

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 9th day of July, 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 Belterra Centre for 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. (“SAMCO”), the District’s financial advisor and Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper. In addition, Johnny McDonnell and Cade Thomas 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 Accounting Report (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:

- Ms. 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 explained that with regard to the AMI meters, of the 246 installed there only 36 active users of the "Eye on Water" application and that Inframark would be working to better market the tools available for customers through the use of such system – noting various strategies such as door hangers and highlighting the system on the new website that is under construction.
- In addition, she reported that Inframark is planning to install the vaults for the AMI master meters (three total- two in the District and one in Hays County WCID No. 2) which will serve to more accurately allow for water accountability of water delivered by the West Travis County Public Utility Agency ("WTCPUA") as well as allow daily reads to confirm and monitor peak flows.
- With regard to the Collection System, Ms. Hester noted that they are installing rubber flaps at all lift station control panels and have budgeted for a new roof at Lift Station No. 1 in the amount of \$8,000.
- With respect to drainage and ponds, Ms. Hester briefly discussed adjustments made by CC Carlton at the East commercial pond, noting that they were waiting for a rain event to properly monitor results from such recent repairs. Lauren Barzilla with CMA noted that she would that CC Carlton remove the silt fencing and Ms. Hester noted that she would have WLE mow the site. Also, Ms. Barzilla was going to discuss revegetation of the site of the site and get a good date for when the two year contractor warranty commences so that all parties are aware of that date as relates to the East commercial pond. In addition, the Board discussed a proposal for the cleaning at Pond 9A in the amount of \$20,000.
- With regard to Customer Care, Ms. Hester noted that she was expecting a link to the draft District Facebook page, updated the Board with regard to new signs that will detail the new water conservation related notifications and also noted that the 3rd quarter of additional dates for security patrols had been provided to the Hays County Constables office. Director Kelly inquired as to whether the WTCPUA had issued any additional water restrictions, which Ms. Hester confirmed there had been none.
- It was noted that the District's Facilities Committee had met with the Hays County WCID No. 2's ("HCWCID No. 2) Infrastructure Committee (Directors Bill Harris and Carroll Kelly) as relates to proposed usage fees to be paid to the District from HCWCID No. 2 for its usage of Belterra Centre, which is owned by the District. Ms. Hester summarized the

recent meeting with Director Botts noting that the joint committee meeting went well and that various options were discussed: 1) between \$1,500 and \$2,000 per month for unlimited use, in addition to paying ½ of any costs for replacing jointly beneficial furniture, fixtures and equipment – but would not pay for any structural changes (it was noted that utilities alone account for about \$500 to \$600 per month in expenses); 2) a \$75,000 true up for prior capital costs and \$600 per month fee; and 3) \$100 per hour and ½ of maintenance/utilities costs. It was noted that Bill Harris wrote the options down and that Ms. Hester would compare her notes with Director Harris before the upcoming July 16th HCWCID NO. 2 meeting. In addition, it was noted that once the fees had been confirmed by both Boards that Matt Kutac would prepare an agreement for review and approval by both Boards.

- Ms. Hester noted that Inframark would be adding a Posting Board at the Belterra Centre main entrance (rather than continue to post related meeting/hearing notices and other important information on the Inframark office window panes near the main entrance).
- Ms. Hester noted that she had received several e-mails from homeowners in appreciation of the Board's action on recent increase to the District's homestead exemption.
- Ms. Hester updated the Board with respect to the status of a few commercial customers during the coronavirus pandemic, including SKY – (which has a current balance of \$8,000 for water and sewer charges. It was noted that SKY Cinemas had been acquired by another entity that had requested service, and that she and Mr. Kutac would review potential options related to collecting payment of the previous balance of SKY Cinemas prior to initiating such service. In addition, it was noted that Golds Gym had filed for Bankruptcy (Chapter 11 – reorganization) and that Mr. Kutac would be working with Inframark as to what amounts past and going forward that the District could expect to collect under such proceedings, it being noted that collection activities would be extremely limited during the bankruptcy. It was noted that the current amount due from Golds Gym was \$1,573 with \$960 in arrears at this time.
- With respect to Belterra Centre, Kristi Hester noted that Inframark did not have the building open routinely due to COVID-19 and that Inframark's priorities are to preserve health and safety of employees, maintain compliance with the contractual and legal obligations, and as a practical matter, to make money. She explained that she is proud of what the company has achieved during these times by having 24 hour customer call response line, with administrative duties being handled by its employees mostly from home and with its operational staff continuing to maintain facilities by practicing social distancing. She noted that Inframark has a daily COVID -19 meeting and that there has been an employee that tested positive for COVID-19. She also noted that any time she attends any meeting in person, she has to let her boss know in advance of the meeting. She noted that thus far, the District's meetings are the only ones she is attending in person. She noted that Inframark personnel are doing cross training such that additional Inframark employees will be able to handle Belterra Centre administrative duties once they do open back up and that they have ordered plexiglass for installation at the door opening into the Inframark office located at Belterra Centre such that the Inframark staff and District customers will be able to interact safely, and also that they will install cameras to assist with protecting their staff and customers. Director Botts reiterated that Inframark's agreements with the District required Inframark to notify the Board of any personnel changes to the District's operational and administrative duties performed by the company and asked Ms. Hester to comply with such provision. She noted that Inframark is at work every day and monitoring e-mails and phone calls daily, the payment drop box located at Belterra Centre is checked every day and she

