

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 July 13, 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, 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 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.

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: Ms. Wright and Mr. Wright reviewed MOC's Management and Operations Report. In addition to the updates in the report, Mr. Wright provided the following updates:

When asked if the drum screen that needed repair was still under warranty, Mr. Wright informed the Board that when Ms. Barzilla checked the warranty, it was still under warranty by one day so the repair should be covered by the warranty.

The Board asked Mr. Wright to do a sidewalk evaluation in the District so any repairs can be put in the budget next year.

2. Landscaping Report: Although Mr. Trevino did not review his written report with the Board in detail, it was noted that his written report was posted on the Google Drive for review prior to the meeting.

Mr. Trevino informed the Board that Sunscape has been working on the trails and put decomposed granite to smooth them out and is trimming as needed. He also noted that Sunscape is making progress on chipping the remaining storm debris. Some beds still need color replacements and Sunscape will replace them. The Board asked if the storm clean up is complete, and whether there be any more charges for debris clean-up. Mr. Trevino replied that he is handling a lot of clean-up under Sunscape's contract using tickets that were missed on monthly services. He may have to charge additional fees but right now he is not planning on it. He then noted that there are still pockets that need to be cleaned-up and if the Board is open to bringing the chippers back in, he can do that and mentioned that the chippers on site now are working at Sunscape's cost, not the District's. Mr. Kutac reminded the Board that they still have 50 days remaining on Terrain's contract for storm clean-up. Director Dally stated that the debris seems to be gone but the canopies are still down and need to be picked up. Mr. Trevino replied that he is working on it and is taking feedback from MOC. The Board noted that it is looking good even though there are still pockets that need work.

3. Financial Report: Mr. Douthitt informed the Board that he has received Inframark's pro-rated invoice so payment is included in disbursements for this month. However, he believes that the District should continue to hold the payment until the Board has confirmed that MOC has received all of the information and reports it needs from Inframark. Mr. Wright confirmed that MOC still needs lab reports from Inframark. Mr. Douthitt also noted that the District will have to have a special meeting to review the FYE 2024 budget before the September Board meeting to set the property taxes.
4. Legislative Update: Mr. Barrett reviewed new legislation with respect to the increase in the Director's per diem but confirmed that there is a split amongst lawyers on the cap. However, he believes that the cap is still \$7,200. He also noted that HB 2815 changed the Notice to Purchasers but since the District is no longer issuing bonds, it shouldn't affect the District.
5. Committee Reports: Director Botts discussed his opinion on committee assignments and how to make the assignments fair to all of the directors so that each director, at some point, can work on a committee they are interested in working on. He also mentioned that he would like to keep the Finance Committee the same unless Director Dally and Director Lucas would prefer not to remain on the Finance Committee. Both confirmed that they would like

to remain on the Finance Committee. Director Botts also noted that he doesn't think we need a Facilities Committee anymore now that MOC is taking such good care of the Belterra Centre. He would like to add a Joint Management Committee primarily to work jointly with Hays County WCID No. 2, but from time to time would work individually. He thinks that this committee should be comprised of the Board President and one Board member. With respect to the other committees, he proposed a roll-off plan whereby the senior committee member of each committee would become the alternate on another committee and the current alternate on such committee would become a primary member on that committee. He also proposed some changes in the responsibilities of the committees. The Board discussed the proposal in detail and which committees they would like to work on. The Board also discussed the timing and proposed that the committee changes become effective immediately. The Board proposed the following:

Joint Management Committee	Infrastructure Committee	Customer Care Committee	Parks Committee	Finance Committee
Doug Botts Rick Lucas Alt.: Paul Kelly	Dan Robison Doug Botts Alt.: Rick Lucas	Paul Kelly Bill Dally Alt.: Dan Robison	Paul Kelly Dan Robison Alt.: Bill Dally	Bill Dally Rick Lucas Alt.: Doug Botts

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 Mr. Trevino who left after he completed his landscaping report. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item.

