

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 August 10, 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 Dally and Director Lucas arrived shortly after the Workshop started. 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 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 reviewed MOC's Management and Operations Report. In addition to the updates in the report, Ms. Wright provided the following updates:

Ms. Wright mentioned that Terrain should be finished with the ice storm clean-up next Monday and should have 26 days left on their agreement, 13 days for the District and 13 days for HCWCID No. 2.

Director Botts thanked MOC for getting all of the projects completed that the District requested from the last general manager for months.

Mr. Taylor informed the Board that the project to clean the membranes was more complex than first thought. Each membrane has to be removed for cleaning and inspection, and there are 3,600 individual membranes. Brian from Kubota recommended that he coordinate a wash system with his office. Mr. Taylor also noted that Brian is coming out free of charge. They are planning on performing the membrane cleaning from August 28th to September 2nd. It was also noted that Brian from Kubota would like to see maintenance done on the membranes one time a year.

Director Lucas arrived at the meeting.

Mr. Taylor noted that the interconnect meters are not electronic. He recommends that they be retrofitted. The retrofit cost of \$2,590 from Accurate Meter & Backflow, LLC is minimal in comparison to the benefit to the District.

Mr. Wright mentioned that CPM had an issue with the 8" pipe liner installation by the school. The issue is at the fitting. He is working with the contractor to come up with a solution. The 8" pipe is shut down right now. CPM will open both spots and replace with the correct fittings. The size wasn't correct so CPM has to fix it at CPM's cost. Mr. Wright thinks that it can be repaired in a day. The Board requested that CPM put up a barricade so that everyone is aware there is an excavation hazard in that area.

The Board discussed that they have some lower quality VFDs. Director Botts asked about ordering extra replacements and standardizing so that VFDs may be used interchangeably. Mr. Taylor responded that he is not sure if they can standardize because they are different sizes. He will check to see if that is possible.

The Board discussed the AC Unit replacement to cool the VFDs and asked MOC if a 4-ton unit is big enough. Mr. Taylor believes that it is, but they will rely on the AC expert to check it out and determine if a 4-ton unit is large enough.

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 he has two proposals. One is for a dead tree and one is to replace the damaged Gabion wall. With respect to the Gabion wall, there are two options for consideration. One is to replace with concrete and the other, the more expensive option, was to have a contractor repair the Gabion wall. It was noted that there is only a \$200 price difference between repairing the Gabion wall and replacing with concrete.

Mr. Trevino noted that Sunscape replaced all flowers that died except for Nutty Brown. Sunscape ran out of flowers but will get more and complete Nutty Brown. He let the Board know that he held off on replacing the flowers until he was sure they would have irrigation.

With respect to the dead trees, Mr. Trevino noted that there are 2 dead trees and needs to know how the Board would like for him to handle. The Board noted that since the District would have extra days on Terrain's contract, it would save money by letting Terrain cut the two dead trees.

The Board asked about the status of receiving an irrigation report. Ms. Wright stated that she has not received a report. Mr. Trevino replied that Mr. Merrick will be at the next meeting so he can answer questions.

3. Financial Report: Mr. Douthitt reviewed the Account Report dated August 10, 2023.

Mr. Douthitt mentioned that he is still holding the Inframark checks until the District has received confirmation from MOC that they have received all of the information they need. The checks being held total approximately \$42,000.

It was noted that MOC's CPI will be increasing on October 1, 2023 at the start of the new budget.

4. Committee Reports: Director Botts reviewed last month's discussion regarding committee assignments and each Board member rotating through each committee. He asked if Director Robison, who was unable to attend last month's Board meeting, had any issues with respect to this idea. Mr. Robison confirmed that he had no issues. The change in committee duties was also discussed with Director Botts noting that the Facilities Committee is no longer needed since MOC has taken over and they are very capable. Any responsibilities that the Facilities Committee had will be moved to the Infrastructure Committee and the Facilities Committee will no longer exist. MOC would now be able to handle the asset management plan and would give a quarterly report. It was also discussed that the Joint Infrastructure Committee should meet quarterly and it was suggested that the meetings be scheduled all at one time. Ms. Wright confirmed that she will schedule the quarterly meetings. The Board discussed that it could create an ad hoc committee if a big capital project like CPM came along in the future.

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.

5. Public Comment: Matt Kutac called for public comment. Hearing none, the Board moved to the next item on the Agenda.
6. Consent Items:
 - a) Minutes: The Board of Directors reviewed the Minutes of the July 13, 2023 regular Board Meeting. Upon motion by Director Lucas, seconded by Director Robison, and unanimously carried, the Board approved such Board Minutes.
 - b) Accounting Report: The August 10, 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 Dally 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.
7. Reports: No action was taken by the Board.
8. Engineering and Development Items: Lauren Barzilla of Burgess & Niple presented the General Engineering Report which is posted on the Google Drive.

Ms. Barzilla noted that there is a meeting with the Fire Chief on August 24th at the Fire Station in HCWCID No. 2 to discuss the reclaimed water hydrants/valves for fire suppression. She noted that the Fire Chief does not seem opposed to using reclaimed water. Director Botts and Director Robison stated that they would like to attend that meeting. The date is fine but they asked if Ms. Barzilla could try to move the meeting to the Belterra Centre. Ms. Barzilla responded that she will request the location change.