confirmed that the District's customers have many options available for on-line payments and, thus, really no reason to need to come into the building during these times. She also noted that, to date, she has heard no complaints relating to the building not being opened. That said, she did note that Belterra Centre would be open from 7:00 a.m. to 7:00 p.m. on Tuesday, July 14th for the run-off elections since Belterra Centre is currently one of the vote center locations in Hays County. Director Robison confirmed that he would be monitoring the setup of the election by the Hays County election workers in advance of the opening of the polls on that date. In addition, Ms. Hester confirmed that Teri Martin from Inframark's staff would be there at the agreed upon time to open the building early that morning, be present in the building throughout voting and also following the closing of the polls and vacation of the building by the election workers. It was noted that the equipment would be delivered on July 13th and that COVID-19 recommended safety precautions would be followed during the set up and on Election Day.

- The Board called on Allen Douthitt with Bott & Douthitt to present the Accounting Report, which he reviewed with the Board. The Board followed along with such report, noting the director and vendor payments, a listing of wire fund transfers, a letter to close the Bancorp South Debt Service Account and the May 31, 2020 financial statements. He noted that he had reviewed the report and related invoicing with the Finance Committee in advance of the Board meeting. Mr. Douthitt further noted that he added some supplemental language to the Account's Compilation Report on page 12 of the Accounting Report clarifying that the interim financials compiled have not been audited. Following such review, the Board confirmed there were no questions and thanked Mr. Douthitt for his presentation.
- Lauren Barzilla presented the CMA's WWTP and 210 Reuse Irrigation Report. She confirmed there were no actions to be taken in the regular meeting with respect to approvals, but briefed the Board on the a series of dates related to the on-going Drum Screen Replacement project. In addition the Board reviewed a July 1, 2020 letter from Matt Kutac to Excel Construction Servicers, LLC ("Excel"), the contractor for such project. It was noted that such letter was sent in response to Excel's June 3, 2020 correspondence to Robby Callegari of CMA notifying the District that Excel may experience delays in performance due to COVID-19. Mr. Kutac's letter stated the District's position on such matter and stated that any anticipated delays or costs adjustments for the project should be submitted in writing to the District engineer immediately upon their awareness of same. Mr. Kutac agreed to look further at the language in the warranty under the recent WWTP bar screen installation project and to talk further with Robby Callegari regarding such matters and noted that he would bring back any concerns to the Board that he may have regarding the warranty under the bar screen project. Ms. Barzilla noted that she would most likely ask for 2 additional change orders relating to WWTP matters at the next regular meeting.
- Ms. Barzilla began her presentation of CMA's general engineering report with the Board first noting in item II that the District's Series 2020 bond application had received formal TCEQ approval. She next provided an update of Commercial Activity in item III and explained that there was no additional update from last month as relates to Belterra Village Multifamily project. 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 Chris Lane, Allen Douthitt, Andy Barrett

and Judy McAngus remained on the telephonic call for the regular portion of the Board meeting. In addition, Johnny McDonnell and Cade Thomas with WLE, the District's landscape service provider remained on the call through most of the meeting. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. Mr. Kutac reminded those present that the meeting was being recorded.

1. Matt Kutac noted that he had worked with Kristi Hester to set up an email account to allow any member of the public to sign up for public comment in advance of the meeting but indicated that no one had submitted an email. He further 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 that the Minutes from the June 25 2020 Special meeting were not yet available for review and approval and were pulled from the consent agenda. Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board approved the following consent items

- Minutes of June 11, 2020 Regular Meeting; and
- Accounting Report including the director and vendor payments, a listing of wire fund transfers, a letter to close the Bancorp South Debt Service Account and the May 31, 2020 financial statements.