6. Public Comment: Matt Kutac called for public comment. Hearing none, the Board moved to the next item on the Agenda.

Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board adjourned for a 5 minute break. The Board resumed the regular Board Meeting at 5:06 p.m.

7. Consent Items:
 - a) Minutes: The Board of Directors reviewed the Minutes of the June 9, 2023 regular Board Meeting. Upon motion by Director Dally, seconded by Director Botts, the Board approved such Board Minutes with a correction noted by Director Dally.
 - b) Accounting Report: The July 13, 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 Dally, seconded by Director Botts and unanimously carried, the Board approved the Accounting Report and related

disbursements with the exception of the payments to Inframark. The Board would like to continue to hold the Inframark payment until Inframark has fulfilled all of their commitments.

8. Reports: No action was taken by the Board.
9. Engineering and Development Items: Lauren Barzilla of Burgess & Niple presented the **General Engineering Report** which is posted on the Google Drive.

With respect to Item IV (Lot 3G-1 – Active Adult), Ms. Barzilla explained that 3G-1 used to be 2 lots and then the lots were combined into 1 lot so the water lines which were between the lots ended up being under the center of the one lot requiring that it be relocated. In connection with the relocation of the water lines, three easements are needed. The design engineer will record the new easements and releases for the old easements.

With respect to Item V (Pad ZZ) – Ms. Barzilla reminded the Board that the issue with respect to Pad ZZ is that the buried manhole has not been uncovered yet. She spoke to the contractor and he was going to take a look at it. She is not certain that the contractor looked at it, but the contractor told her that they built to plan and if the landscapers covered the manhole, it was up to the landscaper to correct it. Ms. Barzilla's recommendation is that she work with MOC to see how they would like to handle it and to see if they can determine how much dirt is covering the manhole and how much it would cost to uncover.

With respect to Item VIII (Daniel Campbell's request for water service capacity), Mr. Kutac mentioned that he, Ms. Barzilla and the assigned committee met with Dan Frey and Daniel Campbell to try to reach an agreement with respect to their request for the District to release LUEs. They discussed options which included extending the line for service from the District, which would not have been an expensive option; however, it is now a moot point because they have reached an agreement with Ledge Stone.

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

Ms. Barzilla reviewed the Task Order 72 Amendment which is required in connection with the Treated Effluent Fire Hydrant. Burgess & Niple had to spend a considerable amount of time locating and organizing the treated effluent agreements required to accompany the application to the TCEQ. Director Botts mentioned that he spoke to Ms. Bethke from HCWCID No. 2. They discussed that there have been several fires nearby and they are both concerned that, if the PUA is experiencing water pressure issues, the fire department may not have the water pressure needed to put out the fire. Director Botts would like to refer this matter to the Joint Infrastructure Committee for consideration and a recommendation. They are hoping the Fire Chief will also attend the committee meeting to discuss and then after the District receives the permit, the Fire Chief could help determine locations for the purple fire hydrants.

With respect to the 8" and 12" pipe-liner project with CPM, Ms. Barzilla reviewed CPM's timeline for completion of the project, which is projected to be July 28th.

Action Items:

- (a) Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved all easements and releases with respect to Lot 3G-1, subject to Mr. Kutac's legal review and provided that the developer assume all costs.
- (b) Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board authorized approval of the Waterline Easement with respect to Pad ZZ subject to Ms. Barzilla's confirming that the easement area is correct.
- (c) Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved the amendment to Task Order 72 for \$3,000 incurred in obtaining the treated effluent hydrant permit.

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

10. Financial Items: The Board called on Allen Douthitt of Bott & Douthitt to present the Accounting Report dated July 13, 2023. Such report is posted on the Google Drive.