With respect to the recent WTCPUA pressure loss issue, Ms. Barzilla mentioned that HCWCID No. 2 was interested in having Burgess & Niple get a preliminary estimate for emergency water storage in the form of a water tank. The Board discussed that it may be advantageous for the Districts to construct a water tank. Director Botts asked MOC if they had experience in water tank management and they confirmed that they did and that it is not difficult to manage. When the Board discussed the option of getting the WTCPUA's help to fund the project, Mr. Kutac suggested that the Districts fund the project if it moves forward.

- (a) Pipe-Liner Project: Discussed during the Workshop.
- (b) Drip Field Irrigation Repair: Ms. Barzilla informed the Board that there is a pre-construction meeting next week. The contractor believes the drip skirts will be

repaired in 5 days. Ms. Barzilla also noted that the Drip Fields are like a chain, you repair "A, B and C" and then you realize that "D, E and F" are not working properly. The Board discussed authorizing Ms. Barzilla to approve any change orders up to \$30,000 but ultimately decided that they would wait until the Board meeting on the 31st to determine if any change orders are needed.

(c) Action Items:

- i) Pipe-Liner Project: Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved Pay Application No. 2 for CPM for \$168,750 to pay for materials received with respect to the pipe-liner project.
- ii) Possible Water Solution: Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved District participation in pursuing a water tank proposal and assigned this project to the Joint Facilities Committee.

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

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

- a) Administrative: No action was taken by the Board.
- b) Certified Tax Rolls: The Board acknowledged receipt of the 2023 certified tax rolls from the Hays Central Appraisal District.
- c) Financial Advisor Presentation on Certified Tax Rolls: Ms. Lane of Samco presented the certified 2023 tax data from Hays Central Appraisal District and reviewed the tax rate summary worksheet and recommendation on proposed tax rate. During her presentation, she noted that the District has a solid reserve. Ms. Lane also mentioned that the unused tax increment may be obsolete soon. Until then, there is a three year rolling accumulation for the unused increment. In addition, she discussed that there is no bond capacity left for wastewater treatment, but there is still some for water so there is a possibility that the Board could use that remaining bond capacity (\$5,955) for a water tank if the Board decides to proceed with that project.
- d) Proposed Notice on Public Hearing to Set Tax Rate: The Board reviewed the draft Water District Notice of Public Hearing on Tax Rate and noted that even if the Board approves posting the Notice at the maximum rate, it can still lower the rate after it determines its Budget for fiscal year end 2023.
- e) Proposed Budget FYE 2024: To be discussed at the next Board meeting.

f) Action Items:

- i) Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved publishing the Notice with the maximum tax amount of \$0.7410.

10. Management and Operations:

With respect to ACH fees, Ms. Wright discussed the District's waiving the \$1 fee with the Financial Committee. She believes that it is easier and cheaper for the District to fund this \$1 fee. She explained that it costs the District 3% of the payment when a customer uses a credit card. She also noted that it costs \$1.66 to prepare and send a paper bill and \$.80 if the customer uses e-bill. If the District funds the \$1 ACH fee, Ms. Wright thinks it will encourage the customers to do e-billing. Ms. Wright can add a notice on the customer bills this month.

Ms. Wright noted that Mr. Merrick has two proposals for replacing vales on the irrigation system. One for Zone 11 at a cost of \$1,118.12 and one for Zone 16 at a cost of \$890.39.

The Board discussed raising MOC's approval limit from \$2,500 to \$5,000 due to the fact that costs are rising and her approval limit of \$2,500 was too low.

The Board discussed security with respect to using the Constable versus the Sheriff's Department for enforcement. HCWCID No. 2 would like to move to the Sheriff's Department. The Board expressed its concern that the Sheriff's Department does not have the capacity to service the District. However they would like to have the Sheriff do some ad hoc shifts to assess. The Board would like to work with HCWCID No. 2 on a compromise.

- a) Ice Storm Clean-up: With respect to MOC's trail clean-up. They have completed the 5 days but would like to request one more day in order to clean up the WWTP area. The Board deferred the decision to the Parks Committee to determine if they would grant the extra day or use one of Terrain's reaming days.
- b) FEMA/TDEM Update: Still in progress.
- c) Landscaping Map and Mowing Schedules: The Board discussed the rate being charged by Sunscape to mow the ponds and discussed the rate proposed by MOC to mow those same areas. Sunscape charges \$550 per pond for 16 ponds which is \$6,600. The Board noted that the reduction in the Sunscape agreement does not equal the proposed increase in the MOC agreement for such services. There is a \$3,525 difference. The Board discussed moving forward with the change from Sunscape to MOC for pond mowing
- d) TDS Solid Waste Collection Contract: No update was given.
- e) Belterra Centre Repairs: The Board discussed the plumbing issue at the Belterra Centre. Ms. Wright noted that the line was televised to Wellington and mentioned that the cleanout was crushed which could be causing the sagging. She recommends

jetting the line quarterly. The cost is less than what they original thought it would be.