3. Reports:

With regard to additional reports that had not been completed during the Workshop Session, Director Botts called on Lauren Barzilla to continue with the presentation of CMA's general engineering report.

With respect to items V. through VII, she provided various updates regarding various sites within the commercial area.

With regard to item VIII, the Grafton Lane Open Space Drainage project, she confirmed such project had been completed following the Board's last meeting and approval of Change Order No. 1. In addition to finalizing the project, she noted she would be requesting approval of Pay Application No. 2 under such project. Director Lucas had questions regarding some confusion over leaks in the Grafton Lane area, however Lauren Barzilla confirmed that those repairs appeared to have been outside the contract and it was confirmed that such non-related repairs had been since made by Inframark under their regular maintenance and repair account (but for the cost of the valve).

Director Robison went back to the Commercial Pond, it being noted that both Lauren Barzilla and Kristi Hester would again be working through additional issues with CC Carlton.

The Board called on Johnny McDonnell with WLE who reviewed the monthly WLE landscaping report. In addition, he reviewed three separate WLE proposals: 1) for \$1,856.65 which covered mobilization and costs to demo cracked tree well walls and rebuild the tree well on Trinity Hills across from Belterra Centre; 2) for mobilization and extension of the rock apron

6' and to create a 45' of berm to be seeded for revegetation for the Trinity Hills Park Berm/Rock project in the amount of \$2,727.81; and (3) a Wellington Trail sidewalk repair in the amount of \$6,574.14. Following a review of such bids, Director Botts motioned, seconded by Director Lucas and unanimously carried, the Board authorized Kristi Hester to get addition bids and to proceed with the low bidder on the first two projects, it being noted that they would hold off on the Wellington sidewalk repair at this time. Director Dally inquired as to when WLE can mow down the wildflowers. Kristi Hester confirmed they could be mowed within the next 2 weeks with Director Kelly noting that he feels it should be sooner rather than later. Director Robison noted that he felt that WLE needed to wait to the end of the month to allow all the remaining seeds to drop. An in depth discussion proceeded as to the proper timing for mowing and the need for the Parks Committee to consider and propose a policy and long range plan for continued maintenance of the wildflower areas. The discussion included a request to examine going to more blue bonnets and other wildflowers that would peak sooner and allow for ease and more safety in mowing certain of the wildflower 210 areas, and to avoid additional maintenance problems and excessive growth in such areas. Mr. McDonnell agreed to get with Chris Calvisi with WLE, who was unable to attend this evenings meeting, and come up with a proposed map and plan for the Parks Committee to review in more detail. It was noted that the committee would then bring back a recommendation to the Board for their review and approval.

It was also noted that the Parks Committee was also continuing to review WLE's proposal in the amount of \$10,206.75 to cover proposed landscape enhancements as discussed at the last meeting.

4. Engineering and Development Items:

Following such reports, the Board unanimously approved, the following engineering items by the following motions and seconds:

a. Upon motion by Director Botts, seconded by Director Dally, the Board approved Pay Application No. 1 for the Grafton Open Space Project in an amount of \$4,496.79 to WLE, a copy of the approved Pay Application and the final form of Change Order No. 1 as authorized at the last meeting being attached hereto as **EXHIBIT "E"**.

b. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board tabled the approval of the final completion of the Grafton Open Space project until the next meeting pending additional information regarding the additional work done by Inframark and WLE.

5. Financial Items:

a. The Board recognized Chris Lane confirmed there was no action to be taken at this time with respect to the upcoming sale of the District's \$6,380,000 Unlimited Tax Utility Bonds, but noted that she circulated an addendum to the initial bid documents (which she had sent out to 14 separate banks) giving the purchasers the option of bidding the issue on either the additional 15 year maturity or a shortened 10 year maturity schedule, with the District having the option of accepting whichever bid offered the best overall savings and best fit their long-term financial planning.

6. Management and Operations Items:

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.

a. Upon motion by Director Kelly, seconded by Director Lucas, the Board authorized the expenditure of \$8,970.00 for cleaning of the aeration 2 basin by WWTS.

b. Upon motion by Director Kelly, seconded by Director Botts, the Board authorized the expenditure of \$22,400.00 for WWTP additional clarifier sand blasting, coating and painting services to be performed by WWTS.