- a) No action was taken by the Board.
- b) The preliminary budgetary matters for FYE 2024 were discussed during the Workshop.
- c) With regard to engagement of an auditing firm to conduct the annual audit for the District, the Board reviewed the Engagement Letter from Maxwell, Locke & Ritter.
- d) The Board reviewed and acknowledged receipt of the: (i) Arbitrage Rebate Calculations dated May 30, 2023 for the Interim Computation Period of March 29, 2016 to March 29, 2023 for Series 2016 Unlimited Tax Refunding Bond; (ii) Arbitrage Rebate Calculations for the Interim Computation Period of February 20, 2015 to February 26, 2023 for the Series 2015 Unlimited Tax Refunding Bond; (iii) Arbitrage Rebate Calculations for the Interim Computation Period of April 12, 2016 to April 12, 2023 for the Series 2016A Unlimited Tax Refunding Bond; and (iv) Arbitrage Rebate Calculation for the 10th Year Computation Period of February 12, 2013 to February 12, 2023 for the Series 2013 Unlimited Tax Refunding Bond.

Action Items:

- i) Upon motion by Director Kelly, seconded by Director Lucas, the Board unanimously approved the Engagement Letter of Maxwell, Locke and Ritter for the District's annual audit and execution by the Board President.
- ii) Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board acknowledged receipt of the Arbitrage reports.

11. Management and Operations:

- a) Mr. Wright presented MOC's storm debris clean-up proposal for various areas in the District for \$5,260.00 per day for 5-7 days. The \$5,260 includes labor and equipment. Mr. Wright explained that they provided this same service to HCWCID No. 2. They asked for 14 days but completed the clean-up in 5. Mr. Wright explained that he hand picks his crew and he goes out and supervises the crew. The Board then discussed that Terrain had 50 days left in their contract and determined that they had other items that Terrain could handle so, if they approved this proposal, none of Terrain's days would be wasted.
- b) MOC informed the Board that TDEM has approved the District's ice storm reimbursement but there is still a lot of work to be done before the District is reimbursed.
- c) No action was taken by the Board.
- d) Ms. Wright noted that she still hasn't heard from TDS and as soon as she does, she will let the Board know.
- e) Ms. Wright noted that the Belterra Centre has been having plumbing issues. They have televised the line and there is a belly in the line under the handicapped parking space. She will get repair proposals. With respect to the windows, she has a handy man that can replace the windows at a fraction of the cost. The Board has already approved the window replacement at a cost not to exceed \$13,000.
- f) Ms. Wright reminded the Board that Ms. Hove of the HOA had requested a meeting at some point to discuss the proposed pickle ball court. The Board instructed Ms. Wright to let Ms. Hove know that the Board would need an engineering design before the District's engineer could review. If the HOA can't afford an engineering design then unfortunately, there is nothing the District can do to help and stay in compliance with state laws governing water districts.
- g) Ms. Wright informed the Board that she has reminded Sunscape to mow a couple of the Lift Stations and that they have done so.
- h) Mr. Wright informed the Board that the TCEQ inspected the WWTP and as soon as he receives the report, he will present it to the Board.

The Board asked MOC to conduct a sidewalk survey and report to the Board at a future Board meeting.

Standing Items:

- i) Ms. Wright stated that a panel of a resident's iron fence was damaged. The damage appears to have been caused by some type of machine. It looks like someone backed into the fence, possibly landscapers. Ms. Wright stated that this recently happened in HCWCID No. 2 and that it cost approximately \$1,200 to replace the damaged panel.
- j) No action was taken by the Board.
- k) Ms. Wright noted that they went on a ride around the property and found a wood pile behind two properties near Aspen Drive and Granite. They are not sure who the wood pile belongs to. They are going to go to the homes and ask. Ms. Wright asked the Board how the Board would like to handle the issue. The Board discussed the options and consequences of having the District remove the wood pile versus having the resident remove the wood pile. The Board instructed MOC to inform the residents that this is private property and they have one week to remove the wood pile, without a truck or other equipment going back there, because the truck could cause damage, and that if they don't remove the wood pile, the District will remove it at the cost of the resident.
- l) No action was taken by the Board.
- m) With respect to customer communications, Ms. Wright stated that MOC sent its first newsletter and will send another one soon which will address the water meters and watering schedules.
- n) Action items: See below.
- o) See below.