- f) Sunscape Performance: No update was given.
- g) TCEQ inspection of WWTP: Per MOC, they are still waiting on the report from the TCEQ.
- h) Drought Contingency Plan: The Board discussed the drought and having yard signs that are relevant to each specific section of the District. The signs would state that the District is in Stage 3 watering restrictions and giving the acceptable watering day for that specific area. The Board wants to ensure that the fines for watering outside the applicable time will be enforced and that to make sure the residents know that after the first warning, there will be a fine. It was suggested that MOC could help change the resident's irrigation controller for a fee. The Board also asked MOC to send an e-mail blast informing residents of their watering day as well as inserting the information into their water bill.
- i) WTCPUA loss of pressure: The Board discussed the recent WTCPUA loss of pressure and Mr. Kutac noted that he thinks that KXAN may have read the WTCPUA's press release incorrectly, and that the WTCPUA did not necessarily blame Belterra residents for the issue.

Standing Items:

- j) Customer and Billing Matters: Ms. Wright noted that there are two write-offs she is requesting. One for a customer who moved out in April. There is a new resident now. With respect to the second customer, the meter was pulled.
- k) Requests for Use of Belterra Centre: No action was taken by the Board.
- l) Violations of District Policy:
 - The Board requested that MOC inform the customers that the fines are increasing for District greenbelt violations effective as of September 1, 2023.
 - With respect to the resident who received a notice to remove the wood pile the resident stacked in the greenbelt, Ms. Wright informed the Board that the resident told MOC that he thought he was doing the District a favor by cleaning up the greenbelt and stacking the wood in the greenbelt. Ms. Wright noted that it cost the District \$642.25 to remove the woodpile. Director Botts asked that Ms. Wright tell the resident that it cost \$642.25 to remove the wood pile and to tell the resident that if the resident pays that cost, the District will waive the penalties. It was also noted during the discussion that the resident was not respectful to MOC during the conversation that MOC had with the resident about removing the wood pile.
- m) Recommendations for Non-Compliance with Agreements: Discussed above.

- n) Customer Communications: Ms. Wright noted that HCWCID No. 2 has spoken to her about using MOC's alert notification system instead of Touchstone's. The cost is \$.11 for texts and e-mail blasts. She noted that MOC still needs a correct e-mail and text but she can do a campaign to ask customers to sign up. The Board discussed that some residents still have landlines and can't receive texts. In response, Ms. Wright also mentioned that MOC could call the customer to get current information. She then noted that Touchstone is reliant on MOC to get them current customer information every month because there are move-ins and move-outs in the District.
- o) Action items: See below.
- p) Acceptance of General Manager's Report: See below.

Action Items:

- i) ACH Fee: Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved waiving the \$1.00 fee for paying customer bills via e-checks/bank drafts.
- ii) Fines for Violating District Policy: Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized Ms. Wright to inform the customers that effective as of September 1st, fines for violation of the District's policies are increasing to \$5,000 per violation and then \$1,000 per day for continuing violations.
- iii) Violation of District Rules: Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized MOC to charge the resident \$642.25 for removing the wood pile and asked MOC to advise the resident that failure to pay could result in a fine.
- iv) Pond Mowing: Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized MOC to take over the pond mowing (27 acres) effective as of September 1, 2023 at a cost of \$110 per acre plus the cost of any hand work required (i.e., weed eating, etc.). In addition, upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized Mr. Kutac to negotiate with Sunscape to remove the 27 acres of pond mowing from its current contract.
- v) Customer Communications: Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized MOC to manage and send out all emergency texts and e-mails for the District.
- vi) Gabion Wall: Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board authorized the Gabion Wall to be replaced with concrete for the Trinity Hills Park culvert.
- vii) Write-Offs: Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board authorized the write off for 2 residents who moved out, one for \$86.97 and one for \$102.90.

- viii) MOC Approval Limit: Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board increasing MOC's approval limit to a maximum of \$5,000.
- ix) Security: Upon motion by Director Botts, seconded by Director Lucas with Director Robison opposed, the Board authorized \$5,500 to approve ad hoc Sheriff's shifts through September 30, 2023 with an addition cost of \$15 an hour for the car fee. The total cost, excluding the car fee would be \$10,200 to be split with HCWCID No. 2.
- x) AC Unit Replacement at WWTP to Cool AFD: Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized the replacement of the AC Unit not to exceed \$14,000.
- xi) Interconnect Meter Retrofit: Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized retrofitting the interconnect meters to digitalize them.

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

11. Administrative and Legal Items:

- a) Pond Mowing Agreements with Sunscape and MOC: This item was discussed in detail earlier in the Board meeting.
- b) Committee Assignments and Resolution: Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved the Resolution Establishing Committees and Adopting a Committee Administration Policy.

12. Water Supply Agreements: No update.

13. District Calendar and Schedule: The Board's next meeting will be August 31, 2023.

14. Executive Session: No Executive Session was required.

15. Adjournment. Upon motion by Director Lucas seconded by Director Kelly and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 14th day of September 2023.




Daniel Robison, Secretary