With regard to further discussion on the continuation of park cleaning services following the initial thorough cleaning of the District parks in advance of their recent reopening, it was the consensus of the Board to discontinue such in depth cleaning of the park equipment and related park facilities. It was noted that current US Center for Disease Control ("CDC") guidelines state that sanitizing outdoor surfaces is an inefficient use of sanitizing agents, and the work comes with a hefty monthly price tag of \$8,900.

Upon motion by Director Robison, seconded by Director Dally, the GM Report was approved.

7. Standing Items:

With regard to standing management and operation items, it was noted that there was no action to be taken.

8. Rules, Policies and Agreements:

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

a. Matt Kutac reviewed a proposed final form of a Resolution Acknowledging Receipt of Reconciliation Payment under Sixth Amended Joint Facilities Agreement wherein the Board acknowledged receipt of payment due to the District from Hays County WCID No. 2. Matt Kutac noted that Inframark had inadvertently processed a wire in the amount of \$510,000.00 instead of the required final true up payment of \$510,785.00 and that he had noticed a slight underpayment of \$785 by Hays County WCID No. 2. Mr. Kutac reported that an additional check from Hays County WCID No. 2 had now been received in the amount of \$785.00, and that there was a need to update and sign a final form of such Resolution to leave an accurate auditing trail. Following a brief discussion and motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board approved said Resolution, a copy of which is attached hereto as **EXHIBIT "F"**.

b. It was reported that there was no recommended action to be taken at this time with regard to the use of Belterra Centre by HCWCID No. 2.

c. It was reported that there was nothing to report at this time with regard to the proposed renewal of Inframark's operations and management agreements.

d. Following a full discussion and motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized preparation of a Request for Proposal ("RFP") for Landscaping Services, it being noted that the Customer Care Committee would take the lead in preparing the portion of such RFP related to landscaping services, and that the Infrastructure Committee would take the lead in crafting the portion related to irrigation services. It was also discussed that Inframark, CMA and Matt Kutac would provide guidance and support to such committees during this process, and that the Parks Committee may want to revise the existing landscape services map to ensure that it accurately reflects the current landscaping requirements.

e. In furtherance of such same discussions, upon motion by Director Botts, seconded by Director Robison and unanimously carried the Board authorized preparation of a RFP for 210 Irrigation Services from information and details supplied by the Infrastructure Committee for the Board's further review and approval, it being again noted that Inframark, CMA and Matt Kutac would have provide guidance and support to such committee during this process.

It was discussed that proposals would be welcome from those companies who wanted to provide one or both forms of services.

f. With regard to the posted agenda item 7.(f), Matt Kutac confirmed that he would provide the Board with an update in Executive Session with regard to the potentially questionable bookkeeping transactions from the two (2) most recent fiscal years.

9. Water Supply Agreements:

With regard to WTCPUA matters, Matt Kutac noted that there was no action to be taken at this time but that he had circulated two letters to the Board that, absent further direction from the Board, he would send to the Commissioner Walt Smith and the WTCPUA.

10. With respect to item 7(f) on the posted agenda, Director Botts, seconded by Director Kelly and unanimously carried, the Board retired, along with Matt Kutac, to Executive Session at approximately 6:20 p.m.

11. Following such Executive Session and upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board reconvened in public session at approximately 6:40 p.m. It was confirmed that no action was taken with respect to item 7(f) during the Executive Session and no action was necessary following such session. For the record, Mr. Kutac stated that with respect to the ongoing review of the transactions of the District's the prior bookkeeper, he had received preliminary confirmation from the District's auditor that such bookkeeper had misappropriated District funds and that he anticipated having a more conclusive report for presentation at the August meeting.

12. The Board requested further discussion on the proposed PUA letter regarding additional comments from Andy Barrett that would be added into the final letter, and it was noted that additional information would be included in the final response letter.

13. District Calendar and Schedule.

The Board discussed various committee meetings and it was noted that Kristi Hester would be arranging any necessary Committee meetings. The Board confirmed its next regular meeting to be on Thursday, August 13th (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.). Various committee meetings were discussed and an additional special meeting date of August 6, 2020 was tentatively set (mainly to review and approve the Agreed Upon Procedures Report on reimbursements and draft Closing statement in connection with the proposed closing of the District's sale of its Series 2020 Unlimited Tax Utility Bonds).

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 3rd day of September, 2020.




Daniel B. Robison, Secretary