Action Items:

- i) Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board authorized repairs of the resident's damaged fence panel at an approximately cost of \$1,200.
- ii) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized the plumbing repairs for the Belterra Centre.
- iii) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the MOC proposal for storm debris clean-up not to exceed \$40,000.

- iv) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board ordered that MOC follow the District's current Rate Order with respect to payments and cutoffs.
- v) Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board approved Cornerstone Plant Maintenance's estimate for \$4,342.04 for an annual maintenance agreement for the 8 Kaeser blowers.
- vi) Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved the proposal for STP Services for \$6,500 to replace the pump, motor and controller for the Aspen storm water pond.

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 ponds, the Board had previously discuss that MOC could mow from the bottom of the pond to 5' past the top of the bank. The cost in MOC's contract for such services is \$100 an acre plus time and materials for by hand activities (i.e., weed eating, etc.). MOC will provide the actual costs at next month's Board meeting. The Board recommended that Sunscape's agreement be reduced by the amount that MOC will be charging for the same service.
- b) The Board discussed committee assignment earlier in the Workshop. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the committee assignments below. The Board noted, however, that such committee assignments could be revisited at the next meeting if Director Robison had additional input.

Joint Management Committee	Infrastructure Committee	Customer Care Committee	Parks Committee	Finance Committee
Doug Botts Rick Lucas Alt.: Paul Kelly	Dan Robison Doug Botts Alt.: Rick Lucas	Paul Kelly Bill Dally Alt.: Dan Robison	Paul Kelly Dan Robison Alt.: Bill Dally	Bill Dally Rick Lucas Alt.: Doug Botts

- c) The Board reviewed the Order Adopting Updated Code of Ethics, Travel Expense Policy which includes the increased per diem of \$221 which was passed in the recent legislative session. Upon motion by Director Kelly, seconded by Director Lucas with Director Dally abstaining, the Board approved such Order.
- d) Mr. Kutac informed the Board that HCWCID No. 2 has been having an issue with people accessing the greenbelt for various reasons (pool construction, planting trees, doing donuts in the mud, etc.) without permission and causing damage that the district then must pay to repair and attempt to recover. Mr. Kutac went over several of the events that HCWCID No. 2 has had with respect to unauthorized access to the greenbelt. He noted that when the District adopted its Rules and Regulations, the

District was still developing and the Rules and Regulations were aimed at the developers and builders in the District. He reviewed the draft Order Adopting Amended Rules and Regulations and stated that the draft now focuses on Rules and Regulations designed to face challenges the Districts now face with unauthorized greenbelt access. The penalty would now be \$5,000 for the first violation and \$1,000 a day thereafter for continuing violations. The Board discussed recreational use of the greenbelt (i.e., children playing people walking dogs on leashes, etc.), and it was noted that the District doesn't care about recreational use of the greenbelt as long as no type of equipment or motorized vehicles are involved. It is strictly concerned with damages being incurred to the greenbelt. The Board then discussed, in detail, motorized vehicle access on the trails and that all motorized vehicles are banned from the trails, excluding those authorized (i.e., the District's mule and the necessary landscaping vehicles authorized by the District). Mr. Kutac also added that no swimming, no use of watercraft, no storage of materials and no planting will be allowed in the greenbelt areas. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved such Order.

- e) Mr. Kutac then reviewed the proposed Order Adopting Schedule of Civil Penalties. The Board discussed the Civil Penalties in detail. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved such Order.

13. Water Supply Agreements: No update.
14. District Calendar and Schedule: The Board's next meeting will be August 10, 2023.
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 10th day of August 2023.




Daniel Robison, Secretary