Dorset Park playground equipment. The Park's Committee recommended going with this quote. Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved such quote. Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board authorized Bott & Douthitt to wire the initial payment of \$18,130.00 to Adventure Playground.
- ix) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved Spring Creek Gardens proposal for \$48,000 to seed and cut the wildflowers.
- x) Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized preparation and execution of an amendment to the existing Terrain storm debris cleanup contract to memorialize additional work and costs previously approved at the May 2022 meeting.

Upon motion by Director Kelly seconded by Director Botts and unanimously carried, the Board approved the Management and Operations Report.

12. Administrative and Legal Items:

- a) With respect to the modification of the landscaping and operations and maintenance contracts to address mowing of the pond areas, this topic was addressed earlier in the meeting.
- b) With respect to reassignment of the committees, Director Botts asked the Board to consider that committee members rotate on a regular and continuing basis. It was suggested that the senior person of each committee move to the next committee. When the senior person moves to the next committee, the alternate on the current committee would take their place on that committee. This way, one committee member stays on the current committee so the institutional knowledge is not lost. Mr. Kutac will draft a resolution reflecting the discussion and will present at the next meeting.
- c) With respect to the District rights concerning enforcement of real property restrictions, Director Botts noted that he had initially requested this item but no longer considered it necessary to be addressed at the meeting.

13. Water Supply Agreements: No update.

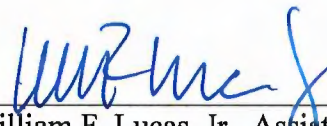
14. District Calendar and Schedule: Mr. Kutac reminded the Board that the Directors attending the CASE conference will be paid a director fee of \$150 per day for each day of the meeting

and a director fee of \$150 for one travel day. With respect to hotel accommodations, the District will pay the single room rate for the hotel at which the meeting is being held. For travel connected with attendance at the meeting, the District will pay round trip mileage at the current IRS mileage rate for travel by car.

15. Executive Session: No Executive Session was required.
16. Adjournment. Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 13th day of July 2023.





William F. Lucas, Jr., Assistant Secretary